

PROFESSIONALISING COMMUNAL PROCUREMENT: THE EXPERIENCE IN THE DUTCH PUBLIC SECTOR

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ABSTRACT.

Purpose : This paper examines the impacts of professionalisation of the public procurement function in Dutch municipalities. The study uses the MSU model as a theoretical framework for exploring factors of that professionalisation. It especially focuses on how purchasing strategy is practiced, and the level of skills, education and continuous development used, as well as a review of a selection of relevant literature. It investigates why the development of a professional procurement function in the Dutch municipalities stays at a level that leads to many negative discussions in councils, the academic world and on a national level.

Design/methodology/approach : This study uses two major research strategies (triangle): (1) a quantitative analysis of data from a questionnaire and (2) semi-structured in-depth interviews. The questionnaire tests mainly the perceptions of the respondents about accountability, legislation and restrictions. The interviews dig deeper, looking at how several municipalities have organised aspects of their procurement operations.

Findings: Data have been collected from a literature review, interviews, newspapers, policy documents and published reports. A good response of ~17 per cent to the questionnaire and 5 semi-structured in-depth interviews have allowed the conclusions below to be drawn.

Practical implications: This study challenges the argument that, contrary to early research and discussions, the Dutch municipalities are equipped with procurement practitioners. Most of the municipalities do have

professionals established in their organisations or have a sustainable membership of a shared service centre for procurement, measured against the usual theoretical framework. But typically these groups are not structured to act in a professional way to execute their procurement function. This research clearly shows that there is a lack of structural execution of a strategic procurement process, such as the MSU model, embedded at municipality board level, which tempers its professionalisation in Dutch municipalities.

Originality/value: This paper fulfils the need for findings on this very important topic that has a direct impact on the stage of professionalism of the municipalities in the Netherlands.. The public sector is still in the early stages of professionalism and solutions are still needed on how to do it right.

INTRODUCTION

Background

There has been growing interest among Dutch municipalities in a more businesslike procurement function for several years now (De Boer en Telgen, 1998; Linthorst and Telgen, 2006), as they and their councils become increasingly aware of the value of such a function. This is not surprising given that procurement expenditures make up a large part of their annual budgets (TED, 2004; De Boer en Telgen, 1998). The national government is also bringing market forces and competition into the limelight through legislation, such as the European tendering rules, activation programmes and publications. Nevertheless, current events show that extra attention is still needed for fair and efficient procurement (VNG; Ministry of Economical Affairs in the Netherlands, 2008).

Together, municipalities form the largest group in government undertaking national public procurement in the Netherlands (Ministry of Economic Affairs in the Netherlands, 1999). The more professional the procurement, the more funds can be saved. On the other hand a study of Archer et al. (2008) showed that professionalisation by Small and Medium Enterprises (SMEs) in the private procurement sector leads to an inefficient combination of labour-intensive and error-prone manual processes, including paper-based record-keeping, etc. Because SMEs are characterised by their flexibility, agility and ability to use ad hoc solutions when necessary (Fee et al., 2002; Lysons and Farrington, 2006). Comparing this with the public sector, small municipalities are also more agile and work more closely with their citizens and stakeholder-organisations (Boes and Doree, 2008) than large municipalities.

In contrast SMEs interact more with their trading partners, which requires 'seeing and talking' to them (Archer et al., 2008). Small municipalities have to procure in accordance with EU legislation, so effective management and professionalisation can lead to improvements in the public sector and prevent vulnerability in the sourcing phase of the procurement function (Trepte, 2004). More professionally organised purchasing processes result not only in financial benefits but also in improved quality of procurement. Value for money techniques require an assessment of all cost and qualitative factors (Raymond, 2008). Murray (2001) demonstrated that chief executives felt local government purchasing could improve its strategic contribution if it focused on the objectives of best value for money, sustainability, quality, customer focus in service delivery and cost reduction. Additionally Quayle (2000) recommended that effective purchasing is not only about price, but also about total cost of acquisition, so he suggests more partnerships, through single sourcing in the public sector. In summary, the quality of the procurement function translates finally into the quality of the products, services and works; but also into improved control of the cycle and delivery times, prevention of unexpected budget overspending and greater integrity of the municipal organisation.

Rationale

The image of well-organised municipal procurement processes, serving as a model for the organisation itself, as well as for local trade and industry to citizens, plays an essential role in the development and maintenance of trust in how municipal money is spent.

In previous years Professional Public Procurement has been given a lot of attention on the agenda by the Dutch government (Ministry of Economic Affairs in the Netherlands, 2009, 1999). Two main issues have reinforced this (STU, 2003). The first originates from political developments. The parliamentary inquiry commission's research, revealing building fraud in the Dutch construction industry, confirms how important a Professional Public Procurement function is (PEC, 2002). In its report, the commission noted that the government was also responsible for the malpractices, among other things because of a lack of professionalism in public sector procurement.

The second reason is the growing interest in and need for saving money. With a more professional procurement function, it is possible, in imitation of the private sector, to improve efficiency and effectiveness.

However, there are two recent developments that indirectly seem contrary to the previously mentioned rationales. First, on 8 July 2008 the

Upper Chamber/Senate rejected a proposal for a national public procurement law (Ministry of Economic affairs, 2008). There was no commitment by the majority of the stakeholders in the public sector to a new law. Meanwhile an advisory committee has been set up by the Dutch Association of Purchasing Management (NEVI) to support initiatives for a new design and to advise the ministry by developing a new national procurement law.

Secondly, and in contrast to the growing interest for saving money mentioned above, there is a new move for sustainability in the Netherlands, especially around the environment (Ministry of Housing, Planning and the Environment). One of this government's priorities is sustainable development, of which sustainable procurement is a key element. Government procurement totals roughly between 50 and 100 milliards of Euros annually (European Commission, 2004a). This purchasing power is being used to boost the market for sustainable products and promote innovation and sustainability in the business sector. By 2010, 100 per cent of the national government's purchases will be sustainable. This will be true of 75 per cent of purchases for the municipal authorities and 50 per cent for the provincial authorities and water boards. (Ministry Housing, Planning and the Environment)

Research Question

This paper uses the Weele, van (2005 b) strategic procurement framework as a source of inspiration, and researches the use of professionalism in the procurement function at the top level of Dutch municipality organisation, where politicians are assumed to steer and managers to row. The main research question can be broken down into two more specific sub-questions. They read as follows:

1. Is there a lack of expertise by procurement practitioners in municipalities?
 - *How are they educated and trained?*
 - *Is there no motivation for public procurement civil servants to deliver the public budget policy efficiently?*

Conceptual framework

Current interest in professional procurement still reflects the attention of the decision-makers (Staatscourant, 2008).

De Boer and Telgen (1998) conducted research into the purchasing practices of Dutch municipalities, and estimated that purchase volume accounts for 23 per cent of total municipal expenditures. They also argued that a structural professionalisation of municipal purchasing functions is the key to savings. On the other hand Telgen and Sitar (2001) have highlighted the switch of procurement professionals' focus from cost savings and efficiency to value creation. A critical factor for this switch was the stage of maturity of the procurement function in the organisation (Van Weele, 2005b). Early work by Keough (1993) and Van Weele (2005a) confirmed these findings for the private sector too.

This model also demonstrated that procurement should expand and take on extra features in progressing from stage 1 to stage 6: from 'serve the factory' till 'world-class supply management', resulting in relatively greater effectiveness/savings (Van Weele, 2005b). So it's generally assumed that professionalism finally leads to more effectiveness and savings. On the other hand, critics such as Van Der Horst and Van Weele (1992) claimed that the public procurement function is generally underdeveloped and pervaded with what they refer to as the mentality of ordering-clerks, which costs the government money. Later on in 2008 they still criticise the performance of public procurement in the Netherlands. In their opinion regulations and professionalisation temper the development of professionalism in the public sector (Staatcourant, 2008), compared with the private sector (Keough, 1993; Van Weele, 2005a).

Is there in the current situation a lack of expertise by procurement civil servants in municipalities in the Netherlands?

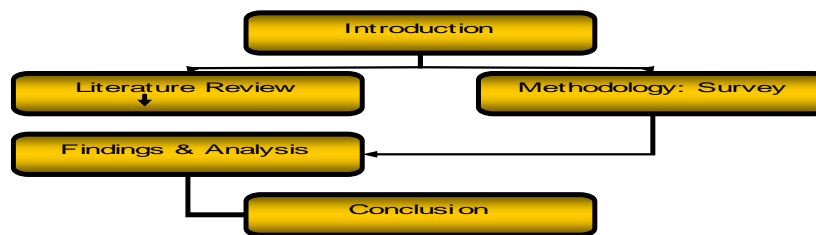
Hill (2005) argued that 'people are central to service and product provision'. He separates the operation from the interface, looking at the difference between the thinking end and the doing end (the needs of customers) of a business. The best organisations in the public and private sectors recruit, select, train and retain their human capital. This has been shown in scholarly research (Hitt et al, 2001) and also argued in the business press (Byrnes & Barrett, 2005). The most successful businesses have high-quality employees who are empowered and managed.

Also some of the largest and resource-rich firms are replaced over time by new-venture firms because of their strong human capital; offering better technologies, products, or services to the market (Admit et al., 2002).

Public organisations also recognise that their people are a source of good services (Quayle, 1998; Quayle and Quayle, 2000). The findings of

Gelderman (2006) show that educating and training public purchasers is an effective tool for increasing compliance with the directives. First, we should question if there is a need for education, or a move of people from private to public sector. Recent studies have reported insufficient levels of compliance with the directive (Netherlands Ministry of Economic Affairs, 2009), and the lack of purchasing professionalism in the public sector has been mentioned as a possible reason in the early work of De Boer and Telgen (1998). On the other hand, there are many other possible reasons for non-compliance. One explanation in the report mentioned above is the lack of knowledge of procurement people in public organisations. The early work of Ramakers & Van Der Vuurst (1995) also suggested a lack of the necessary differentiated approach towards suppliers because of the absence of professional and trained purchasing personnel in the Dutch public procurement sector. The above-mentioned ‘people are central to service and product provision’ (Hill 2005).

Structure of remainder of the paper



The introduction gives an initial overview of the topics of interest in this dissertation. The literature review, reviews the literature and provides classifications to guide the review. There are several reasons for reviewing existing literature on professionalism in public procurement on the municipality stage. First, no full review has been given as yet, which may be caused by an underdeveloped body of knowledge.

Second, research on professionalism in public procurement is clearly on the increase in public organisations and strategic fields (Telgen and Sitar, 2001; Erridge, 2005). To some extent the increase in scholarly research can be traced back to increased research into procurement regulations, both national and at an EU level (Trepp, 2004; Gelderman,

2006). Given the increased academic interest in what is happening in municipalities' procurement, it would seem appropriate to expect a similar change in the function itself by now. Do these changes lead to benefits or burdens for the municipalities, and what is their nature?

The third part of the paper deals with the methodology of the study, discussing both why certain methods are applied and how they will be applied.

The finding and analysis part presents the primary research findings in a clear and focused manner and discusses and analyses the situation in Dutch municipalities. The final chapter draws final conclusions.

This study is written in such a way as to shed light on issues that councils struggle with. It is likely that few councillors will be able to take on board all it has to say, including the many data analyses, even if they were willing and had the time. However, they will be able to identify with the topics and the outcomes and see these outcomes as a platform for discussion.

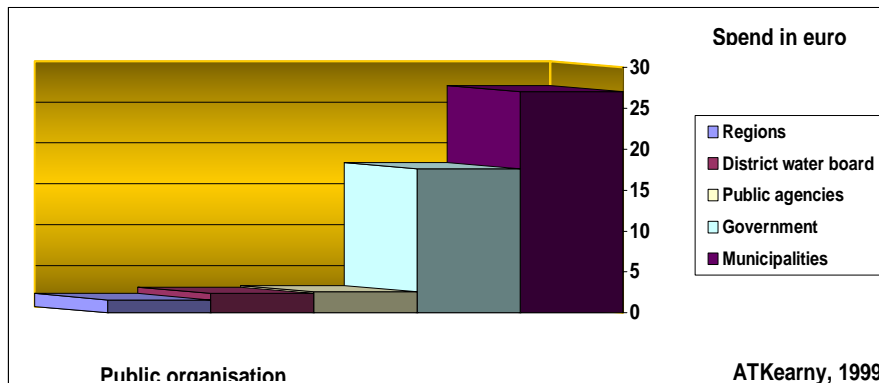
LITERATURE REVIEW

Professionalisation of the procurement function

The value of procurement in Dutch municipalities

According to EU Commission estimates (McCreevy, 2006), public procurement in the EU amounted to 16 per cent of the Union's GDP or about €1,700 billion in 2004. In the Netherlands the public sector put milliards in public tenders on the private market. The annual estimate is between 50 and 100 milliards (European Commission, 2004b). As this represents a very significant amount of economic and financial activity across the public sector, there is currently a very strong focus on improving broad value for money concepts.

In a public procurement context, because of the size of contracts involved and the scope for achieving significant savings and benefits for municipalities, this is particularly important. Municipalities in the Netherlands are the biggest public sector spenders (Ministry of Economic Affairs in the Netherlands, 1999). Their procurement ratio is roughly 54 per cent of the total spend.



There are no recent facts and figures about public sector spending. But local communities' efforts to improve the use of e-procurement in line with Internal Market rules should result in cost reductions to firms and public authorities (TED, 2004). E-procurement can increase transparency and procedural efficiency without prejudice to competition (Erridge et al., 1998; Hill, 2005). Hill (2005) argues for this, not only because of its transparency, but also to improve efficiency. The benefits of e-procurement include: an increase in contract compliance, leveraging the procurement spend, increased involvement of staff, and lower processing costs. The lack of a corporate e-procurement system in municipality organisations means they cannot analyse their spending on a macro-economic level (Staatscourant, 2008).

Professionalism or professionalisation

The early work of Carr-Saunders (1927) made a distinction between professionalism and professionalisation. In his perception, professionalism is linked to individuals, while professionalisation is associated with the development of bodies that establish qualifications for entrance to a professional practice or activity. In the Netherlands, there are several bodies that contribute to the professionalisation of the procurement function, especially the NEVI, Association of Purchasing Management.

The main problem, however, is around what constitutes the academic content. Procurement in a country like the Netherlands, which is historically characterised as a trade country, is a function that draws heavily on other disciplines, such as technology, research, politics and economics, to build its knowledge base. Hence, in the Netherlands other bodies contribute to professionalisation of the procurement function,

such as CROW, Pianoo, VNG, and FAMO. All of these have their roots in several disciplines. The NEVI finances seven part-time procurement professors at several Dutch universities.

In this paper the topic will be explored from both perspectives. This literature review argues that enhanced professionalism in public procurement leads to strategic procurement, varied procurement strategies, a businesslike approach to regulations and improvements in the role of people. Enhanced professionalism in this study means employing personnel or 'cadres' with relevant qualifications and experience, who adhere to a professional code of ethics endorsed by membership of a professional body (NEVI, 2005). In such cases, professionalism also has to do with continuous in-service training of practitioners. On the other hand, the municipalities have been executing and improving the procurement function with new procedures and internal regulations (VNG).

Public procurement organisation

Dimitri et al. (2006) distinguish three broad types of procurement set ups: full centralisation, full decentralisation and hybrid models. They state the advantages of centralised procurement, especially when there is a need for changes in attitude or culture in working within procurement regulations. They explain centralisation as the involvement of activities with a considerable impact on business or policy.

The greater the importance of these activities, the more centralised decisions tend to be (Dessein, 2002), because they can have important consequences for the whole organisation. On the other hand they argue that local purchasing units are typically better informed about products and local characteristics than the centre, and will tend to favour decentralised procurement. But local choices might, however, not always follow the best value for money principle or allow easy adaptation to an innovative approach to procurement regulations (De Ruyter et al., 2001). Decentralised decisions may bring local suppliers closer to the buyer, and the potential for lobbying activity to influence purchasing decisions can have a negative impact on procurement efficiency (Duncan et al., 2007). Therefore a neutral central 'best class' strategic procurement organisation can provide an exemplar function for local public authorities (Dimitri et al., 2006). Schotanus (2005) and Murray et al. (2008) suggest models for joint procurement organisations, not only for joint purchasing but also for professionalising the procurement function. A contrast between Murray et al. (2008) and Schotanus (2005) is that Schotanus explored several possibilities in several areas of procurement

collaboration, while Gordon et al. focused particularly on local government. These shared-service procurement models can be seen as hybrid models: between full centralisation and full delegation, there is a wide range of intermediate procurement models where central and local purchasing units share the power on purchasing decisions (Dimitir et al., 2006; AT Kearney, 2004).

Human resources in public procurement

Introduction

Research of Tazelaar and Snijders (2004) finds evidence that purchasing professionals, whose core business is purchasing, hardly perform better than non-professionals. They also found that purchasing professionals with a lot of experience in purchasing are not automatically better than those with less experience. An explanation for this is the lack of frequent and direct feedback and reflection (Humphreys, 2006). Professionals are more selective in their research, store information much faster and compare the information given with their own knowledge base. So their choices are often characterised by an over-generalisation of specific prototype examples (Tazelaar & Snijders, 2004). Continuous development to improve this – in the form of training, education and use of computer models – has started as a result of awareness of the problem.

Skills and knowledge required for (public) procurement practitioners

One of the main topics of a study by Zheng et al. (2007) about the future of procurement and supply management was the skills of procurement practitioners.

Strategic management of supplies, differentiated procurement and supplier strategy, and EU tender procedures within the context of partnerships require staff whose initiatives and expertise can lead to improvements in performance, instead of an autocratic style. Looking to the end of this decade, several studies prove there is a change in the requirements of procurement practitioners (Guinipero and Percy, 2000; PWC, 2001; Callender, 2003; Giunipero and Handfield, 2004). Quayle (1998) and Quayle and Quayle (2000) conducted surveys into procurement in the government and education sectors. One of his findings related to the different levels of education among procurement practitioners. The government sector stands out from the education sector in terms of qualifications and encouragement of continuous professional development. Quayle and Quayle (2000) explained the difference by saying that procurement is not recognised as a significant function in the education sector.

Guinipero and Percy (2000) showed the difference between interpersonal issues and knowledge in areas of procurement. Studies by Guinipero and Percy (2000) and Pricewaterhouse Coopers (2001) showed the domination of interpersonal issues. The Pricewaterhouse Coopers (2001) survey also emphasised that public purchasers need the ability to think more strategically, analytical skills and abilities associated with working in cross-functional teams instead of only in the technical areas they know. Particularly in public procurement, the evidence suggests that the skills and competencies required have become more generic (Guinipero and Percy, 2000; Pricewaterhouse Coopers, 2001).

This can be explained by the wide aspects of procurement and the demands by public organisations. In contrast, Murray (2002) argues that 'best value for money' can probably be achieved by having more variety in the people carrying out the role of procurement practitioner – such as researchers, detectives, teachers, doctors and architects – instead of relying on generic skills and competencies. Surprisingly, Murray (2002) finds that the new model, where procurement acts as an internal consultant, is more than conceptual. It is being applied in local government. In his case study he found procurement practitioners no longer need to be precious about hands-on involvement to achieve best value for money objectives. His conclusions are based on the model of hard-core/soft-core organisation described by Van Weele and Rozemeijer (1998). In this model it does not make sense to build up specific technical expertise within the procurement function, but instead to create the correct environment to ensure cross-functional teams have a mix of expertise. Saunders (1998) more or less agrees with this and argues that technical knowledge, business and commercial acumen and interpersonal skills such as leadership, listening ability and team spirit are all important traits.

Murray (2002) highlights a difference in the supply of consultancy services to meet the needs of municipalities. While Guinipero and Percy (2000) and Pricewaterhouse Coopers (2001) argue for a more 'family doctor' approach, Murray (2001) focuses more on specialism, in which sub-coordination must be prevented, and a coordination mechanism is essential.

Access to professional procurement

Murray et al. (2008) argue that for municipalities, especially municipality's till 50.000 inhabitants, a shared service for a joint public

procurement agency is an opportunity to get access to professional procurement. One of their case study findings was that the professional procurement function was located physically in each of the councils they talked to, which was not the case before. It is significant that they found no evidence for the benefit of decreasing personnel and improving services. However there is more access to in-house expertise, which has led tactically to some quick-win financial savings, more efficiency due to reducing transaction costs and of course greater expertise in public procurement. Much more importantly these councils provide strategic procurement know-how for collaborating councils. Typical disadvantages are set-up and coordination costs, loss of flexibility and control, supplier resistance and trust issues (Schotanus, 2005). In contrast with the research of Redman et al. (2007), Murray et al. (2008) argue for collaboration, particularly for procurement, and Redman et al. argues that shared services have to cross organisational boundaries, other than just in terms of procurement. They both argue from the point of view of the Transaction Costs Theory (TCT) (Coase, 1937) in shared service organisations, rather than looking at improving public procurement, services to municipalities or the abilities of public purchasers. On other hand, Boes and Doree (2008) criticise the shared service organisation from the point of view of SMEs. The scale and size of projects grows as a result of cooperation between smaller and medium municipalities, reducing opportunities for SMEs to tender. The study of Murray et al. (2008) showed that not only is high volume needed for success, but also sharing knowledge. Creating one big demand also creates dependency on a few large suppliers, in a monopolist situation. A differentiated purchase strategy, with early involvement of the procurement function, can lead to splitting the tender into lots, or allow the use of sub-contractors (European Commission, 2004a).

Sustainability and security of human knowledge

In public organisations such as a local government, which is democratically elected, the role of politicians is likely to be extremely influential in the adoption of innovations. Politicians will set political values and policy direction as well as allocating resources to (election) programmes, setting the course for the public organisation. However, most public officials in local authorities are permanent employees. Given that elections, especially in the Netherlands, are at least every four years, it would seem these established employees are likely to influence the management of an organisation and play a role in establishing its culture and motivating its staff (Gould-Williams, 2004). Stable management as a factor in influencing the diffusion of innovation is not clear-cut. There

is evidence of the invigorating role of new managers in bringing new ideas to an organisation; but other evidence demonstrates that long-standing managers are also likely to bring about new approaches and innovation. The explanation for this is that they understand the current service and its needs (Walker, 2006). Fernandez and Rainey (2006) also find arguments for using long-standing people and managers for operational innovations. Moreover, the need for leadership continuity and stability raises particular challenges in the public sector because of the frequent and rapid turnover of many executives in government agencies, compared to business. This explains why, contrary to the stereotype, many significant changes in municipalities' organisations are led by career civil servants (Holzer and Callahan, 1998).

Sub-conclusion

This paragraph has shown that the role people play in professional procurement is important in today's organisations. Change can happen very abruptly and unexpectedly in a dynamic business environment. Such change is primarily caused over time by technological evolution and economics. It can have a big impact on human resources and organisational arrangements. Literature has shown that there are several ways in which these changes can be handled. The role of staff and the end-user is important in this (change) process, both in the private and public sectors. Incentives can reinforce this process positively. It has further been illustrated that joint procurement organisations can get access to professional procurement. Finally, innovation is discussed as an important booster to change organisations, motivate people and improve the sustainability of human knowledge in an organisation

On the other hand critics say that people are not the only links in the chain of a product, nor are they used in the same fixed proportion in the production of all commodities. For example, much more capital equipment per worker is required to produce some products (infrastructural work) than to produce other services (such as catering services). A machine, however well it is maintained, will always produce what it is designed to produce and operate 24 hours a day, if necessary.

In addition, there is usually some possibility of substitution between people, capital and other factors in the production of most commodities (Salvatore, 1995). On the other hand the public sector is changing into more of a service organisation, where most primary and secondary business activities are outsourced and professional procurement has an important role (Lysons and Farrington, 2006).

METHODOLOGY

Introduction

The empirical research in this assignment relies on multiple methods and sources. It includes both quantitative and qualitative research. The qualitative approach enables the definition of a set of hypotheses. These can be tested using quantitative research, which in turn can uncover more questions to feed back for qualitative analysis (Eldabi, et al. 2002; Marsh and Stoker, 2002).

Theoretical framework

The research framework of this paper will be mostly based on existing conceptual work, but also draws on earlier empirical tests. As the bridge between the research framework and empirical research is constructed, it is important to be informed by practice and the empirical setting (Humphreys, 2006). How do purchase managers, aldermen, policy makers etc deal with the issues described earlier? What do they see as appropriate means for the measurement of success or failure in professional procurement for Dutch municipalities?

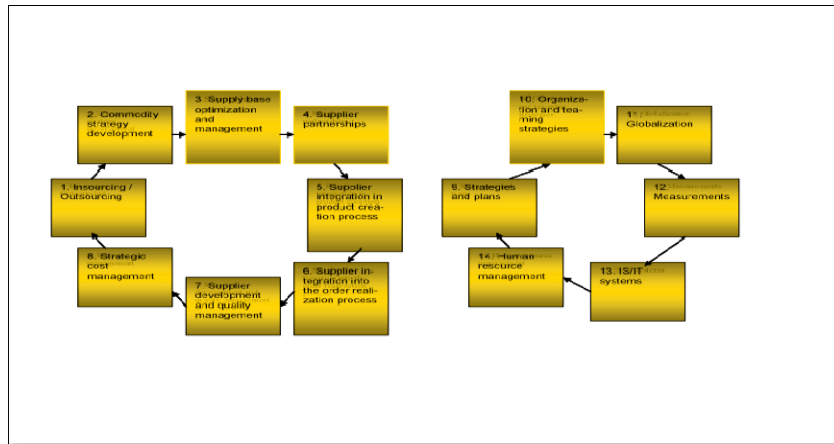
Theoretical approaches

This section will discuss the approach that helps identify factors that influence the level of success or failure as a result of professionalisation of the procurement function by Dutch municipalities. The theory that will be discussed is the MSU model designed by Monczka of Michigan State University (Monczka, 1999; NEVI, 2005). The model is applied for planning improvements in supply management, where the current level of development of the purchase process comes to the fore. 1

MSU model

This model is one that is becoming very popular in the Netherlands – the World-Class Excellence or MSU model, developed by Prof. R. Monczka from Michigan State University (Monczka, 1999; NEVI, 2005). It consists of 14 processes, of which eight are strategic and six are enabling. The eight strategic elements include the specific processes an organisation must take into account during purchase management. The six enabling elements facilitate the strategic process and improve the procurement function. According to Monczka (1999) it is possible to develop an organisation without some of the enablers. It is also possible

to use some of the strategic processes or enablers without using the whole model. Primarily, this is a benchmark model whose own performances can be weighed against the so-called world-class performance. Each element is rated from 0 to 10 to establish which score higher. For each element, Monczka (1999) indicates what is necessary to obtain the score. To reach a higher score, it is necessary to improve on the previous score. The organisation has to start with a zero-rating. The performances of several units are assessed separately, so that they can be compared. The organisation, and the units within it, can then learn from the performance scores. Also, the performances of the different units can be compared with similar units in other organisations, so that the organisation can see how its benchmark score compares with others. In this paper the topic is professionalising communal procurement: It specifically focuses on expertise by procurement practitioners, regulation and the different purchase strategies and methods applicable to Dutch municipalities. Monczka's (1999) MSU model highlights the different types of supplier relationships, based on a purchase portfolio. On the one hand, the Monczka model is used less in the public procurement (service) sector (Van Weele, 2005b), but also the differences in operational management between municipalities and the private sector are fewer (Knight et al., 2007). On the other hand in the future it will also be possible to use it to benchmark the different Dutch municipalities on their public procurement performance. Basically, the municipalities are not directly competing with each other, and have similar missions, governance and management structures (Murray et al., 2008). Hence, in this research the theoretical approach of Monczka's MSU model (1999) has been chosen.

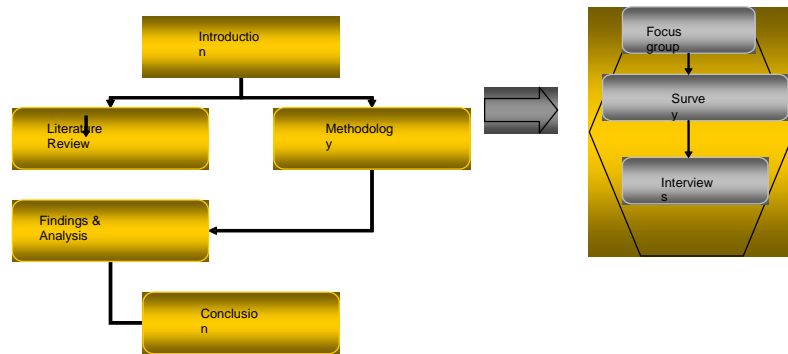


MSU-model, (Moczka, 1999)

Research methodology

Method

For this investigation, focus group observation and data collection via survey have been chosen. This is because of the need to measure knowledge, attitude, and opinion. Surveys can be conducted in writing, by phone, electronically, online, face-to-face or in a combination of the above (Jankowicz, 2005). This research uses the written survey methodology, together with interviews, to support theory development. These positives compensate for any negatives, such as long response time and relatively low response. In summary, this research uses focus group observation and interviews for qualitative investigation, followed by further quantitative survey work to qualify the results (Marsh & Stoker, 2002).



Data-collection

The universal, or theoretical population, is the total number of attentive entities of the target group, the Dutch municipalities. These groups consist of about 441 municipalities (VNG). In this research, the following research-entities were defined: Strategic: mayor, director/alderman; Tactical: head/contract manager/senior purchaser, coordinator; Advisory: controller and purchase policy maker.

Focus group

Before the hypotheses and survey were drawn up, a general discussion about the research topic was held on a strategic level. At a later stage the results of the focus group were used to help prepare the survey (Mangan, 2004).

Questionnaire

The main research tool was a mail questionnaire among aldermen, CEOs, purchase managers and purchase policy makers. The mail survey technique usually relies on a substantial group of respondents, typically at least 50 (Berenson and Levine, 1996), or a percentage of the target group, to allow a range of statistical techniques to be applied.

The questionnaire was conducted in Dutch, in order to obtain more respondents than if the English language had been used. The survey questions can be found also translated to the UK language in Appendix B and C.

In-depth interviews

A number of interviews were held with mayors, aldermen, municipality Chief Executive Officers or people with an equal status, who knew about the motivations behind the procurement and government strategies of their municipality. The purpose of these interviews was to obtain insight into different elements of motivation and experiences of professionalisation of the procurement function. Most interviews were semi-structured in nature, including a range of topics and questions to be addressed, but the interviews also left room for open discussion.

Hypotheses

This paragraph translates the preceding theoretical chapters and their literature sources into four practical hypotheses. These were tested in the questionnaires and the interviews (paragraph 3.6) from a theoretical point of view. In the next paragraph, Table 1 demonstrates what links the theory, hypotheses and survey questions.

- H1: In the last decade there have been dramatic impacts on, and changes within the field of public procurement (Knight, 2007). The new strategic role of procurement requires skills and knowledge in professional procurement practitioners. *The Dutch municipalities are not well equipped with professional procurement practitioners.*
- H2: Procurement practitioners could be encouraged in risk taking; this can provide more effective and efficient procurement rather than executing traditional procedures (Boes and Doree, 2008; Quayle 1998). On the other hand, budget culture (Teutemann, 1990), a lack of profit sharing as a result of efficient behaviour or experience and losses from poor performance (Parker and Hartley, 2003) damage morale and productivity in the public sector. *Internal incentives would be an effective tool for increasing of professionalisation of the procurement function.*
- H3: Training and continuous development can make two contributions. First, they equip people with the necessary skills and capacity, and secondly, they have considerable potential to motivate. People appreciate the experience of acquiring new skills and abilities and also feel valued as part of the organisation (Brown et al., 2005). *The absence of continuous development facilities for procurement practitioners in municipalities causes incompetence and demotivated people.*
- H4: Ramsay (1996) observes that partnerships tend to push all affected purchases towards the strategic quadrant (Kraljic, 1983). Strategic

purchases within partnerships offer large rewards if managed successfully, but demand the allocations of large amounts of management attention and may suffer heavy penalties if sourcing arrangements fail. *Dutch municipalities' procurement practitioners do not have the competence to manage purchasing in such partnerships.*

Table 1 gives a clear view of the hypotheses above, their relation to the theory in the literature review and the survey's questions.

TABLE 1
Linkages between Theory, Hypotheses and Survey Questions

Hypothesis number	Referring to Paragraph in the literature review	Linked up to the survey question no.
1.	- Professionalism or professionalisation - Human resources introduction - Skills and knowledge required for (public) procurement practitioners - Access to professional procurement	Q18, Q19, Q20, Q22
2.	- Sustainability and security of knowledge	Q24, Q25
3.	- Sustainability and security of knowledge	Q22, Q23
4.	- Introduction - Professionalism or professionalisation - Public procurement organisation - Skills and knowledge required for (public) procurement practitioners	Q3, Q13, Q15, Q24

FINDINGS AND ANALYSIS

Questionnaire

The completion rate (Berenson and Levine, 1996) of 95 per cent, 77.4 per cent and 63.6 per cent proves that just a few respondents did not complete and return their questionnaires, compared with other similar surveys (Quayle, 1998; VeldHuis, 1993; Quayle, 2000). There is no evidence to suggest that any respondent in this survey deliberately provided an incorrect answer. The final questionnaire was administered to 441 municipalities, facilitated by the VNG. A total of 74 responses were received and completed. This makes an effective response rate of ~ 17 per cent [74/441]. Appendix A shows the details of the 74 responses:

completed 19 [Pilot I] + completed 41 [Procurement Practitioners II] + completed 14 [VNG III].

This rate was higher than that of earlier similar surveys, which achieved a response rate of 12 per cent or less (Bing Li et al., 2005; Roodhooft and Van den Abbeele, 2006; Veldhuis, 1993), and is comparable with other surveys in public procurement management. The survey was therefore deemed adequate for the purposes of data analysis, specifically for the homogeneous characteristics of the municipalities.

The questionnaire and respondents can be seen in Appendix B and in C (UK language).

Reliability

In Appendix D the reliability analysis of Cronbach's alpha is used to ensure internal consistency of the indicators that constitute each construct in the psychometric questionnaire (Cronbach, 1951). In this questionnaire, six questions contained control questions. The value of α is an indication of items in a test measuring the same concept. The Cronbach alpha coefficient of a scale should be: $0 < \alpha < 1$ (Cronbach, 1951). The Cronbach alpha is 0.61 and 0.60. The result of the reliability analysis indicates an acceptable internal consistency and reliability of the constructs.

Cronbach's alpha:

$$\alpha = \frac{N}{N-1} \left(1 - \frac{\sum_{i=1}^N S_{Y_i}^2}{S_X^2} \right)$$

Dependency

The table in Appendix E gives an overview of those questions of the survey that have significant connections with each other. The Pearson's Chi-square (Berenson and Levine, 1996), which provides a basis for determining whether to sample similar distributions, is based on the non-parametric tests. This test allows the researcher to judge whether the distribution across the categories should be regarded as a dependent relationship. The relationship will be sampled based on the hypotheses and the questionnaire.

The Pearson's Chi-square test:

$$X^2 = \sum_{i=1}^r \sum_{j=1}^c \frac{(O_{i,j} - E_{i,j})^2}{E_{i,j}}.$$

Key-Analytics of the Questionnaire

Table 4.1 presents the respondent profile. Based on their job titles, the respondents can be considered well informed about professionalism in the procurement function.

Table 4.1

Job title	Frequency	Per cent
CEO/Town secretary/Deputy	19	31.7 per cent
Alderman/Mayor	10	16.7 per cent
Director	2	3.3 per cent
Procurement manager	29	48.3 per cent

Table 4.2 provides the respondents' view as to whether they operate in a decentralised, centralised, central concern model or shared services procurement unit. Because of the difficulty found in previous research of determining whether a system is centralised, decentralised or hybrid (Quayle, 1998) (Dimitri et al. 2006), the procurement organisation categories used were based on the 'Goed besteed' of the VNG (2007) research for the Dutch municipalities. The most common (35.7 per cent) model was the central concern one, where procurement practitioners are centrally available for the departments/services and shared service centre (25.7 per cent). Despite this, 10 per cent of respondents commented separately that they were unsure of which category they were in and, identified legal control and accountability as the reason.

Table 4.2

Procurement organisation	Frequency	Percent
<i>De-centralised</i> , provide independently for their purchase need within the departments/services	13	18.6 per cent
<i>Central concern model</i> , with procurement practitioners centrally available for the departments/services	25	35.7 per cent
<i>Central advice model</i> with procurement practitioners de-	5	7.1 per cent

central in the organisation		
<i>Joint procurement organisation, shared service</i>	18	25.7 per cent
<i>Centralised procurement unit</i>	2	2.9 per cent
<i>Other</i>	7	10 per cent

Public procurement/professionalisation/knowledge and skills

- (1) Most of the Dutch municipalities (**59.3** per cent) do not periodically analyse their procurement spend as a part of executing their purchasing portfolio (Q24).
- (2) **51,6** per cent use a purchasing portfolio (as seen in Kraljic) to start up a purchase project, which depends on executing a spend analysis (Q12).

By means of spend analysis; hard data can be used to give meaning to control of the purchasing function. Bearing in mind these are hard data of realised and registered purchases, they are highly convincing. This power of persuasion can make an excellent contribution to professionalisation of the procurement function (Telgen, 2004). Gelderman en Van Weele (2005) found evidence for the professionalism of the procurement function, where a portfolio approach is more likely to be used. In their research into the private sector, they found 76,8 per cent used the portfolio approach.

Comparing with this study, most respondents said 50 per cent of Dutch municipalities are not trusted with such structural procurement techniques as spend analysis and purchasing portfolios, which slows down the professionalisation (Gelderman en Van Weele, 2005; Telgen, 2004). Added to this a Chi-square test has explored and proved a dependency between:

-the respondents who periodically execute a spend analysis and have procurement practitioners with NEVI qualifications. This illustrates professionalism in those respondents.

Public procurement/professionalisation/expertise

Table 4.3 provides an overview of professionally qualified procurement practitioners(II) in the Dutch municipalities (Q19 and Q20).

Table 4.3

Cross Tabulation Frequency/Per cent	Bachelor and/or Master(Q 20)			
		Yes	No	Row Totals
NEVI graduated (I or I & II) (Q19)	es Y	26	1	27
		96.3 percent	3.7 percent	79.4 percent
	o N	5	2	7
		71.4 percent	28,6 percent	20.6 percent
	Column Total	31	3	34
Column Percent	91.2 percent	8.8 percent	100 percent	

- (3) For public procurement practitioners, an in-depth knowledge of the procurement policy and purchase procedures is more important than commercial and business skills: **53.2** per cent disagreed or strong disagreed (Q18).
- (4) **86.7** per cent of procurement practitioners are encouraged to continue developing their skills and competencies (continuous professional development, Q22).
- (5) **67.7** per cent of procurement practitioners are encouraged to make decisions of commercial interest for their municipal organisations in the procurement process (Q24).
- (6) **90.2** per cent of the municipalities' procurement practitioners do not have incentive performance salary systems (Q25).

- (7) Public Procurement Practitioners (in respondents group II) with a bachelor degree more often than not have a NEVI degree (cross-tabulation in table 4.3)

The data (respondents I, II and III) suggest almost 90.2 per cent on average have a bachelor or masters degree and 67.2 percent are NEVI qualified. Comparing this with the earlier study by Quayle (1998) into the UK government sector (25 per cent) this would appear to be relatively high. Another study by Quayle and Quayle (2000) into the education sector showed that a low percentage (17 per cent) of respondents were qualified to CIPS, which is the equivalent of the Dutch NEVI qualification. Research by Schiele and McCue (2006) proved that knowledge and experience have a strong positive effect on the client department's willingness to meaningfully involve the purchasing department. Commercial and business skills are more important than policy and procedure knowledge, according to 53.2 per cent of the respondents in this research. The municipalities do not need expertise in executing policies and procedures, but procurement practitioners who understand the private sector (Saunders, 1997; Roodhooft and Van den Abbeele, 2006).

67.7 per cent have been encouraged to make deals of a commercial nature. On the other hand incentives for procurement practitioners are not common (90.2 per cent) in Dutch municipalities. Continuous development for procurement practitioners was seen as necessary by 86.7 per cent, and this is reinforced by one of the findings of Tazelaar & Snijders (2004): that continuous development and training make the difference between a professional and a layman.

Interviews

Context

The data for this study were collected through five semi-structured in-depth interviews (Jankowicz, 2005). Initial interviews with each subject lasted 90 to 120 minutes. They were not tape-recorded, because of the sensitivity of the subjects and the risk of getting unreliable responses (Jankowicz, 2005). To ensure validity and reliability several methods suggested by Yin (1994); Knoblauch et al., (2005) and Mangan et al. (2004) were used. Data were collected from different sources: including respondents to the questionnaire, the MSU model (Monczka, 1999) and policy and procedures manuals. These multiple sources of evidence,

along with feedback from a range of informants for each interview, significantly increase the reliability and validity of the research findings, and provide a level and richness of in-depth information otherwise not available. The qualitative data analysis involved two activities: data reduction and data display. In the next paragraph the data will be analysed with the literature review and methodology, as a complement to the survey findings. Methods of data display used by this research included narrative text, charts and matrixes.

The types of organisations interviewed consisted of large, medium and small municipalities. A descriptive overview of the municipalities is shown in table 4.4.

Table 4.4

No.	Municipality	Number of inhabitants	Procurement organisation	Member of a procurement shared service centre	Function in the organisation
1.	Venray	40.000	Member of joint procurement organisation, shared service	Yes	CEO/town manager
2.	Gemert & Bakel	32.000	Member of joint procurement organisation, shared service	Yes	Mayor and deputy CEO/town manager
3.	Waalwijk	46.000	Centralised concern model, with procurement practitioners centrally available for the departments/se	No	CEO/town manager

			services		
4.	Maastricht	120.000	Decentralised	No	CEO/town manager
5.	Valkenburg	18.000	Decentralised	No	Deputy CEO/town manager

The people interviewed were mayors and CEOs (town hall managers) in Dutch municipalities, who have ultimate responsibility for the procurement function in their organisations. It was decided to use municipalities with different characteristics in terms of size, level of professionalism, rate of development of professional procurement functions, and participation or non-participation in joint procurement service centres, according to their internal reports. The VNG, 'Goed besteed' (2007) research was used to make the selection. A protocol was created to assess the following key elements of professional procurement:

- supplier integration – integration of suppliers into organisational strategies and objectives, effects of supplier integration on competitiveness, and level of integration;
- public procurement regulation, restricting a professional procurement function?
- the skills, experience and competence of the public procurement practitioner.

A descriptive overview of their general perception of the characteristics of professionalism in procurement is shown in table 4.5.

Table 4.5

Goal	Venray	Gemert & Bakel	Waalwijk	Maastricht	Valkenburg
Best value	High	High	High	Medium	High
Lowest price	Medium	High	Medium	Medium	Medium
Legal approach procurement	Medium	Low	High	High	Medium

practitioners					
Innovative procurement procedures Design Build Maintenance & Finance	Medium	High	Medium	Medium	Low
Legitimately	High	Medium	Medium	Medium	Medium

* liker scale of 1-3: Low, Medium, High

Findings, analysis and discussion of interviews

The respondents were interviewed based on the four hypotheses outlined in the methodology and the questions shown below. To ensure the reliability of this qualitative analysis, the questions and categories are drawn from the pre-existing theory of the MSU model (Jankowicz, 2005; Marsh & Stoker, 2002), explored in the methodology. The content analysis is applied to the interview findings, to check their reliability (Jankowicz, 2005; Marsh & Stoker, 2002). All questions have an equal weight in tabulating, and the yes/no answers of the respondents provide the basis for the totals in each column. This total score was combined with the findings of the questionnaire, to give an outcome that supports or does not support the hypothesis.

<i>H1: The Dutch municipalities are not well equipped with professional procurement practitioners.</i>		
Questions	No	Yes
Do the procurement practitioners have NEVI training?	1	4
Do the procurement practitioners and their staff have Bachelor or Masters qualifications?	0	5
Job descriptions and profiles are up to date and are used for recruitment and selection	0	5

<p>“Personal development plans” are used. These include:</p> <ul style="list-style-type: none"> • both organisational/procurement objectives and individual development aims and objectives • assessment of individual skills (available versus required) and training is available to fill the skills gap • individual career policy and change of post planning 	<p>3</p> <p>3</p> <p>3</p>	<p>2*</p> <p>2*</p> <p>2</p>
Effective measures have been implemented to ensure that employees uphold integrity principles	2	3
There is a specific HRM policy in place for important roles, in which aspects such as training, recruitment and selection, and succession planning have been included. Purchasing forms part of this.	0	5
The possible use of <i>assessment centres</i> has been considered and/or is available for recruitment and selection of purchasing executives	0	5
There is a formal process for evaluating competences (available versus required) and for recruiting and selecting and/or training people to fill any skills gaps	5	0
The key positions in purchasing have been identified and are incorporated in succession planning	0	5
The purchasing role is included in programmes for management development (MD) career planning and change of post.	3	2*
Collaboration, change, creativity and innovation are encouraged	1	4
TOTAL	21	44

*relates to the municipalities that are members of a shared service for joint procurement

Key-analysis of the above table

- Shared service centres for joint procurement provide better conditions for procurement practitioners to develop their skills and individual development aims, change post and plan their careers than individual municipalities.
- Both organisational/procurement objectives and individual development aims and objectives are only linked in those municipalities that are members of shared services for joint procurement.
- There is no formal process for evaluating competences and for recruiting and selecting and/or training people to fill any skills gaps

Discussion

Shared service centres for joint procurement are more able to provide development programmes for staff. An explanation can be found in (Knight et al., 2007; Murray et al., 2008), who argue that separate procurement organisations that are not part of the municipality tend to allow specialism and the collection of procurement knowledge. The finding that there is no formal process for evaluating competences and for recruiting and selecting and/or training people to fill any skills gaps, indicates that job descriptions and profiles are too biased (Hill, 2005).

Comparison with survey results

The in-depth interviews (44/65) reinforce the survey findings. They confirm that the municipalities are equipped with professional procurement practitioners, so Hypothesis(1): The Dutch municipalities are not well equipped with professional procurement practitioners *cannot be supported* by the research group.

H2: Internal incentives are an effective tool for increasing professional procurement in Dutch municipalities		
Questions	No	Yes
Are procurement practitioners encouraged to make procurement decisions of <u>commercial</u> interest in your	1	4

organisation?		
Team performance and purchasing performance are recognised and rewarded	4	1
Your municipality's departments are financially responsible for their own budgets, i.e. shortage and surplus must be financed in the departments' budgets, instead of the municipality's general budget.	1	4
Transfer of budgets is allowed	5	0
TOTAL	11	9

Discussion

A research study of UK defence by Parker and Hartely (2003) showed that there is no motivation for the public civil servant to behave efficiently. This is caused by public budget policies, which mean they neither share in any profits from efficient behaviour nor experience losses from poor performance. This reflects the findings of earlier research by Geldermann et al. (2006). They found evidence that organisational incentives have a positive, statistically significant impact on compliance in the public procurement sector. This seems to be true for Dutch municipalities, which encourage procurement practitioners to make decisions of commercial interest.

Comparison with survey findings

The in-depth interviews reinforce the survey findings. It appears that internal incentives can be an effective tool for increasing the use of the professional procurement function. **70** per cent of the respondents are encouraged to make procurement decisions of commercial interest. **90** per cent of the municipalities do not have an incentive performance salary system for practitioners, and do not have procurement teams. On the other hand, incentives are present indirectly. A model designed by the Netherlands Quality Institute (INK, 2008) is a tool for the introduction of structured integrated quality management. Shortage and surplus must be financed by departmental budgets, instead of general municipal budgets, as part of the budget control cycle. Internal incentives are difficult to achieve within the budget system, and the majority of respondents do not have internal incentives. Hypothesis (3): Internal incentives are an effective tool for increasing professional procurement in Dutch municipalities, *can be supported* by the research group.

3: The absence of continuous development facilities for procurement practitioners in municipalities cause incompetence and de-motivated people.

Questions	No	Yes Member of shared service centre procurement	Yes Non-member of shared service centre procurement
Are your procurement practitioners encouraged to continue developing their skills and competences (continuous professional development)?		2	2
Internally		2	3
Externally		2	2
Promotion of NEVI-qualified activities		2	1
Training courses are available and these are recommended to improve individual skills (e.g. language skills and use of software programs), functional/process skills (e.g. negotiating and strategic costs management), integration of skills (e.g. teamwork and general management) and strategic skills (e.g. change management)		2	3
TOTAL		10	11

Discussion

Human resource management describes the process of identifying the necessary Competences for achieving organisational and purchasing goals and implementing them

(Hill, 2005). The MSU model (1999) uses the gap model to identify weakness in human

capital. Continuous development facilities are necessary to fill up the gap between procurement practitioners and strategic organisation plans. Tazelaar en Snijders (2004) criticised the standard idea of the difference between a professional procurement practitioner with proper experience and a non-professional. Their research found that professionals tend to overrate themselves. On the other hand, a combination of both types of practitioner, supplemented with a procurement team and supported by continuous development, would provide the right expertise, skills, innovation and reliability (Murray, 2002). Murray (2002) argues for new, different roles for practitioners, which, as well as adding value to procurement services could also provide incentives to motivate practitioners.

Comparison with survey findings

In the survey 88 per cent of respondents say they have the availability to develop through continuous development in the procurement profession. This response is reinforced in the interviews. Some Dutch municipalities choose in-house training, especially the shared services centres. Some are not acquainted with the NEVI. Hypothesis (3): The absence of continuous development facilities for procurement practitioners in municipalities cause incompetence and de-motivated people *cannot be supported* by the research group.

However the findings of H3 argue for more application of procurement tools, which is a reflection on the content of training programmes.

H4: Procurement practitioners in Dutch municipalities do not have the competence to work in purchasing partnerships.

Questions	No	Yes Member of shared service centre procurement	Yes Non- member of shared service centre procurement
Does your municipality use a written plan focusing on the relationship between the supplier and the purchaser?	5	0	0
Does your municipality use a working document that is understood by all parties involved in the organisation?	3	2	0
Does your municipality use an effective communication tool that can be expressed as a one-page management summary?	2	2	1
Does your municipality use a repetitive process that keeps pace with the changing environment?	5	0	0
Does your municipality have a plan that focuses on the short and the long term, and whose results can be monitored over time?	5	0	0
Does your municipality have a multi-disciplinary team at the right level within the organisation with citizen and supplier involvement (where relevant)?	2	2	1
Does your municipality conduct	5	0	0

benchmark studies during the strategy development process to find out what's the best thing to do in this area?			
Does your municipality conduct development plans in the areas of technology that have been agreed and clustered within the organisation and with the suppliers market? Examples of clustered technology plans could be social services, sustainability, convert dust, and bridges and tunnels for public works.	5	0	0
Does your municipality conduct analyses of strengths/ weaknesses/opportunities/ threats (SWOT analyses) for the item groups, and also for potential suppliers?	5	0	0
There are structured and documented processes based on facts and information (about the present day and the future) from both external and internal procurement sources.	5	0	0
Does your municipality have a detailed action plan that includes roles, responsibilities, scheduling and initiatives on the critical path?	0	2	3
TOTAL	42	8	5

Discussion

The results of the questions, 13 & 15 in the survey illustrate that most respondents are focused on better quality and lower prices, rather than strategic suppliers and integrated contracts.

These results contrast with the research of Ang et al., (2005), who found that municipalities tend to engage in large turnkey, integral contracts. But they also found that structured supplier relationships are no guarantee of success in the strategic quadrant of the procurement portfolio (Kamann, 1999). Ang et al. (2005) argue for better analysis explicitly related to the characteristics of the project. Love and Davis (2008), suggest management should more effectively embrace the alternative form and business approach of procurement. This can be interpreted as a call to use a differentiated purchase strategy approach, as described in Monczka's (1999) MSU model, and Van Weele (2005a), which provides tools. The semi-structured in-depth interviews illustrate and explain the questionnaire findings. There are no systematic tools for executing the activities mentioned in H4.

These findings are in contrast with H1, which says that Dutch municipalities are equipped with professional procurement practitioners. One of the findings of the interview is that they have 'family doctors', who are very focused on accountability and legality, instead of procurement specialists (Price waterhouse Coopers, 2001; Murray, 2002). This is particularly true of the large municipalities and those that do not have the procurement specialism provided by shared service centres for procurement.

Boes & Doree (2008) found in their research in the Netherlands that large public organisations outsource fewer integrated contracts than smaller public organisations. In this research, accountability and tender were also important items: CEOs of large municipalities find tendering policy, accountability and legitimacy the most important issues to discuss.

One of the findings of this research, especially from the in-depth interviews, is that Dutch municipalities are not competent to manage long-term structured relationships with suppliers. Besides the interviews have revealed that the municipalities largely have no structured and documented process based on facts and information (about the present day and the future) either from external or internal procurement sources.

Hypothesis (4): Procurement practitioners in Dutch municipalities do not have the competence to work in purchasing partnerships *can be*

supported by the research group, and this is reinforced by the questionnaire findings.

Limitations findings

The current research is limited by its stratified randomness. The questionnaire was distributed to CEOs/town managers, aldermen and procurement professionals, but it was mostly the latter who responded. Respondents who comply with public procurement regulations are probably overrepresented in comparison with those who have a negative experience with them, and with professionalisation and human capital. This has been slightly corrected by the in-depth interviews, although these were with a small number of municipalities. On the other hand, Dutch municipalities are strictly controlled by council-based national accountability regulations, which results in organisations that are comparable. These limitations imply that these findings are not transferable to other types of public organisations.

Conclusions

The research data show without a doubt that most Dutch municipalities are equipped with well-educated and trained professional procurement practitioners (Guinipero and Percy's, 2000). This contradicts Murray et al. (2008), whose UK study found that shared service centres for procurement are the only ways to get access to more trained professional procurement practitioners at small municipalities. However, though there is continuous training, this study suggests more training is needed in applying the procurement tools in a structural way (Telgen, 2004; Gelderman and Van Weele, 2005).

A further aspect needs attention in order to retain a satisfactory level of motivated people. The literature study shows that budget systems and accountability can paralyse an organisation. Internal incentives are an effective tool for increasing motivation. This research discovers that Dutch municipalities lack the tools for internal incentives or rewards, though the literature showed the importance of this in motivating people (Hill, 2005).

This research shows that until now local municipalities have been reluctant to move away from tradition. Aldermen, councillors and managers are aware of the pressures to change their procurement

strategies and practices, but good intentions seem to get caught up in debates about accountability and legitimacy.

One of the major areas of concern is highlighted in the lack of *sustainability* of strategic procurement, recognised and executed as a significant part of management (De Ruyter et al., 2001). This research has highlighted the issue that strategic procurement seems to be recognised at board level, but that there is a gap between accepting the idea and the level of professionalisation in the execution, even though it also illustrates that procurement practitioners have a high level of knowledge and skills, which they keep current by regular, continuous training.

Reflection on results and whether they were expected

Little is still known about the level of performance of the procurement function in Dutch municipalities. Even after this study's questionnaire and in-depth interviews with five different organisations in more detail, only a few firm statements can be made. Nevertheless, this exploration of the level of professionalism in the Dutch municipalities' performance measures, which contribute to the strategic procurement function and organisational objectives, has resulted in several conclusions and suggestions that can lead to an increased understanding. It has also addressed several points that should be discussed further. One additional insight is discussed in the following section: shared service centres for joint procurement.

Personal reflections and acknowledgement of limitations

The interpretations, suggestions and conclusions in this study must be evaluated by taking into account the strengths and limitations of this research. The main strength of this study is its combination of theoretical foundation and the triangle research method. The theoretical foundation offers a sound basis for conceptualising procurement information use. The triangle research approach offers an analysis of both quantitative and qualitative findings, which was helpful in connecting the open research framework with several theories and empirical findings.

This study also has some serious limitations. A more general limitation is related to its subject: professionalism of the procurement function (Carr-Saunders, 1927). The domain covered by procurement is huge (Monczka, 1999), and the two research questions are only a part of procurement

professionalism. They cannot be studied in isolation; they are used by and for people, whose social and cultural characteristics are always present and relevant in one form or another. And lastly, professionalism of the procurement function is only one aspect of operation management, which always functions in social and political situations (Murray, 2009). Researching the relevance of regulation/accountability and the role of procurement practitioner skills is therefore likely to be incomplete or imprecise to the strategic objectives of the organisations.

This study is incomplete because of its applied methodology (a more functional explorative research approach) and focused use of theories (mainly mainstream), and many behavioural scientists will miss the, in their opinion essential, theories (e.g. economics, sociology and psychology) and interpretive analyses. The study of only two phases of the MSU model researched is another limitation. This has limited this study to some pre-defined important tasks, but leaves many others unaddressed.

Contribution to new knowledge

This research used the MSU model (Monczka, 1999) as its theoretical framework. One of the findings of this study is that the model is known roughly by many Dutch municipalities, *but it is used non-structurally and not in-depth*. The MSU model can be used to determine the level of maturity of the purchasing role and enables a comparison to be made with the best in the Netherlands, and *best practice* within the organisation. The maturity measure can be used as a basis on which to define strategies for achieving *improvements* to further *professionalise* the purchasing role. An important discovery is that Dutch municipalities are equipped with professional procurement practitioners (H1), supported by the presence of continuous development facilities (H3). On the other hand the research (H5, H4) finds a demand for skills in applying the proper tools in the right way.

Future research

As already mentioned, this study has used only two phases of the MSU model. Future research can probably show the outcome for other phases of the model, which would contribute to the level of professionalisation. Also additional research could be conducted in other parts of the public sector. This would show whether these results are applicable in other areas.

There needs to be more research on the impact of shared service centres for joint procurement for municipalities, establishing the long-term cost/benefits. There also needs to be an investigation into why not all small/medium municipalities are members. It is the researcher's contention, however, that the fundamental changes in the public sector environment faced by municipalities are not sufficiently addressed by the previous approaches discussed in this study, in either their original or extended forms. Thus, strategic procurement at board level fills a need within the agenda of explanation and development, requested by theorisation.

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