Procurement Reform: A Research Agenda for Construction in Developing Countries

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ABSTRACT

The procurement process adopted for a project has a major influence on the success of the project; this is the inspiration for research on procurement. There is a process underway in many countries, at various levels of socio-economic development, to reform their public-sector procurement systems. The main objectives of these reform initiatives are to provide value for money and enhance efficiency.

This paper discusses how research on construction procurement can contribute to the reform initiatives. It is based on a review of the literature. The paper begins by considering the trend of procurement reform, the goals and objectives the countries seek to achieve, and the main considerations. This is followed by a discussion of the principles, and elements of good practice, of procurement. The achievements of the reform processes in some countries are considered. The scope for using procurement reform to develop the industries is discussed. A research agenda, addressed in particular to developing countries, is presented.

KEYWORDS

Procurement; Performance Enhancement, Construction, Research

1. INTRODUCTION

1.1 Objectives of Paper

The aims of this paper are to discuss procurement reform, its implications for construction, and the potential for the enhanced procurement systems to contribute to the development of the construction industries.
The objectives of this paper are to:

a. consider the process of procurement reform which has been undertaken, or is underway, in many countries, compare achievements to intentions, and highlight areas where further action is required
b. discuss the principles of procurement to determine aspects which must be focused upon in the reform exercise
c. discuss how procurement reform can be used to improve the performance of construction industries especially in developing countries
d. propose an agenda through which researchers on construction procurement, especially in developing countries, can contribute to the reform initiatives.

1.2 PROCUREMENT REFORM: A GROWING TREND

“Procurement reform” has been a common expression in the literature over the past decade or so. Several countries at all stages of socio-economic development have reviewed, or are reviewing their public-sector procurement systems, by analysing aspects including legal provisions, organisational frameworks and procedures. Examples are Australia, Bangladesh, the Philippines, South Africa, Tanzania, the UK and both the federal US government and those of some states. Procurement reform is also a prime consideration of the United Nations (UN General Assembly, 2006). Whereas the reviews cover the procurement of goods and services in the entire government or organisational systems, construction procurement features prominently in the reviews.

1.2.1 Goals and Objectives of Procurement Reform

Procurement reform is considered to be crucial and beneficial to nations. The Australian Procurement and Construction Council (2003: p. 6) suggests that: “Adoption of the National Procurement Reform Principles provides an opportunity for government agencies to make considerable savings and efficiency gains through improved procurement practices and outcomes”. In Western Australia, the reform initiative “aims to deliver increased savings and better procurement outcomes for government” (Department of Treasury and Finance, 2005: p. 2). It is suggested that procurement reform in Bangladesh would offer (www.worldbank.org.bd): better value for money in public spending; enhancement of the country’s capacity to use aid effectively; reduction of the cost of doing business, thus improving the investment climate; development of the capacity of the contracting and consulting firms and preparing them for entry into the global market; and creation of employment opportunities for Bangladeshis.
In the UK government’s Efficiency Review, the goals for the review of procurement are (Oughton, 2004): leverage of economies of scale and scope while maximising local decision making and flexibility; developing and embedding world class procurement policy throughout the public service; managing supplier relationships to strike the right balance between ensuring competitive markets and building longer-term strategic relationships; and minimising the costs of procurement for public and private sectors.

The key objectives of the procurement reform initiatives often cited in the literature include: value for money; predictability; contestability; efficiency; transparency; and accountability. Most of the programmes also emphasised effective implementation, and, thus, paid attention to capacity building, awareness creation, and sound administrative mechanisms. For example, the objectives of procurement reform in South Africa were (Ministry of Finance and Ministry of Public Works, 1997):

- to promote effective and efficient procurement practices and systems to enable government to deliver the quantity and quality of services demanded by its constituents in a timely manner
- to achieve continuing improvement in value for money based on whole life cost and quality
- to enhance the competitiveness of suppliers through the development of world-class procurement systems and practices
- to ensure that control and accountability is maintained through comprehensive auditing
- to achieve a uniform procurement system with standardised tendering procedures, policies and contract documentation at all levels in the nation
- to ensure that public sector procurement complies with the provisions of the constitution.

In a review of public procurement in Scotland, McClelland (2006) recommended: every organisation should give procurement its relevant importance and ensure there are qualified, professional staff with the appropriate level of seniority and influence; there should be collaboration across the public sector to realise aggregate procurement and optimise scarce skills; a single set of “Business Conduct Guidelines” setting out how contact and business with outside parties should be conducted; a “Procurement Policy Handbook” for the public sector in Scotland should be published; a Charter for Suppliers to the public sector in Scotland should be introduced; and a Public Procurement Reform Board should be established to oversee the implementation.

From the discussion so far, it is clear that procurement reform should benefit the client agency as well its contractors, consultants and suppliers. It can be used to build the capability and global competitiveness of the industries.
1.2.2 Key Considerations in, and Impetus for, Reform

An international study on public procurement found that: (i) the main concerns of the review programmes were similar but the objectives and aspirations were different from one country to another; and (ii) countries were at different stages of development in the formulation and implementation of procurement systems which their governments considered desirable (Harland et al., 2005). Table 1 presents an outline of some of the key items considered in some procurement reform initiatives, as reported at an international workshop (Harland et al., 2005).

The impetus for procurement reform is provided by: (i) governments seeking to clean up their administrative systems; (ii) professional institutions and trade associations urging reforms to ensure a level playing field and institute pro-development procurement; (iii) multi-lateral agencies which make such reforms a condition for their provision of financial or technical assistance; (iv) bi-lateral aid agencies which propose and fund the reform process or the mechanisms which implement them; and (v) local or international pressure groups which agitate for change to address corruption and lack of transparency.

The proposals for change in procurement systems have varied in terms of the level where action is considered to be required. For example, whereas most of the procurement reform initiatives discussed in this paper relate to national systems, in the US, the Associated General Contractors (AGC) of America has been urging that the General Services Administration (GSA) should be reformed (www.bipac.net/), and its functions streamlined and prioritised. The AGC calls upon the US Congress to: require the GSA to consider the economic impact of project site selection; require the GSA to submit to Congress annually its authorisation and appropriations requests on government office space; address long-term government housing needs; provide design guides and standards for federal courthouses; and create innovative public-private partnering agreements. Gransberg (1999) advocates for procurement reform in Massachusetts, USA to address the legislative constraints which make the procurement for public-sector projects restrictive and inefficient, leading to unduly costly and lengthy projects.

2. PRINCIPLES OF PROCUREMENT

2.1 BROAD PRINCIPLES OF PROCUREMENT

To ensure effectiveness in the reform of the public-sector procurement systems, it is necessary to analyse the basic principles of procurement in order to identify areas where action is required in particular contexts, and the best ways in which the actions should be taken. The Australian
Procurement and Construction Council (2003) observes that: “The strategic focus of government procurement is to build an effective operating environment that is both responsive and successful in meeting the challenges of an increasingly complex and competitive market place” (p. 6). The Council (2003), which comprises some of the key national and provincial client ministries and agencies in Australia, suggests that the challenge for governments is to have a procurement framework which will enable them to: make strategic procurement decisions; understand and influence the market place; manage exposure to risk; develop innovative contracts; select best business partners; and manage strategic and complex contracts as major buyers.

Table 1 Key aspects of procurement reform in various countries

<table>
<thead>
<tr>
<th>Nation</th>
<th>Key reforms</th>
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<tbody>
<tr>
<td>Australia</td>
<td>• Establishment of professional body of procurement</td>
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<td></td>
<td>• Revision in the role of procurement from buying to investment</td>
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<td></td>
<td>• Deployment of central personnel in decentralised agencies to monitor procurement</td>
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<td></td>
<td>• Mandatory procurement qualifications as contract managers</td>
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<td></td>
<td>• Capacity building through education</td>
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<tr>
<td>Canada</td>
<td>• Targeted saving of $2.5 billion over five years</td>
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<tr>
<td></td>
<td>• Mandatory use of standing offers / framework agreements</td>
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<td></td>
<td>• Mandatory use of Government of Canada Marketplace</td>
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<td>Germany</td>
<td>• Streamlined federal procurement law for all sectors</td>
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<td></td>
<td>• Seven-point procurement action plan including centralisation at federal level and streamlined electronic process, standardised at federal level to conform to European Union regulation</td>
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<tr>
<td>Hungary</td>
<td>• Formulation of directives on how to comply with European law</td>
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<td></td>
<td>• Capacity building through universities</td>
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<tr>
<td>Netherlands</td>
<td>• Central orchestration – collaboration in buying</td>
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<td></td>
<td>• Use of purchasing as a political force</td>
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<td></td>
<td>• Shift of focus from professional procurement to everyone understanding procurement (eg., making purchasing part of all MBA programmes)</td>
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<td></td>
<td>• Strategic supplier management</td>
</tr>
<tr>
<td></td>
<td>• Encouraging suppliers to make new proposals for which there may not even be a budget yet</td>
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<tr>
<td></td>
<td>• Tender-Net, a common system for all public agencies</td>
</tr>
<tr>
<td>South Africa</td>
<td>• Assist and advice the provinces on implementation of procurement reforms</td>
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</tbody>
</table>
Institution of Model of Excellence
- University programmes / certification in public procurement
- Exploratory studies to assess how much various sectors have progressed

<table>
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<tr>
<th>UK</th>
<th>Exploratory studies to assess how much various sectors have progressed</th>
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<tr>
<td></td>
<td>Strategic supplier management</td>
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<tr>
<td></td>
<td>Supply chain excellence</td>
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<td></td>
<td>Electronic streamlining</td>
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<td></td>
<td>Small business procurement initiative</td>
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<table>
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<tr>
<th>US</th>
<th>Emphasis on strategic sourcing</th>
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<tr>
<td></td>
<td>Take up of performance contracts</td>
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<td></td>
<td>Develop profession through doctoral programmes</td>
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</table>

Source: Harland et al. (2005)

Table 2 shows “the guiding principles which govern the administration of public procurement”, suggested by the Central Directorate Directorate of the Northern Ireland Government (http://www.cpni.gov.uk). Similarly, an international study on public procurement identified the following top ranking priorities (Harland et al., 2005): (i) accountability; (ii) competition; (iii) transparency; (iv) probity; (v) value for money; (vi) efficiency; (vii) legal compliance; (viii) cost effectiveness; (ix) education of public procurement personnel. The study also highlighted the following lower-ranking priorities (Harland et al, 2005): (i) broader government objectives; (ii) social inclusion; (iii) green procurement; (iv) sustainability; (v) level playing field – providing suppliers with equal opportunities; (vi) using procurement to encourage innovation; and (vii) ethical issues. Finally, more aspirational issues highlighted included: social upliftment; large cultural change; integration of procurement into government policies; real compliance; and being more innovative and joined up.

It can be concluded that the guiding principles of procurement cover a wide area, and extend far beyond the client agency itself. Thus, it is necessary to determine the best practices (which are also wide ranging) which can enable the key principles to be attained. This is next considered.

2.2 BEST PRACTICES IN PROCUREMENT

Several authors have proposed good practices in procurement. For example, the Central Directorate Directorate of the Northern Ireland Government suggested that the following actions were required to attain the principles shown in Table 2 (http://www.cpni.gov.uk):

a. efforts should be made to introduce best practice across all agencies engaged in procurement

b. procurement policies should be closely integrated into the economic, social and environmental strategies and initiatives of governments
c. client agencies should consult members of the public who would be 
affected by the outcome of their procurement policies, and with other 
stakeholders

d. to optimise efficiency gains, there should be greater emphasis on the 
integration of the North/South and European-wide procurement 
markets, and greater collaboration among the agencies in the country

e. better information, management and monitoring systems should be 
established to facilitate decision making

f. clients should, from enlightened self-interest, use their commercial 
influence to help improve the competitiveness of their suppliers, and 
ensure that appropriate procurement policies and principles are 
diffused in the supply chain

g. better trained and managed professionals should operate the 
procurement principles, and should be trained to exercise judgment in 
increasingly complex circumstances

h. policies, directives and instructions should be revised to reflect the new 
principles of procurement

i. new institutional structures should be in place to co-ordinate the 
implementation of procurement policies and principles.

Table 2 Guiding principles governing administration of public procurement

<table>
<thead>
<tr>
<th>Principle</th>
<th>Meaning</th>
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<tbody>
<tr>
<td>Accountability</td>
<td>Effective mechanisms should be in place to enable officers to discharge their responsibility on issues of procurement risk and expenditure</td>
</tr>
<tr>
<td>Competitive Supply</td>
<td>Procurement should be carried out by competition unless there are convincing reasons to the contrary</td>
</tr>
<tr>
<td>Consistency</td>
<td>Same general procurement policy should apply across the public sector</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>Procurement should seek to attain a balance of clients’ commercial, regulatory, socio-economic goals</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Procurement processes should be cost effective</td>
</tr>
<tr>
<td>Fair Dealing</td>
<td>Suppliers should be treated fairly and without unfair discrimination. They should not be required to meet unnecessary burdens or constraints</td>
</tr>
<tr>
<td>Integration</td>
<td>Procurement policy should pay due regard to the client’s other economic and social policies</td>
</tr>
<tr>
<td>Integrity</td>
<td>There should be no corruption or collusion with suppliers or others</td>
</tr>
<tr>
<td>Informed Decision-Making</td>
<td>Clients should base their decisions on accurate information and monitor requirements to ensure they are being met</td>
</tr>
<tr>
<td>Legality</td>
<td>Clients must conform to all relevant legal requirements</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Clients should meet the aspirations, expectations and needs of the community served by the procurement</td>
</tr>
<tr>
<td>Transparency</td>
<td>Clients should ensure openness and clarity in</td>
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</tbody>
</table>
The Australian Procurement and Construction Council (2003) suggested that best practice procurement requires: (i) the adoption of a strategic focus to procurement activities to meet both short and long term objectives; (ii) government buyers to be equipped to systematically identify and assess risks and develop a risk management strategy commensurate with the significance of the purchase; (iii) adoption of government procurement frameworks which will operate with clearly defined accountabilities; open and competitive processes and the highest standards of professionalism; and (iv) implementation of systematic performance measurement processes. The CIDB (2006) of South Africa provides useful advice on procurement approaches, as shown in Table 3.

The Constitution of South Africa (Act 108 of 1996) requires the public-sector procurement system to be fair, equitable, transparent, competitive and cost effective. Reflecting the wide-ranging nature of procurement mentioned above, many other statutes of that country institute requirements for procurement. They include:

- Local Government: Municipal Finance Management Act (Act 56 of 2000) – provides that reasonable steps should be taken to ensure that proper mechanisms and separation of duties in the supply chain management system minimise the likelihood of fraud, corruption, favouritism and unfair irregular practices
- Local Government: Municipal Systems Act (Act 32 of 2000) – states that the selection process for service providers must be fair, equitable, competitive and cost effective and allow equal and simultaneous access to tender information; minimise the possibility of fraud and corruption; make the municipality accountable to the local community regarding decisions in the selection of the service provider
- Construction Industry Development Board Act (Act 38 of 2000) – ethical standards must be adhered to by all parties engaged in construction procurement
- The Prevention and Combating of Corrupt Activities Act (Act 12 of 2004)
- Promotion and Administrative Justice Act (Act 3 of 2000).

The guiding principles and corresponding best practices of procurement are elusive. In the next section, the problems in the existing procurement systems are discussed.
3. PROBLEMS OF EXISTING PROCUREMENT SYSTEMS

Among the problems which were identified in an international research study on procurement was that there was a shortage of highly qualified and motivated professionals in public procurement owing to the low reputation and undervaluing of public procurement (Harland et al., 2005). Of the people issues, the positive influences included: flexibility; risk taking; commercial acumen; discretion; incorporation of private sector experience. The negative influences included: profiles of professional personnel not linked to responsibility; lack of communication skills; lack of entrepreneurial skills; lack of technical knowledge; and lack of self belief. Possible actions to address these issues were: professional bodies; community of practice acting pro-actively; education; meetings and networks for discussion.

Table 3  Actions which promote best value procurement

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
<th>Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identify needs</td>
<td>The catastrophic and expensive failures of procurement are almost always the lack of clarity of the expected outcome</td>
</tr>
<tr>
<td>2</td>
<td>Document the brief</td>
<td>The main cause of procurement failures are the result of inadequate briefs, ill-conceived briefs or an absence of a brief</td>
</tr>
<tr>
<td>3</td>
<td>Check the facts</td>
<td>The second frequent cause of problems between clients and contractors are things that existed at the beginning but had not been identified</td>
</tr>
<tr>
<td>4</td>
<td>Secure the finance</td>
<td>Business planning has often been ignored, leading to a lack of proper planning and consequent problems at a later stage</td>
</tr>
<tr>
<td>5</td>
<td>Understand the construction procurement regime</td>
<td>Failure to comply with the legislative framework for procurement may lead to delays which may cause: lack of clarity in processes and procedures; the lodging of complaints; and court challenges</td>
</tr>
<tr>
<td>6</td>
<td>Allocate risk</td>
<td>The higher the risk taken, the greater must be the financial provision in case the worst happens</td>
</tr>
<tr>
<td>7</td>
<td>Identify and implement procurement strategies, methods and techniques</td>
<td>The characteristics of each procurement needs to be analysed in order to choose the most suitable and appropriate options, to obtain the best value from the procurement process</td>
</tr>
<tr>
<td>8</td>
<td>Monitor impacts</td>
<td>The client should employ its own experts to monitor the progress of the contractor. Any dispute, unless resolved early, is likely to be costly and disruptive to the project</td>
</tr>
</tbody>
</table>
Review the process

Procurement is a lengthy and complex process. There is always room for improvement the next time around.

Source: CIDB (2006)

The procurement arrangements in developing countries often fall short of the guiding principles and best practices. For example, the CIDB (2006: 4.7 to 4.8) notes that the risks in the South African public procurement system which must be managed include: (i) loss of economy and efficiency in procurement; (ii) exclusion of certain eligible tenderers from competing for contracts; (iii) insufficient competition; and (iv) unfair and inequitable treatment of contractors; (v) lack of integrity or fairness; (vi) lack of transparency in procurement procedures; (vii) failure to deliver in terms of the contract; (viii) failure to achieve goals for which a preference is granted in the performance of the contract; (ix) failure to award contracts in accordance with agreed procedures; (x) end users not being satisfied with what is provided through the contract; (xi) failure to attain value for money; (xii) failure of the procurement system to promote national socio-economic and sustainable development goals; (xiii) inappropriate allocation of contractual risks to the parties to the contract; (xiv) undue escalation in project cost; and (xv) failure to realise best value.

A common feature of the existing procurement systems in developing countries is the amount of bureaucracy they involve as a result of the high number of levels of administrative procedures, approvals and checks. The bureaucracy is recognised to have led to: (i) inefficiencies; (ii) high costs; and (iii) delays in projects. Nkinga (2003) outlines the weaknesses in the procurement system in Tanzania before the reform process was initiated in 2001 as: fragmentation of the laws on procurement which had several loopholes and no enforceable penalties; the laws were inadequate for the procurement of works and selection and engagement of consultants; there was no statutory body to enforce the legal framework and procedures; regulations were outmoded, and originated in stores management rather than competitive procurement; the authority of the Central Tender Board was eroded by ad hoc arrangements in other sectors; many exceptions were made, and rules were often ignored; management information, especially for enforcing accountability, was lacking; too much was left to the discretion of individual public officers who were given no clear policy or guidance; and there was a shortage of adequately trained and experienced procurement officers.

In developing countries, the existing procurement systems were inherited from the former colonial administrators. Thus, they bear no relation to the culture, local administrative systems, and authority structures of these countries. This deprives them of the contextual foundations and ballast necessary for their effective implementation. In a study on the countries in southern Africa, Rwelamila et al. (1999) suggest that this
accounts in large part for the poor performance on construction projects in developing countries. Corruption is another major issue in procurement in many countries. For example, it was found that, in one developing country, only 13 cents of every dollar spent in education reached the final beneficiary (www.worldbank.org.bd). It is suggested that corruption in public procurement affects economic growth by (www.worldbank.org.bd): skewing public investment and spending to areas offering the highest opportunities for personal gain, not where the needs are greatest; affecting the investment climate as international companies bidding in good faith for contracts find the system behaving in perverse ways and spread the word that the investment climate is hostile; increasing business costs; hindering the development of competent and genuine local contracting and consulting enterprises. In Tanzania, although many laws have been passed and initiatives launched, since 1966, to combat corruption, unethical behaviour and abuse of power (Nkinga, 2003), reports of the Prevention of Corruption Bureau show that it remains a problem. The CIDB (2006) cites South Africa’s Prevention and Combating of Corrupt Activities Act (Act 12 of 2004) and notes that the Act provides for requirements for procurement including:

“Corrupt activities may give rise to:

i. improperly influencing the promotion, execution, procurement or retention of any contract
ii. the fixing of the price, consideration or other moneys stipulated or otherwise provided for in any contract
iii. manipulating by any means the award of a tender
iv. manipulating by any means the outcome of an auction
v. public officers having a private interest in a contract connected with the public body that employs them except where their interest is in stocks.”

In the next section, the progress that has been made in the implementation of procurement reform initiatives is discussed. The possibility of using reform to attain the objectives of industry development is also considered.

4. PROGRESS IN REFORM AND POSSIBLE INDUSTRY DEVELOPMENT INITIATIVES

4.1 PROGRESS IN PROCUREMENT REFORM

It is recognised that it will be a challenging task to attain the objectives of procurement reform. Many authors, such as the World Bank (www.worldbank.org) and Oughton (2004) note that collaboration from
many organisations and individuals in both the public and private sectors is required. Moreover, while it is necessary to take advantage of the benefits of aggregation, a “one size fits all” approach to procurement would not succeed. The challenges appear to be greatest in developing countries. Hunja (2003) cited the following impediments: deeply vested interests; lack of political will; paucity of technical knowledge and capacity; complexity of substantive issues involved.

In a survey of Director Generals and CEOs on its procurement reform process two years after it was introduced in 2003, the Department of Treasury and Finance (2005) of the government of Western Australia drew the following positive impressions: meets the accountability requirements essential to any government procurement system; leverages on the whole of the government's spend by centralising procurement (although this does not always equate to savings); is a very co-ordinated and structured approach to buying; mostly meets agencies' needs and provides value for money; has created consistency and efficiency through the standardisation of processes; uses common contracts very effectively; and is on the right track though more work is required to create the ideal system. The negative impressions included: it is focused on process at the expense of outcome; has not yet produced the promised savings; has processes that can still be too time consuming, protracted and cumbersome; does not always deliver the best price to government buyers; does not always provide ‘value for money’ to agencies in terms of outcomes achieved; and there is a lack of expertise in some areas of procurement which can make specialist purchases difficult.

4.2 PROCUREMENT REFORM AND INDUSTRY DEVELOPMENT

The procurement arrangements adopted for projects can contribute directly to the development of the local industry. The CIDB (2006) of South Africa highlights the following development and social objectives to be achieved from construction projects: (i) SMME development; (ii) HIV-AIDS; (iii) training and skills transfer; (iv) broad-based black economic empowerment; (v) job creation; (vi) local economic development; (vii) poverty alleviation; and (viii) construction industry development. The Procurement Policy Framework Act (Act 5 of 2000) of South Africa provides for the attainment of the government’s policy that measures should be taken to protect or advance persons disadvantaged by unfair discrimination. The Broad Based Black Economic Empowerment score card of the Department of Trade and Industry of South Africa measures progress in respect of four areas: direct empowerment; human resource development; enterprise development; and residual element.

The reform initiatives should also aim to enhance capacity and capability in the client agencies. The Australian Procurement and Construction Council (2003: pp. 3-4) noted:
“Procurement capabilities, skills and standards within governments will be enhanced through cooperation and knowledge exchange at a national level. This would be achieved by:

- The establishment of learning networks to stimulate the sharing of ideas and experience from which governments can innovate and improve their performance.
- The development of a tool for evaluating procurement capability for use by government agencies to assist with obtaining value for money procurement outcomes.
- The periodic review of the required in-house skill base to manage strategic and complex procurement decision making ... to support project/service delivery outcomes.
- The establishment of a planning methodology that focuses on jurisdictional whole-of-government objectives; that is government's economic, environmental and social objectives.
- Advancing the take-up of e-procurement by identifying and supporting e-procurement solutions within a nationally consistent approach.
- The implementation of procurement activities that are underpinned by best practice policies, guidelines and electronic commerce initiatives.

It must also be noted that it is a major challenge to obtain the industry and client development objectives discussed above owing to a complex set of inter-related factors. For example, Harland et al. (2005) identify the following obstacles to any effort to use procurement to promote innovation: (i) fragmentation of purchasing; (ii) focus on regulations and absence of incentives and targets for innovation; (iii) corruption and transparency – certainty of capture; (iv) lack of an overall strategy; (v) risk averse culture of procurement officers, and reliance on tried and tested technology; (vi) lack of skills of procurement officers; (vii) lack of money and skills; and (viii) limitations on budgets.

An agenda for research on procurement is next presented.

5. RESEARCH AGENDA

Researchers on construction procurement have a role to play in the reform process. Some changes are required in the focus of these researchers. First, the researchers should devote attention to broader issues such as national procurement systems, in addition to their present focus on project-related issues such as alternative procurement methods. Thus research can consider the legal framework, the procedures, capacity building, and effective administration. Second, the national procurement framework should reflect the special features and needs of various sectors, such as construction. Research is required on questions such as: What are the real
needs on a construction project, with regards to procurement? How can procurement contribute to the development of the industry? Third, the CIB should provide research information and ideas to foster innovation in procurement systems in all nations. This should be a collaborative effort among the relevant research groups, led by W92, with W107 co-ordinating the work on developing countries. The first task could be an international study of procurement reform programmes. The working group should also develop an information channel through which its findings can be accessed by governments and practitioners. Fourth, the working group on procurement reform should study the effective formulation and implementation of procurement reform initiatives and propose best practices. Among focus subjects are: how to measure the performance of the procurement process; how to review the procurement process at the end of the project; how the results of such reviews can be effectively implemented.

Fifth, an area on which research is needed is that of culture and procurement. Among the possible topics are: the influence of culture on procurement; and how culture can be incorporated as a major component of procurement arrangements. Finally, there should be work on project leadership towards integration of key project considerations, such as: roles of participants; sustainability, health and safety; and post-project evaluation of the performance of consultants and contractors.

6. CONCLUSION

The public-sector procurement review initiatives taking place in many countries aim to attain a broad range of improvements in legal frameworks, procedures and organisational arrangements. Construction researchers should contribute to this reform process. Their work should extend beyond the consideration of topics on detailed aspects of construction projects to cover broader, strategic issues at the national level. The researchers should also investigate how to enhance the likelihood that their work will be implemented.

7. REFERENCES


