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# Collaborative public procurement: Institutional explanations of legitimised resistance



Joanne Meehan <sup>a,\*</sup>, Michael N. Ludbrook <sup>b</sup>, Christopher J. Mason <sup>c</sup>

<sup>a</sup> University of Liverpool, Management School, Chatham Street, Liverpool L69 7ZH, UK

<sup>b</sup> Value Time Consulting Ltd, 16 St Johns Road, Wirral CH62 0BN, UK

<sup>c</sup> Swinburne University of Technology, Faculty of Business and Enterprise, Victoria 3122, Australia

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## ABSTRACT

This paper reports on the barriers to regional collaborative procurement developed from an action research study of five UK public authorities in the emergency services sector. Despite political pressure to procure collaboratively, strategic avoidance responses of institutional logics and symbolic tick boxing legitimise stakeholder resistance to isomorphic forces and entrench operational barriers. The prevailing institutional logics are that regional collaborative procurement is unsuitable and risky, derived from procurement's lack of status and the emotive nature of the emergency services. Symbolic tick boxing is seen through collaboration that is limited to high profile spend categories, enabling organisations to demonstrate compliance while simultaneously retaining local decision-making for less visible, but larger areas of spend. The findings expose choice mechanisms in public procurement by exploring tensions arising from collaborative procurement strategies within, and between, organisations. Multiple stakeholders' perspectives add to current thinking on how organisations create institutional logics to avoid institutional pressure to procure collaboratively and how stakeholders legitimise their actions.

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## 1. Introduction

The UK public sector spent £109billion on the procurement of goods and services in 2013 (HM Treasury, 2013b). Major external events such as the global financial crisis and subsequent shifts in institutional configurations have caused significant effects on the environment for public procurement, including austerity, changes to financial governance and the need to generate large scale efficiency savings (Prowle and Harradine, 2014). The 2010 Comprehensive Spending Review saw the UK government embark on a reduction of public sector spend and the implementation of a period of austerity that underlined the centrality of financial resources in the public sector (Kioko et al., 2011). Public sector collaboration is seen as an imperative to deliver value for money (HM Treasury, 2013a) but gaps exist in understanding its origins, prevalence and impact on organisational performance (Dunleavy et al., 2006; Wright and Pandey, 2010). Collaborative procurement is increasingly on the public policy agenda (Walker et al., 2013) as it can deliver savings, promote financial transparency, rationalise specifications and simplify evaluation processes (Gobbi and Hsuan,

2015). Despite the government rhetoric of the benefits and importance of collaborative procurement, uptake across the public sector is low, exacerbated by a lack of quality, consistent spend data (HM Treasury, 2009a). A number of studies have explored collaboration with public service providers (c.f. Kioko et al., 2011; Hefetz and Warner, 2012; Lamothe and Lamothe, 2012) but there remains a paucity of research on the barriers and enablers of collaborative public procurement within member organisations (Walker et al., 2013).

The paper presents an exploration of how public procurement organisations respond to institutional pressures (Oliver, 1991; Pache and Santos, 2010). Institutional theory explains how the institutional environment influences and establishes an organisation's structures, norms and rules, and how these become resilient, legitimised guidelines for social behaviour (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Zucker, 1987). Institutional theory is a useful lens to explore the challenges of implementing collaborative procurement in practice because it highlights the tensions between achieving legitimacy and achieving efficiency (Ashworth et al., 2009). Collaborative procurement policies create tensions between cost, compliance and quality considerations across intra-organisational stakeholder groups, and between inter-organisational collaborating authorities, where different social values, rules and rationalities may exist. For example, collaborative regional procurement may provide scale economy benefits (Gobbi

\* Corresponding author.

E-mail addresses: [jomeehan@liverpool.ac.uk](mailto:jomeehan@liverpool.ac.uk) (J. Meehan), [valuetime@virginmedia.com](mailto:valuetime@virginmedia.com) (M.N. Ludbrook), [chris.mason@swin.edu.au](mailto:chris.mason@swin.edu.au) (C.J. Mason).

and Hsuan, 2015) but reduce devolved decision-making control or compromise the delivery of locally-appropriate solutions (CLGC, 2014). Institutional theory provides a deeper understanding of why, and how, internal decision makers can resist external pressures to implement collaborative public procurement.

There have been calls for public procurement research to focus on behavioural aspects of collaboration (Hefetz and Warner, 2012; Lamothe and Lamothe, 2012; Walker et al., 2013). Research centred on behaviours and resistance is relevant given the apparent low uptake of collaborative public procurement strategies (HM Treasury, 2009a), despite potential commercial benefits that these can deliver (Schotanus et al., 2011). Using a longitudinal (2 year) action research study of five public authorities in the UK's emergency services sector we build on work that suggests that full compliance with institutional demands is neither realistic nor possible and in some cases pressure is ignored by decision-makers (Pache and Santos, 2010). Action research provides a method for deep understanding of the actors, interactions and behaviours over time (Woodside and Wilson, 2003), and reveals issues on which action can be taken (Coughlan and Coughlan, 2002).

The iterative nature of the action research study developed two core research questions:

- 1) What are the barriers preventing collaborative procurement in the emergency services of the UK public sector?
- 2) How is resistance to collaborative procurement legitimised in the emergency services of the UK public sector?

The results are expected to provide a deeper understanding of how internal stakeholders resist and legitimise pressures to collaborate through exposing the underlying determinants of strategic responses to institutional pressures. Covert strategic responses (Oliver, 1991) entrench overt operational barriers through the use of institutional logics and symbolic tick boxing. Strategic responses to collaborative procurement requests need to display external legitimacy whilst simultaneously protecting autonomous decision-making at local levels. The focus on stakeholder resistance in this study is a response to a call by institutional researchers to further explore the role of people and how they make sense of their decision-making relative to their contexts (Hallett and Ventresca, 2006). The multi-stakeholder perspective supports the move in the institutional literature from research focused on unitary views of organisations towards a consideration of heterogeneous functions within an organisation (Greenwood and Hinings, 1996; Pache and Santos, 2010).

A new model is presented in the paper that identifies the barriers, pressures and resistance in collaborative public procurement. The model focuses on and extends one component of resistance presented by Oliver (1991): avoidance. The results show how the interactions of external institutional demands and internal stakeholder responses result in a legitimised avoidance of collaborative procurement. We identify symbolic tick boxing and institutional logics as two legitimised avoidance tactics to collaborative procurement. Through an exploration of the dimensions of these avoidance tactics we explain the conditions for resistance to collaborative procurement against other more powerful political groups (such as national Government), showing how stakeholders maintain legitimacy for their avoidance even against a prevailing discourse of austerity, value for money, and public sector reform. The results contribute to public procurement research and practice through a deeper understanding of how stakeholders resist external forces to procure collaboratively.

## 2. UK public procurement

The UK public procurement landscape is fragmented with approximately 50 professional procurement organisations as well as

individual public bodies operating framework agreements for goods and services (National Audit Office, 2010). Framework agreements are subject to EU procurement rules and they set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement (OGC, 2008). In the UK emergency services, individual authorities are responsible for their own procurement and they use some framework agreements at sector, regional or national levels with call-off ordering from these contracts locally retained. Collaborative procurement between authorities can bring significant operational benefits through lower prices, reducing transaction costs, exchange of knowledge, quality management and improvement to procurement processes (Schotanus et al., 2011) and can reduce the duplicated hierarchies of procurement functions (Dunleavy et al., 2006).

Maintaining integrity in decision-making is a fundamental pillar of public procurement (Schooner, 2002), and in some jurisdictions is viewed as the primary goal of competitive bidding (Dekel, 2008). The achievement of value for money is at the heart of UK public procurement policy (House of Commons, 2014). Value does not necessarily suggest the cheapest price, and the government define value for money as “securing the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought” (HM Treasury, 2013a, A4.6). To ensure value for money as defined, procurement require life cycle assessments of costs, quality and performance of goods and services purchased. Despite the clear mandate to deliver value for money in its widest sense over a product/service life cycle, the need for public bodies to comply with the European Union Public Procurement Directives can result in propriety and transparency requirements taking precedence over more commercial goals (Erridge, 2007). In the case of the emergency services, the concept of value for money ensures (low) cost considerations do not override operational responsiveness and resilience of the products and services procured.

### 2.1. Collaborative public procurement

Public procurement's role is to ensure regulatory compliance, prudent use of the public purse, and third-party delivery of contracted goods and services (Russell and Meehan, 2014). The centralisation of public procurement is a growing worldwide trend to achieve efficiencies (Albano and Sparro, 2010; Walker et al., 2013) and requires a level of collaboration between authorities. We define collaborative procurement as two or more buying organisations working together, pooling knowledge and purchasing power, to increase buyer-side leverage in the market and/or to deliver other economies. Economies of scale provide commercial benefit through combining purchase volumes (Gobbi and Hsuan, 2015) coupled with product rationalisation and standardisation (Joyce, 2006). Economies of process reduce duplications in tendering and provide supplier management efficiencies (Trautmann et al., 2009). Knowledge sharing between collaborators provides economies of information through the development of purchasing expertise (McCue and Pitzer, 2000).

In the UK, public sector organisations share similar goals, regulatory environments, structures and procurement needs, all of which arguably increase their potential for collaborative procurement (Schotanus et al., 2011; Walker et al., 2013). In the emergency services, operational co-operation between authorities is essential particularly for front-line cross-border incidents and despite operational challenges, organisations can work together effectively at the local level without higher-order legal harmonisation (Princen et al., 2014). Unfortunately, collaboration can be notoriously conflict-ridden and challenging to manage (Amirkhanyan, 2009). The specific challenges of collaborative public

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