An examination of the relationship between Australian Council e-Tender spend and executive strategy: an Institutional approach

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Abstract

This DBA Dissertation reports on the barriers preventing a relationship between Australian council e-Tender monetary spend and executive strategy, developed from seven Australian mid-range councils across three states. Every year councils spend billions of dollars on procurement of goods, services, works and information to fund community facilities. Electronic Tender (e-Tender), as a determined sub-set of e-Procurement, is an important acquisition activity. The significance of e-Tender through a tender management portal (TMP) was the initial focus of this research project, a subject not examined in previous research. Through the data collection phase the focus changed to the value of the e-Tender monetary spend. The existing research proposes council’s measure e-Procurement (not specifically e-Tender) expenditure and the arguments for this position are explored through their practice dimensions.

The practice leads to theories and the perspective exposes the tension between strategic mimicry and acquiescence responses to institutional logics and variant economics which were found to legitimise and entrench practice barriers. The pervasiveness of council procurement is tied to the themes extracted from the case studies showing pressures between the council procurement structure, regulatory compliance, operational effectiveness and shared services or aggregators as practitioners of collaboration.

Qualitative methods of interviews and case studies coupled with a back-and-forth abductive process of systematic combining through pragmatic lens enabled development of an own agenda serendipitous research methodology. This strategy responds to calls for reflective learning facets of case studies to advance research in the Purchasing and Supply Management field. This research project will increase the understanding of the dynamic and evolving nature of council e-Tender through a TMP and the value of tender spend as an inclusion in executive strategy, thereby commencing a conversation on council tender epistemology, research avenues yet unexplored.

This DBA Dissertation makes a contribution to knowledge in the field of Australian middle range councils through the empirical research and the ensuing development of a tender
spend/income ratio as a performance indicator. What was striking is the financial volume of tender spend not recognised across council: although not explicitly stated, acquiescence guides council reasoning for non-inclusion of this essential management data within executive strategy. This research is a contribution to the growing importance of understanding the digitalisation of practice and the impact on all stakeholders.
Declaration

I, Robert Townsend, declare that the DBA Dissertation entitled “An examination of the relationship between Australian Council e-Tender spend and Executive Strategy: an Institutional approach” is no more than 65,000 words in length including quotes and exclusive of tables, figures, appendices, bibliography, references and footnotes. This DBA Dissertation contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated, this DBA Dissertation is my own work.

Signature

11 March 2019

R.W. Townsend
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This research project is an own agenda in a self-managed process from an external student and it is appropriate to acknowledge and express my appreciation to Victoria University for the encouragement and support to undertake a DBA in this form. A special mention of appreciation to my supervisor Dr Nick Billington who supported this process and endorsed progress without constraint.

A very special thanks to my wife and partner of 36 years Julie Townsend for her patience and ever willing commitment to support the undertaking of this DBA, at the expense of any form of normal family life. Julie was ever willing to read and contribute to construction when far more enlightening activities were available. This DBA would not have been completed without her never-ending support.
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<td>ACCC</td>
<td>Australian Competition and Consumer Commission</td>
</tr>
<tr>
<td>CBRJO</td>
<td>Canberra Regional Joint Organisation</td>
</tr>
<tr>
<td>EOI</td>
<td>Expression of Interest</td>
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<tr>
<td>e-SC</td>
<td>Electronic Supply Chain</td>
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<tr>
<td>GST</td>
<td>Goods and Services Tax</td>
</tr>
<tr>
<td>ICAC</td>
<td>Independent Commission Against Corruption</td>
</tr>
<tr>
<td>LGA</td>
<td>Local Government Association</td>
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<tr>
<td>LGACT</td>
<td>Local Government ACT (also used with the prefix SA, Vic, NSW relating to the specific state statute)</td>
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<td>LGAP</td>
<td>Local Government Association Procurement</td>
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<td>LGP</td>
<td>Local Government Procurement</td>
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<tr>
<td>MAV</td>
<td>Municipal Association of Victoria</td>
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<tr>
<td>O&amp;SCM</td>
<td>Operations &amp; Supply Chain Management</td>
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<td>Performance Management System</td>
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<td>PSM</td>
<td>Purchasing &amp; Supply Management</td>
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<tr>
<td>RPEN</td>
<td>Regional Performance Excellence Network</td>
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<td>RCL</td>
<td>Recommended Contract List</td>
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<td>Request for Tender</td>
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<td>ROC</td>
<td>Region of Councils</td>
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Chapter 1 – Introduction and Overview

1.1 Introduction

The original assigned research task was to produce an accurate and comprehensive picture of Australian council electronic tender (e-Tender) and how the use of a tender management portal (TMP) simplified the matching of the buyer (council) to the seller (potential supplier). Later, the pilot study re-structured the frame of the researcher’s view of council e-Tender, re-positioning the perceived problem requiring adjustment of the lens for further data collection. One reason for the re-positioning was to obtain an enhanced understanding in order to progress in what was, ostensibly a moving target. Eventually the researcher abandoned the quintessential snapshot approach, instead turning to the medium of systematic combining (Dubois & Gadde 2002, 2014, 2017). This provided a more effective way of conducting this research project as a complex phenomenon, namely the monetary value of council e-Tender embedded within the organisation and examining the relationship to executive strategy.

Australian councils are described in the community as municipal councils, local councils, councils, City of (insert regional name) or Shire/District of (insert regional name) with the probability of other descriptions at local levels (Dollery, Grant & Kortt 2012). The South Australian Local Government Act 1999 describes the entity as local government and in the interpretation section determines council: the various Australian state statutes having similar interpretations. These descriptives and interpretations create a cross cultural name aspect which is compounded in the literature: Australian Municipal Council (Ilhan & Rahim 2017), Australian public procurement (As-Saber et al. 2014), (Australian - sic) Public Sector (Vaidya & Campbell 2014), UK Public Authorities (Meehan, Ludbrook & Mason 2016), UK public sector (Doherty, McConnell & Ellis-Chadwick 2013) and local authorities Cumbria England (Cabras 2010). To overcome this cross-cultural descriptive and interpretation, this research project will use the descriptive council and when a more specific identification is required to region, state or country, these identifiers will be added. More specifically, when discussing councils as a case study, council and the phonetic name will be used.
This DBA Dissertation addresses the exactitude of the realities and subtleties of contemporary council e-Tender through a TMP. Despite the growing volume of literature on e-Procurement, surprisingly little is known about e-Tender and the TMP. Another aspect is the extent activities integral to council e-Tender remain under-theorised. As a consequence, the objectives of this DBA Dissertation is to theorise the contemporary council e-Tender through a TMP on the one hand, while communicating the complexity, diversity and practice on the other.

E-Tender has now been determined as a sub-set of e-Procurement (Doherty, McConnell & Ellis-Chadwick 2013; Schoenherr & Rao-Tummala 2007; Vaidya & Campbell 2014). E-Procurement has been determined as a sub-set of e-Supply Chain (e-SC) (Llach & Alonso-Almeida 2015, p.286; Vaidya & Campbell 2014, p.231), all positioned within the Operations and Supply Chain Management (O&SCM) discipline.

In this research project, the term procurement and e-Procurement will be inclusive of tender and e-Tender including the other sub-sets of e-Auction, e-Catalogue and e-Market (Doherty, McConnell & Ellis-Chadwick 2013; Schoenherr & Rao-Tummala 2007; Vaidya & Campbell 2014). Tender and e-Tender will stand alone as single procurement methods. The ‘e’ prefix to both procurement and tender indicates contemporary electronic usage.

A recent influencing study supporting the justification for this research project using quantitative meta data analysis of the Chilean Health system found e-Procurement providing public authority savings of 21% and e-Tender 9% (inclusive within the e-Procurement figure) (Raventos & Zolezzi 2015, p.1). This study has an implied usage of the TMP, however the TMP is not represented in the contemporary literature. The importance of the TMP to the effective and sustainable provision of council e-Tender, public authorities and an application for industry generally requires exploring.

E-Supply Chain (e-SC) and e-Procurement literature has developed philosophical and conceptual approaches to researching their constituent parts, but each has seemingly neglected theory development about the nexus of e-Tender and the role of the TMP. The sub-set e-Tender has high potential for substantial cost savings (Raventos & Zolezzi 2015), therefore a process worthy of study. Research has been confined to and focussed on e-
Procurement with little contemporary research on theory building of e-Tender or the role of the TMP, knowledge that ought to be inclusive in the literature.

1.2 Situating the original questions as the Research Problem

This research project proposes the council acquisition process of e-Tender and the role of the TMP has been marginalised from e-Procurement specific literature and topical research\(^1\). This segregation appears to be perpetuated by academics reliance on positivistic (Chicksand et al. 2012, p.467) approaches rather than field research for a more diversified understanding of purchasing and supply management (PSM) (Dubois & Salmi 2016, p.247).

The re-intermediation of paper based tender to e-Tender including the intermediary layer of the TMP has been imposed on councils. The question of assimilation remains unanswered. The monetary value of effective and sustainable e-Tender through a TMP is not under question: it has been quantified (Raventos & Zolezzi 2015). The explanations for the role of the TMP as an intermediary layer have not been investigated.

This research project was originally established on the premise of potential council e-Tender value through the implied application of the TMP. The original principal question was an investigation of the intermediary layer in a sealed bid council tender process: a new field of study and therefore worthwhile to fill the gap in the literature. As such, this research project was aimed at examination of this unexplored territory through the original research questions (Figure 1). The research explored these questions through examining the context of the actors within participant councils who either explicitly or implicitly are associated with the e-Tender environment. This examination embraced issues of adoption or non-adoption including assimilation of e-Tender applications, the question of effectiveness of council e-Tender process, the role of council e-Tender strategy, the interaction with the TMP and the structure and accountability of the

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\(^1\) Topical research is most often empirical material focussed on the subject and found in academic journals, books, policy or government and/or industry research/reports (Ravitch & Riggan 2017).
procurement department. These actions are all intertwined through this research project and as such, deserve responses through the following research questions.

*Figure 1 - Original Research Questions*

<table>
<thead>
<tr>
<th>Original principal research question</th>
<th>Original research sub questions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How does a council e-Tender with an intermediary layer simplify the sealed bid matching between the buyer’s request and the seller’s offer?</strong></td>
<td>1. What impact does e-Tendering have on effectiveness within Australian public authorities?</td>
</tr>
<tr>
<td></td>
<td>2. How is tendering changing within public authorities through the adoption and assimilation of e-Tendering?</td>
</tr>
<tr>
<td></td>
<td>3. What is the role of a TMP?</td>
</tr>
<tr>
<td></td>
<td>4. How does pragmatism theory frame council e-Tendering ontology?</td>
</tr>
<tr>
<td></td>
<td>5. What organisational factors enable e-Tender to become institutionalised as Tender?</td>
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<tr>
<td></td>
<td>6. How is probity and as a consequence competitiveness maintained in tendering?</td>
</tr>
</tbody>
</table>

Defining e-Tender accrues difficulties due to the limitations in the literature. The internet introduced procurement to the electronic process and the early literature was not inclusive of the (later defined) sub-sets including tender (Attaran 2001; Bakos 1991, 1998). Two original e-Tender definitions referred to downloading tender documents and sending/receiving requests and responses via the internet (de Boer, Harink & Heijboer 2002; Liao, Wang & Tserng 2002), although de Boer, Harink & Heijboer (2002) confused tender and auction. A much later pragmatic definition included ‘complete web based’ and ‘exchange of relevant documents in electronic form’ (Vaidya & Campbell 2014, p.229). More recently, the antecedent Raventos & Zolezzi (2015, p.2) described competitive tenders as sealed bid auctions, a definition from early auction theory.

The underlying structure is the traditional paper based tender where a supplier’s submission to a council specification was provision of a sealed bid (including a price) documents into a tender box, usually located in council receptions, prior to a predetermined date and time. The contemporary definitions refer to the re-intermediation of the interaction between the council (as the buyer) and the supplier (as
the seller) via the internet, through an implied TMP as the intermediary layer. The missing element of these definitions is the holistic view, the elements of pre and post award (PWC 2013) or what Wang et al (2015, p.1/2) calls combining conventional tender with internet, computer and certification technologies.

Taking these definitions into account, particularly the inclusive electronic process of Vaidya & Campbell (2014), the unit of analysis of this research project is council e-Tender through a TMP, designed around the original research questions. This is not a case of an individual council, local government authority or commercial TMPs; rather it is a series of seven cases of council e-Tender through a TMP, searching for transferrable data to a generalised position. This meets Bazeley (2013, p.49) and Yin’s (2014, pp.30-31) determination of case as the design of the research questions.

The overall boundary of council e-Tender maybe conceived from a point of need identification assessment through to community use of the provided good, service, works or information, or indeed further to community evaluation. Need identification and community are journeys too far, an impossibility to cover everything (Yin 2014, p.31). Therefore this research project is limited to the process from specification completion and the decision to tender through to downloading potential supplier submissions, all process with the opportunity to be conducted electronically through a TMP. Although Liao, Wang & Tserng (2002) was an early attempt at understanding e-Tender through a TMP, there has been no follow through and the detail remains elusive.

The acronym TMP is original to this research project. Early internet interconnectedness positioned the TMP role as a cybermediary, a free flowing open system connecting buyers to sellers and operating as an intermediary (Barnes & Hinton 2007; Fei 2013; Jin & Robey 1999; Wang et al. 2015). An Intermediary has the ability to establish a collaborative environment between itself and others in an e-Procurement sense, being buyers and sellers (Shunk et al. 2007). Cybermediary or even portal (Boyson, Corsi & Verbraeck 2003) fits the open environment of social commerce (Lin, Li & Wang 2017; Zhou, Zhang & Zimmermann 2013) and social business (Busalim & Hussin 2016; Costa & Tavares 2014), terms distinguished from the TMP and tender through the action of offer and acceptance by open negotiation over the internet. The principal premise of tender is a ‘sealed bid’, a
once only offer to the buyer where the value of the offer is unknown to other potential suppliers (Bergman & Sofia 2013, p.74; Raventos & Zolezzi 2015, p.2; Runeson & Skitmore 1999, p.289; Vickrey 1961, p.20). The analysis of the TMP will encompass researching the reality of council e-Tender as constituted in the diverse interviews of this research project, embedded in ways of being and ways of undertaking.

1.3 Clarifying the focus

Why study e-Tender and its position in the collective life of councils with the diversity of differing state statutes impacting on how things are done? The literature is very sound on the e-Procurement sub-sets e-Auction, e-Market and e-Catalogue in the way they have been used across government and industry. As stated, council e-Tender through a TMP is insufficiently explored in an applied sense including an appropriate methodology. As a characteristic of this research project, the conceptual framework does not appear in the literature, as with the conceptualisation of council e-Tender. Methodology and methods are the lens of the researcher: the researcher deciding on perspectives and personal interests (Ravitch & Riggan 2017, p.3), own agenda (Chicksand et al. 2012, p.455) and using more diversified and reflective methods (Dubois & Salmi 2016, p.247). The nexus of council e-Tender offers the prospect of exploring the inter-connections and the impacts of theorisation and relevance to individual and the collective of councils.

Academic inconsistency about the investigation, conceptualisation and theory building required to comprehend the nexus of e-Tender is almost iniquitous given the council reliance on delivery of probity and fairness within their procurement process. The significant step of traditional tender being re-intermediated to e-Tender has been recognised, but new paradigms in which to locate the problem and develop solutions are under-developed. If the full re-intermediation to e-Tender is to be achieved, then the way councils currently think and act needs to be deconstructed and reconstructed to meet contemporary community standards.
1.3.1 Adoption and Assimilation of council e-Tender

Why focus on adoption and assimilation of e-Tender innovative technology within councils? The significance of e-Procurement within councils is well documented (Chatterjee, Grewal & Sambamurthy 2002; Ilhan & Rahim 2017; Rai, Brown & Tang 2009; Sila 2015; Vaidya & Campbell 2014; Vaidya & Hyde 2011). The conceptualisation of e-Tender through a TMP and its application to councils refers to the applied construction of electronic applications and the challenge of interoperability between the buyer and the supplier to meet probity and fairness reasoning. The community builds and perpetuates expectations and behaviours of councils to meet these challenges.

The effective adoption (the decision) and assimilation (the institutionalisation) requires integration into the existing work processes and this may entail change to both usage of current technologies and work processes. The literature is now providing volumes of e-Procurement adoption experience (Sila 2015) with much lesser emphasis on assimilation (Vaidya & Campbell 2014). The need still exists to understand how organisations generally and councils specifically can institutionally inspire strategic activity to provide greater levels of e-Tender through a TMP assimilation.

1.3.2 The role of the TMP

The pragmatic view of the research questions is what do people do? This research project is at the intersection of council strategy or non-strategy: an expectation of the community for better delivery of service. This includes encroachment of innovative technology on established behaviours.

This research has the potential to offer unique insights into the nature of the construction and manifestation of how re-intermediation from traditional, entrenched practice and behaviours change to institutionalised legitimacy through innovative technology. E-Tender applications, all through a TMP, are infused into every aspect of industry, public authorities and councils (Doherty, McConnell & Ellis-Chadwick 2013; Ilhan & Rahim 2017; Vaidya & Campbell 2014). To say this infusion creates the anticipated effectiveness within councils is an assumption without any formal grounding.
An assumption of this research project is the idea that the role of the TMP being an intermediary layer positioned between the buyer (councils) and the seller (potential supplier) in e-Tender is an essential link and differentiated from cybermediary. Another assumption of the TMP functionality is interoperability through the internet and provision of probity and fairness. In a study to investigate e-Procurement technologies Ibem & Laryea (2015) found four categories of technology used: e-Mail, static websites, Web 2.0 and portals (no definition of portal was provided). This study did not enter the realm of e-Tender. The council requirement of the TMP from a pragmatic perspective, is knowledge that ought to be known.

1.3.3 Fixation on community impacting effectiveness

It has been argued for public authority procurement research to focus on behavioural characteristics. One behavioural focus with influence on this research project is institutional theory providing insights into a deeper understanding of the why and how councils resist implementation of e-Procurement to a level of effectiveness (Doherty, McConnell & Ellis-Chadwick 2013; Ilhan & Rahim 2017; Meehan, Ludbrook & Mason 2016; Patrucco, Luzzini & Ronchi 2016). It is argued in this research project that council e-Tender is a key player in the construction of effective e-Procurement with potential for a significant contribution to e-Tender epistemology.

Much of the early e-Procurement literature was uncritical and espoused a ubiquitously positive view of the benefits from adoption and assimilation of electronic applications (Croom, Simon, R & Brandon-Jones 2005; Davila, Gupta & Palmer 2003; Panayiotou, N, Gayialis, S, P & Tatsiopoulos, P 2004; Phillips & Piotrowicz 2006). It was suggested the re-intermediation from paper to electronic would see costs substantially reduce. Kastanioti et al (2013, p.10) found an assessed 57% saving between estimated budget and actual using e-Auctions (without reference to single sealed bids) and Raventos & Zolezzi (2015) provided the first quantifiable financial savings from e-Procurement inclusive of e-Tender. However this long held and widely perpetuated belief about e-Procurement progress is facing increasing academic scrutiny and argument. In any changing environment, the

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2 E-Tender was not determined as a sub-set of e-Procurement until 2007 (Schoenherr & Rao-Tummala 2007).
question of how organisations respond is often dependent on socio-political, economic and technological influences exerted by their external stakeholders (Kauppi 2013; Krell, Matook & Rohde 2016; McGovern, Small & Hicks 2017; Weerakkody, Dwivedi & Irani 2009). According to institutional theory, structural and behavioural changes are determined more by achieving legitimacy being the acceptance of the organisation by its environment, a factor seen as critical to success and survival, than by a desire for effectiveness. Organisational processes are institutionalised through influence by individuals and institutions, being the factors leading organisations to adopt similar structures, strategies and processes (Deephouse 1996; DiMaggio & Powell 1983; Kauppi 2013). Recent studies using institutional theory exploring public authority e-Procurement behaviours show there is a growing recognition the same type of organisations are subject to similar pressures and are inclined to embrace comparable structures, processes and behaviours (Doherty, McConnell & Ellis-Chadwick 2013; Nurmandi & Kim 2015; Tran et al. 2014; Wahid & Sein 2014).

More recently, supply chain management (SCM) scholars have extended institutional theory to the sociological and economic variants (Boer et al. 2015; Dubey et al. 2017; Johnsen, Miemczyk & Howard 2017; Kauppi 2013; McGovern, Small & Hicks 2017; Pemer & Skjolsvik 2016). A further extension is to institutional logics (Meehan, Ludbrook & Mason 2016; Pemer & Skjolsvik 2016). However literature about council e-Tender from an institutional and behavioural perspective can only be described as insufficiently explored.

1.4 Operationalisation of the research project

Qualitative case study methodology appeared appropriate. The researcher’s extensive industry supply chain career and more recently teaching procurement and strategy sparked an interest in the competitive evaluation process for an Australian defence acquisition of 12 new submarines. The competitive evaluation process as a tender³ (Kelly 2015) and a fascination with re-intermediation including the researchers knowledge of the electronic intermediary, positioned this research project as the potential case selecting the researcher (Dubois & Gadde 2014, p.1280). The search for a research domain assumed

³ The Australian Prime Minister referred to the process as a competitive evaluation process even though it met all the requirements for a selective (nominated participants France, Germany and Japan) tender.
councils having a common denominator: inefficiency and repetition. The early conception of council e-Tender and the TMP appeared as a stimulating topic and potential contributor to knowledge due to the known position of limited literature relative to these topics. The researcher appeared as the appropriate person to undertake this study, a process connecting a researcher to a particular reality (Dubois & Gadde 2017, p.265).

The research phenomena as a case, initially considered collective and later defined as seven separate cases, was settled with the decision to use councils for the applied aspect. Councils were further refined with a decision to only approach suburban and regional councils, therefore removing the mega city centric and territorial councils. Recent research on a single study of an Australian council has shown e-Procurement to be limited to operational and tactical benefits with no consideration for strategic benefits (Ilhan & Rahim 2017). This study was a strong influence on the researchers’ decision as to what aspect of council procurement to be considered. The consideration was drawn from this study’s findings and an assumption operational and tactical benefits having no relationship to strategy applying across Australia. The theorisation of this assumption was the literature not responding at a collaborative level on what operational, tactical or strategic elements mean to council e-Tender.

At the time of viewing, there were 560 councils in Australia (ALGA 2017), noting this number is flexible due to amalgamations and de-amalgamations, a number too large for qualitative research. The researcher gave little consideration to quantitative methods due to the ‘confines of methodological rule following’ (Bazeley 2013, p.20), Chicksand et al’s (2012, p.467) findings of reliance on positivistic methods and Dubois & Salmi’s (2016, p.247) call for more reflective diversification. The conceptualisation became e-Tender through a TMP based on another assumption that all councils use this sub-set of e-Procurement.

The researcher sought a methodology without limitation and qualitative case study became the paradigm, supported by meaningless inductive process at candidature proposal stage. It all came undone in the haste to undertake a pilot program, the conceptualisation remained, however the theoretical and conceptual frameworks needed re-discovering.
The continuing search for literature relevant to this research project found systematic combining (2002, 2014; initially and later 2017) as an open process of iterative back-and-forth actions to look at what works; the practice with the ability to move around the data and theory. The researchers 35 years in specialised SC was coming to the surface. The researcher needed to be inside the practice, close and objective, what Eriksson (2015, p.349) calls our background affecting our frame of reference to the research. The natural persona of the researcher is pragmatism. Abduction was added through the progression into the conceptualised council e-Tender epistemology. The original proposal was to undertake a compare and contrast of the early Liao, Wang & Tserng (2002) e-Tender framework against a council paradigm of e-Tender through a TMP. The pilot study dismissed compare and contrast as ineffectual and a new framework was required. Systematic combining, pragmatism and abduction being open systems and the researchers developing epistemology, all led to the conceptualisation of Australian council e-Tender through a TMP and a research project was born.

1.5 Renewed vision and research questions changed

The research project became two parts: the original conceptualisation of council e-Tender and the relevant literature (Chapter 2), theoretical framework and research methodology theory (Chapter 3), conceptual framework (Chapter 4) and case studies (Chapter 5). The researcher’s commitment to the first part provided a firm foundation for operationalising the problem of how to produce an accurate and comprehensive picture of Australian council e-Tender through a TMP. The research project was designed to answer the original research question and in turn answer the original sub-questions (Figure 1). The first part remained the primary active component through to completion of the third participant council (council Delta) data collection: a change commenced to dawn over the research project.

One of the tests of effectiveness is the measurement of satisfaction (Maestrini et al. 2017; Neely, Gregory & Platts 1995; Patrucco, Luzzini & Ronchi 2016). The researcher being grounded in industry performance measurement, sought from the participant’s details of statistics, performance data, measurement or indicators in relation to e-Tender. No participant council could supply any form of procurement measurement. After council
Delta, the researcher looked further afield for specific procurement detail from the published (on council web sites) strategy and financial reports, eventually locating expense lines inclusive, but not named as such, procurement in both the profit and loss and balance sheet cash flow statements, for all participant councils. Second interviews with two chief financial officers confirmed a method of procurement performance measurement expressed as a percentage of council income, later to become the tender spend/income ratio\(^4\). Both second interviewees confirmed their councils do not use this, or any other form of indicator.

A developing theme through the continuing data collection phase and early analysis was ‘something is not working here: what is actually going on’? Here is a substantial percentage of individual council’s income being spent on procurement (tender is the method) and not recognised at executive level. The value of the relationship between procurement spend and executive strategy was gaining momentum and the relationship question was becoming dominant (Figure 2). This was a major finding requiring in-depth consideration (later to become a key conclusion), leading to an applied answer of no connection; there needs to be a connection. This finding commenced the second part of the research project.

*Figure 2 - Relationship of procurement spend to executive strategy*

![Diagram](image)

The research relevant literature through the first part produced one quantifiable procurement monetary value (Raventos & Zolezzi 2015), one associated procurement

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\(^4\) The method of presentation of council financial data to the community is the domain of the council and varies with options of a specific financial report and/or inclusion in community strategic or annual reports. The data (for the context of this DBA Dissertation) is high level profit and loss and balance sheet cash flow statement heading expense lines without finite detail, therefore limiting the researchers ability to balance grants and donations to income including any misallocations. That said, the validity of the financial reports is confirmed through audit and financial standards.
value (Duncombe & Searcy 2007) and two procurement single transaction values (Ilhan & Rahim 2017; Vaidya & Campbell 2014). The literature abounds in statements of e-Procurement creating cost reduction without empirical support. The relationship questions of procurement spend to executive strategy offers a new way of thinking about council e-Tender, adding to the quantifiable procurement monetary value. This relationship impacts the context of the barriers preventing assimilation and effectiveness. Institutional strategic impacts of acquiescence and questionable avoidance were rising to the surface. The research questions had changed: the first stage was not wasted, it became the research data for the new questions it had produced, a predominant conclusion to which it appeared everything was pointing. This is what Bazeley (2013, p.327) calls a renewed vision and questions changing more than the overall purpose. Therefore, the key questions this research project answers are stated in the following terms:

Table 1 – New research questions

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<th>New Research questions</th>
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<tr>
<td>1. What are the barriers preventing a relationship between the monetary values of council e-Tender spend and executive strategy?</td>
</tr>
<tr>
<td>2. How is resistance to council e-Tender through a TMP effectiveness legitimised?</td>
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These questions will be answered through illuminating themes: NVivo meta-codes across all data and categories and themes from the case studies including practice barriers Chapter 6, institutional pressures Chapter 7 and discussion Chapter 8. Themes are seen as a tool for use within methodological process and are used as a starting point, a label, for analysis to build comprehensive, conceptualised and integrated understanding of the theoretical model and overall findings (Bazeley 2013, p.191). This theme usage is not in accordance with Saldana (2009, p.24) who sees themes as an outcome of coding. The use of themes evolved from the pilot study influence after initial attempts at coding ended in confusion and disarrangement. The pilot study became a clarifying experience of contemporary council e-Tender, providing a boundary for what will not be studied (Miles, Huberman & Saldana 2014) and a refinement or dress rehearsal of the case study protocol
(Yin 2014). The themes emerged out of the systematic combining process: the researcher’s own agenda.

### 1.6 Conclusion

The findings of this research project are important for theory building and the impact on councils in Australia and globally. The specific council nature of this research project may marginalise the flow on effect to industry: leaving many avenues of e-Tender remaining to be explored.

To summarise, a striking feature of the literature is the narrow and insular construction to positivistic procurement with a growing call for empirical research. In general terms tender is recognised for its value across the practice aspect and the implied global use within industry, public authorities and the smaller realm of councils. The general impression is council procurement operates in a silo domain, although there is acknowledgement other institutional players being the council business units are involved. This general impression can be further extended to a relatively self-contained exercise sequestered from the global world. Where reference directs to council business units, the method (e-Tender) morphs into the principal role (of the buyer, say an engineer) with no appearance of specialisation within the procurement discipline. In the council community environment, an individual residence or business contributes rate income to a council with an expectation of value in return. A 21% saving with public authority e-Procurement has been quantified (Raventos & Zolezzi 2015). This research project will investigate the capability of councils to achieve this saving with the themes leading the journey.

### 1.7 Overview of the DBA Dissertation

In this introductory chapter the background to this research project has been provided along with an outline of the principal theoretical propositions. The chapter also established the original research problems and questions as contributing data leading to the new key questions this DBA Dissertation seeks to address. A diagrammatic representation of the DBA Dissertation structure and the interrelationships between the chapters is provided in Figure 3 - Overview of DBA Dissertation structure.
The central focus of this research project is to investigate the interrelationships of Australian council e-Tender and the relationship to executive strategy. The new research questions are positioned within the council e-Tender environment. The justification is delivered through themes to provide a method of systematic combining analysis between the practice knowledge of the participants, the researcher and the theory. The assumptions leading to the research questions are stated including explanation. The contribution and reasoning of the epistemological aspects to council, industry and academia are stated. It is expected the epistemology of council e-Tender to benefit the notion of community, a service of councils.

This study argues, conventional assumptions about council e-Tender need to be renegotiated within a different context and extended within the broader discourse of council executive strategy. This will lead to the commencement of a conversation towards an emerging tender epistemology.
Chapter 2 – Relevant literature to this research topic

2.1 Introduction

In this chapter the search for relevant literature will build on the conceptualisation of Australian council e-Tender and through a TMP outlined in Chapter 1. This will occur through examination of different perspectives to position council e-Tender within the O&SCM discipline. The purpose of this search for relevant literature is to contextualise the research questions to develop both a theoretical (Chapter 3) and conceptual framework (Chapter 4) as the basis for the empirical investigation.

This chapter provides a critical review of the background literature contributing to e-Procurement and sub-set e-Tender. The Literature Framework (Figure 4) is a broad depiction of the research zone (coloured pink) and the antecedent environment supporting the research. The TMP being a critical research factor is positioned as the intermediary layer between the buyer (council) and the seller (supplier) via the assumed interoperability of the internet.

Figure 4- Literature Framework

The descriptive public authority includes all government literature as opposed to industry being non-government, will be used throughout this chapter due to the limitation of council specific literature on e-Procurement and e-Tender. In some cases, both for emphasis and validity, the original descriptive of the article will also be used.
2.2 The background to Public Authority e-Tender

The increasing interest in O&SCM discipline has heightened the need for understanding the impact of e-Procurement within public authorities and industry from a variety of perspectives. These includes (as a sample only) recent public authority research into factors affecting the uptake and adoption of e-Procurement (Doherty, McConnell & Ellis-Chadwick 2013; Fernandes & Vierira 2015; Nurmandi & Kim 2015; Tran et al. 2014), e-Procurement framework (Concha et al. 2012; Khorana, Ferguson-Boucher & Kerr 2015; PWC 2013, 2015) and public authority e-Procurement including determining e-Tender as a sub-set (de Boer, Harink & Heijboer 2002; Schoenherr & Rao-Tummala 2007; Vaidya & Campbell 2014). However the research into e-Tender is limited to peripheral functions including networked notification (Mehrbod et al. 2017), quantitative results (Raventos & Zolezzi 2015), competition (Costa & Tavares 2014), technology leading to social media (Ibem & Laryea 2015) and e-Tender through social media (As-Saber et al. 2014). An unresolved issue is the role of the TMP being described in the early e-Tender literature as an electronic broker/mediator (Kayed & Colomb 1999, 2001, 2002) and an electronic intermediary or network centre (Liao, Wang & Tserng 2002), articles positioning the intermediary layer between the buyer and seller. These articles have received no follow through in the e-Tender literature.

The initial primary aim of this literature review is to understand how e-Tender is changing in public authorities and how the current and proposed tender practices support assimilation and effectiveness. The dominant logic has been tender creates value, but now a new logic of testing the value proposition is under scrutiny and this research project will investigate the options and the obstacles faced by public authorities seeking to develop an effective tender environment within the existing electronic process. This literature review was developed for the original research questions. The literature is updated in Chapters 6, 7 & 8 as theoretical support to the developing responses to the new research questions.

2.2.1 Purchasing or Procurement – a back office function

The terms purchasing and procurement are extensively used in contemporary literature to describe the process of procurement and supply of goods, services, works and
information. The process is a requisition order on another party for the delivery at the right quality, right quantity, right source, at the right place, at the right time and the right price. These 6 rights are commonly used in conjunction with both terms as a generalised descriptive of the procurement process (Lysons & Farrington 2012; Shirzad & Bell 2013) and is an indicator only of combined purchasing and/or procurement.

In historical terms, purchasing was seen as an administrative function, a passive function, a back-office function not inclusive of the organisation's strategic process (Carr & Smeltzer 1997; Ellram & Carr 1994; Knoppen & Saenz 2015; Narasimhan & Das 2001; Pemer & Skjolsvik 2016; Saad, Kunhu & Mohamed 2016; Schiele & McCue 2006). Kirkman (1887, p.38 & 53) in this early book on railway supplies in the 19th century saw the acquisition process as purchasing of supplies and the procurement of information about supplies, all undertaken by a purchasing agent in a clerical role.

In a study of the first 100 years of purchasing in America, Leenders (2008) describes the development of scientific purchasing in the 1920s as similar to Taylor's scientific management. This included purchasing in units of quality and utility rather than quantity through the introduction of purchasing engineers to assist buyers in cost evaluation. This period also saw the establishment of the first college training courses for purchasing and the first Harvard Business Review article published in 1925. Competition, bidding and tender are not words used in this study through to the end of the 1940s.

Vaidya & Campbell (2014) provide a brief summary of historical practice of the acquisition process back many centuries, using the procurement term in context of their research into public authority e-Procurement. This is an indicator of the variance in modern usage of the terms purchasing and procurement in academic literature, as found by Spina et al’s (2016, p.18) literature review of Purchasing and Supply Management (PSM) differentiating electronic procurement from the overall purchasing process. Industry uses a variety of terms in their commercial context as shown by the 2011 Volvo Capital Market presentation which referred to the term ‘technology and purchasing excellence’ to describe their integration of ‘sourcing’ into the corporate strategic plan (Persson 2011, p.32).
Zheng et al (2007) conducted a major research study sponsored by the Chartered Institute of Purchasing and Supply in the UK to review the future of purchasing and supply using a wide range of academic, non-academic and global sources. The key words in the search included purchasing, supply, procurement, supply chain management, function and future, terms used individually and as joined permutations. The analysis showed e-Commerce, globalisation and outsourcing as the key contextual elements to impact on PSM in the future, representing the central elements shaping purchasing strategy, structure and skill requirements. Spina et al (2013, p.1202) conducted a systematic review of PSM using key words purchasing, procurement, supply management and sourcing, as identical and disparate meanings. Spina et al’s research is supported by Schneider & Wallenburg (2013) in their review adding an ‘e’ prefix to form e-Procurement, while relating all other processes as purchasing. Purchasing is the traditional terminology and still used extensively in the literature. Schneider & Wallenburg (2013, p.144) found the historical operational focus of purchasing to be an increasingly strategic role.

2.2.2 Purchasing as a Strategy

The problem existing for the purchasing function is acceptance as an essential discipline and positioning as part of an integrated whole (Chicksand et al. 2012; Ellram & Carr 1994; Miemczyk, Johnsen & Macquet 2012; Murray 2009; Narasimhan & Das 2001; Pereira, Christopher & De Silva 2014). According to Knoppen & Saenz (2015, p.124), despite integration being a recognised requirement in the early literature, their 2009 survey of 600 US and European based purchasing professionals found 47% of respondents viewing purchasing as not part of strategic planning and not measured for contribution to strategic objectives.

A comprehensive review of purchasing strategy was undertaken by Ellram & Carr (1994) who asserted three distinctions of strategy: strategic purchasing which supported the organisations overall strategy, purchasing strategy being functions of the purchasing department and purchasing as a strategic function. This was developed further by Carr & Smeltzer (1997, p.200) with purchasing strategy as specific actions that can be undertaken by a purchasing department and strategic purchasing as a planning process within the overall strategy of the organisation. These are actions impact the supply base and lead to
purchasing becoming representative at executive management as part of the decision making process, leading to purchasing integration as support for the organisations strategic plans. The integration process required unique skills and specific information to make purchasing decisions to enable interaction with other departments both within the organisation and outside the organisation with suppliers and other stakeholders (Carr & Pearson 2002; Narasimhan & Das 2001). The term purchasing, while expanded as a process remained through the turn into the 21st century with little reference to procurement other than an expanding volume of literature on e-Procurement. Strategic purchasing has evolved into both purchasing and procurement with the terms being used independently depending on the usage by the researcher (Chicksand et al. 2012; Ferreira & Amaral 2016; Miemczyk, Johnsen & Macquet 2012; Murray 2009; Pereira, Christopher & De Silva 2014). The models and frameworks have an evolutionary disposition with common functionality. From this point onwards with this literature review, the terms purchasing and procurement will be used in the context of the originating article.

2.2.3 Efficiency and Effectiveness

The measurement of assimilation and institutionalisation is a factor of performance and draws on the early research definition of performance measurement as quantifying the efficiency and effectiveness of actions (Neely, Gregory & Platts 1995) and extending to supporting the implementation of strategies at various levels (Kaplan & Norton 1996). These determinations have been expanded to include metrics for relationships, multiple organisational functions and multiple organisations to encompass SC (Maestrini et al. 2017; Patrucco, Luzzini & Ronchi 2016). Efficiency is a measure of how economically an organisation’s resources are utilised against a given level of satisfaction and effectiveness refers to the extent to which customer satisfaction is achieved (Gunasekaran, Marri & Menci 1999; Kassim & Hussin 2013; Neely, Gregory & Platts 1995). The early research on procurement by Ellram & Carr (1994) introduced the developing paradigm of strategy into procurement, thereby changing the purchasing process from transactional as an efficiency factor of short term profitability, to a strategic process encompassing effectiveness and strategic positioning (Doherty, McConnell & Ellis-Chadwick 2013; Gardenal 2013; Pereira, Christopher & De Silva 2014; Vaidya & Campbell 2014). An effective performance analytic
tool enables an organisation to both measure, monitor and control its performance aligned to their defined strategy.

Traditionally organisations were dependant on financial measures for performance monitoring such as return on assets, return on investment, earnings per share and even share price to measure financial and operating success or failure. Paranjape, Rossiter & Pantano (2006) see the principal problem as translating theory into practice. Tung, Baird & Schoch (2011) extend and endeavour to simplify this problem with performance management systems (PMS) enabling measurement and control of performance in line with defined strategy. The literature is showing strong performing organisations use a multi-dimensional PMS, however the question remains as to whether improved performance is attributable to a PMS, whether they actually work, with little empirical research to support positions (Tung, Baird & Schoch 2011). Upadhaya, Munir & Blount (2014) summarise the impact of purely financial measures as having a likelihood of short term positive profit impact at the expense of longer term organisational development of factors such as quality, staff training and overall organisational effectiveness. Maestrini et al (2017) see SC PMS as an often-discussed, but rarely defined subject noting interest is increasing but remaining very fragmented. This was due to evolution from logistics, different disciplines adopting different labels and therefore inconsistency in the literature with research covering elements or sub-sets of the discipline, factors supported by Dornhofer & Gunthner (2017) and Hourneaux Jr & Carneiro-da-Cunha (2017). An outcome of Maestrini et al’s (2017) literature review indicates e-Procurement as a sub-set of e-SC and e-Tendering as a sub-set of e-Procurement, are elements of fragmentation; or academic literature structured to reference processes (Dornhofer & Gunthner 2017). This indecision from SC PMS carries through to public authority e-Procurement where recently Patrucco, Luzzini & Ronchi (2016, p.740) found measuring the effectiveness of procurement for each single objective is still an issue.

2.2.4 Competition and Bidding

Auction theory positions competitive tender as sealed bid auctions (Raventos & Zolezzi 2015; Vickrey 1961). Freidman (1955, p.104) found bidding as, ‘opposing bidders competing for rights or opportunities under rules established by the government and/or
the party who puts the rights or opportunities up for bid’. This is an aspect of competitive behaviour considered a relatively pure type of competition inclusive of government and business. More recently McAfee & McMillan (1987, p.701) extended this definition, ‘An auction is a market institution with an explicit set of rules determining resource allocation and prices on the basis of bids from the market participants’. In the post e-Procurement era bidding was to evolve into e-Auctions which become, at least through the mid-2000s, a popular form of supplier selection (Hartley, Lane & Hong 2004; McAfee & McMillan 1987; Sashi & O’Leary 2002; Schoenherr & Mabert 2007). Schoenherr & Mabert (2007, pp.373-374) refer to auctions as dynamic bidding events, suppliers communicating their best offer online, able to see the position of the current bid to other bids and suppliers submit multiple bids over the course of a bidding event. This is a distinction from tender having a once only sealed bid offer.

For instance, in a study of the effectiveness of e-Procurement, including e-Tender and e-Auction, Raventos & Zolezzi (2015, p.2) saw bidding as a market mechanism, as such determining e-Auction as, using internet technology, suppliers to bid (either up or down) a price of the procured item until none of them is willing to go further. The same research determined e-Tender as, ‘the process of inviting offers from suppliers and receiving their responses electronically’ and later confusing tender with auctions as ‘private first value price auctions’ (p.5). This has implications to a once only sealed bid and therefore a tender. Bidding as a competitive behaviour in auctions with particular relevance to the construction (Runeson & De Valence 2014) and real estate industry (Chow & Ooi 2014) is widely researched. A once only sealed bid as a competitive behaviour in tender and/or e-Tender has received little attention and noting the importance and proliferation of tender, is knowledge that ought to be determined.

2.2.5 The rise of e-Procurement

The internet caused a rise in popularity, or an adoption diffusion (Puschmann & Alt 2005) through the late 1990s and early 2000s of e-Procurement with flexibility and real-time technology supporting the transition from formerly manual to automated processes (re-intermediated). The initial direction was to retire early systems and introduce internet enabled integration of the SC and it’s buyer-supplier relational sub-set e-Procurement (de

Many recent studies show researchers see the difficulties in implementation of e-Procurement while also seeing the upside of conventional procurement re-intermediating into e-Procurement, transitioning from operational to a strategic activity (Hung et al. 2014, p.200). The principal sub-set was seen as e-Markets as a means for both public authorities and industry to engage in e-Procurement (Beige & Abdi 2015; Johnson 2012), a well-researched topic (Shirzad & Bell 2013). The early form of e-Market was characterised as an electronic information system to allow buyers and sellers to exchange detail about prices and products (Bakos 1991) continued through to modern times with reference to the exchange of information to facilitate transactions (Mehrbod et al. 2017; Shirzad & Bell 2013; Vaidya & Campbell 2014). Vaidya & Campbell (2014, p.228) see e-Procurement as a fast moving set of technologies, an important distinction impacting e-Tender.

### 2.2.6 Traditional tender morphing into e-Tender

Early studies into Micro Economic Reform in Australia (Chapman 1990) and purchasing reform in the NHS Hospitals in the UK (Domberger, Meadowcroft & Thompson 1987) propose savings of 20% through the application of competitive tender processes. It took 25 years for this figure to be quantified through a recent research into the Chilean Government’s centralised healthcare e-Procurement process showing e-Procurement savings of 21% and e-Tender savings of 8.5% in drug products and 9.1% in medical devices (Raventos & Zolezzi 2015, p.1 & 9). This is an indicator of the limited tender literature, as also shown by a simplified diagram of traditional tender not receiving any follow through in the literature.
The term tender (Figure 5) started to appear in the literature in the 1970’s and particularly related to the acquisition of computer equipment and engineering for public authorities (Gates 1967; Horne 1970; Hyman 1979; Scholes 1979). Tender was in a confused state through being included in auction theory which described competitive tenders as sealed-bid auctions (Vickrey 1961) and in tender theory as a theory of pricing (Runeson & Skitmore 1999).

**Figure 5 - Traditional Tender**

(Du, R & Boyd 2008, p.116)

In the pre e-Procurement era, bidding was a pure form of competition whereby an authority conducted a process for bidders to compete for the rights or opportunities under the established rules of the buyer. Auction bidding provides for multiple bids by the prospective suppliers where bidders can see prior bids, whereas a tender response is a once only sealed bid as a single bottom-line profit related action (Atkinson 2004; Freidman 1955; Ward & Chapman 1988). In the post e-Procurement era bidding was to evolve into e-Auctions.

Defining e-Tender accrues difficulties in definition due to limitations in the literature. The original Liao, Wang & Tseung (2002, p.731) framework presented e-Tender as downloading tender documents through the internet to eliminate paperwork and the inconvenience of conventional procurement. Vaidya & Campbell (2014, p.229) expanded the thesis research by Vaidya (2007) to a multidisciplinary approach to e-Procurement in public authorities and determined e-Tender as:

“The complete web-based tendering process from the advertising of the requirement through to placement of the contract including exchange of all relevant documents in electronic form”.
Wang et al’s (2015, p.1) definition of e-Tender combines conventional tender with internet, computer, and certification technologies to realise the electronisation and informationisation of tender processes. These studies are emphasising the commonality of the Internet and re-intermediation from traditional tender, however there is no mention of the intermediary process of the TMP, providing a gap in the literature. The TMP is important, but not more important than a definition of tender. The internet, technology and bidding theory are all methods in relation to conducting tender. There is no consensus on tender definition, therefore referring to the distinguishing characteristics from the literature and adding practice, tender stands alone in definition as:

“Tender is a once only single sealed bid offer by the potential supplier to the buyer’s specification where the value of the offer is unknown to other potential suppliers” (Bergman & Sofia 2013, p.74; Raventos & Zolezzi 2015, p.2; Runeson & Skitmore 1999, p.289; Vickrey 1961, p.20).

The prime function of tender is a once only sealed bid and this research project will use the characteristics to further refine or confirm this tender definition.

2.3 The rise of e-Tender

A review of e-Procurement literature, from the physical paper to the re-intermediated process is showing a lack of core constructs around antecedents informing or influencing the e-Tender process. The reason appears as the positioning of tender generally in historical context as an auction creating confusion around auction and tender theory, with tender seen as an administrative function. The inclusion of e-Tender as a collaborative functionality\(^5\) within the acquisition of goods, services, works and information environments with other re-intermediated process such as e-Auctions, e-Catalogue, e-Market and the developing contemporary social business/commerce environment, has added substance to tender. Some of this reasoning may also be contributed to the parent e-Procurement not standing alone as a specific discipline (Chicksand et al. 2012), a finding

\(^{5}\) Functionality is a term coined by Schoenherr & Rao-Tummala (2007) in a literature review of e-Procurement to describe the operational aspects of e-Procurement. This terminology was later amended by Vaidya & Campbell (2014) as sub-sets of e-Procurement.
supporting Defee et al’s (2010) research of theory being critical in any field of literature and necessary for discipline development. Therefore the question arises regarding the degree of rigor in theories in public authority procurement (Flynn & Davis 2014, p.141), a question supporting Chicksand et al’s (2012, p.463) research findings into purchasing theories showing 64% of research respondents having no distinctive intellectual tradition. The limited global (Doherty, McConnell & Ellis-Chadwick 2013; Meehan, Ludbrook & Mason 2016; Patrucco, Luzzini & Ronchi 2016) and Australian (As-Saber et al. 2014; Ilhan & Rahim 2017) literature on council e-Procurement has enriched understanding. The opportunity to enhance understanding is now at hand by extending and expanding this infancy position of Australian council e-Tender through a TMP. Tender as an essential public authority acquisition method has been regarded as the most impartial and equitable process between buyers and suppliers (Wang et al. 2015), or sufficient and fair competition (Mehrbod et al. 2017). Traditional tender being paper based involved significant manual effort and labour intensity with a high potential for corruption (Chan, Chiu & Hung 2007; Liao, Wang & Tserng 2002; Neupane et al. 2014) by either party, thus the re-intermediation of public authority tender to e-Tender is deemed to be inevitable (Wang et al. 2015).

2.3.1 Antecedents of contemporary e-Tender

Literature examination suggests the relevance of e-Tender is not driven by overall organisation performance, but rather through individual research projects. These are mainly associated with conceptualising e-Procurement as the specified topic with notation to selected sub-sets. The early research by de Boer, Harink & Heijboer (2002, p.26) established conceptual e-Procurement by referring to sub-sets as a ‘collection of activities’ and adding an ‘e’ prefix to any function of procurement suitable for re-intermediation to electronic form. In a literature review of e-Procurement Schoenherr & Rao-Tummala (2007, p.7) saw this early period as a time when models and frameworks were developed. The e-Procurement models and frameworks have continued inclusive of sub-set e-Tender (PWC 2013, 2015).

Liao, Wang & Tserng (2002) conducted the first study of an e-Tender framework, linking the concept of acceleration of the procurement process, reduction in administration costs
and integrating the internet into Taiwanese Government e-Tender. The researchers saw
the value of incorporating buyer/supplier interaction using electronic process, resulting in
elimination of paperwork and the inconvenience of traditional physical paper procurement
processes into a re-intermediated tender. This framework and its overall application was a
digitalised format of the conventional tender process and has received no follow through
in the literature. This was advanced thinking in the period immediately post the dot come
boom/bust of the millennium turn, or a period Puschmann & Alt (2005, p.122) called a
diffusion of e-Procurement.

There are many public authority e-Tender frameworks operating around the world (list not
definitive): Vietnam (Tuan & Debenham 2012), Bulgaria (Trifonov & Popova 2008),
Indonesia (Nurmandi & Kim 2015), Australia (Vaidya & Campbell 2014), United Kingdom
(Doherty, McConnell & Ellis-Chadwick 2013) and India (Panda & Sahu 2015). Walker, H &
Brammer (2012) provide a more comprehensive list of global frameworks. So far,
investigations have been confined to and focussed on e-Procurement and while the
volume of e-Tender citations in the literature appear to be increasing, there is little
contemporary research on Australian council e-Tender through a TMP, knowledge that
ought to be inclusive in the literature.

2.3.2 Social Media

Social Commerce (Lin, Li & Wang 2017; Zhou, Zhang & Zimmermann 2013) and Social
Business (Busalim & Hussin 2016; Costa & Tavares 2014) are new terms coined in an
endeavour to explain the network approach to social activities within a business
relationship, as opposed to the collaborative social networks in the Social Media paradigm.
These new terms appear to be in the e-Market framework of a one to one buyer and
supplier retail relationship (Shirzad & Bell 2013), supported by e-Catalogue (Mehrbod et al.
2017), with the opportunity for User Generated Content as social interaction. Costa &
Tavares (2014) research into construction e-Procurement confirm participants operate in a
competitive based, rather than collaborative win-win social environment which integrates
social networking tools. As-Saber et al (2014) conducted the first empirical study on Social
Media usage in e-Tender by public authorities in Australia and found no interest, however
respondents could see an opportunity for e-Tender notification, an opportunity supported by Mehrbod et al (2017).

2.3.3 e-Tender Efficiency and Effectiveness

The measurement of e-Tender efficiency and effectiveness has a starting position with the research of Vaidya & Campbell (2014, pp.238-240) ‘first to investigate the very essence of e-Procurement assimilation’. In a wide ranging e-Procurement study within the Australian Federal Government their results show a reduction in costs due to e-Procurement with a significant and positive impact of assimilation on procurement efficiency. At the sub-set level of e-Tender, a conclusion was drawn of significant gains during pilot programs with the impact reducing as the levels of assimilation increased. Similarly, Raventos & Zolezzi (2015, p.8 & 9) in a meta-data analysis of Chilean Government Chilecompra procurement system found e-Tender engages the market mechanism more effectively than traditional tender. The study found a direct relationship to reduction in corruption and supplier collusion. Likewise, Mehrbod et al (2017, p.1237) see transparency is an important aspect of public authorities awarding tender contracts fairly and without discrimination, a significant driver to efficiency. These studies indicate strategic factors, what Vaidya & Campbell (2014, p.229) call a shift from tactical to strategic or efficiency to effectiveness. These findings contrasts to Ilhan & Rahim’s (2017) research project into one Australian council by classifying measurement metrics into operational and tactical which found no evidence of strategic benefits. Early research positions strategic with operations and tactical (Croom, Simon, R 2000; de Boer, Harink & Heijboer 2002). The antecedent literature for e-Tender efficiency and effectiveness is in an embryo stage and a starting position for this research project.

2.3.4 Electronic Hierarchy to Cybermediary: forerunner to the TMP

Malone’s (1986) seminal research on emerging new world thinking of electronic systems saw the commencement of the journey towards cybermediary (Jin & Robey 1999), network centre (Liao, Wang & Tserng 2002), Portal (Boyson, Corsi & Verbraeck 2003), e-Procurement platform (PWC 2013), automated mechanism (Concha et al. 2012) or even TMP. Electronic hierarchy research began future thinking using electronic systems to exact changes in how organisations and markets conduct the flow of goods, services,
works and information using the internet as the very essence of operability. This presented an opportunity for the development of a re-intermediated form through a cybermediary defined as:

“...A business organisation that occupies an intermediary position in a supply chain between a buyer and a seller, and whose business is based on the use of Internet-based ICT” (Fei 2013, p.627)

A cybermediary is an electronic element of a free flowing system connecting one to one on a retail transaction basis of price offer and acceptance, albeit with a difference. Buyers and suppliers can use their own web sites, commercial e-Market (Shirzad & Bell 2013), other web sites to locate potential customers while having the availability to check prices, quality, quantity and reputation (Anderson & Anderson 2002; Barnes & Hinton 2007), or through the social commerce/business networks (Busalim & Hussin 2016; Lin, Li & Wang 2017; Zhou, Zhang & Zimmermann 2013). Cybermediary provides an answer to the retailing of goods and services through the open environment and becoming inclusive in the social commerce literature as one-to-many or many-to-many. Cybermediary does not answer the question of tender management in electronic form, or the role of a TMP, being a gap in the literature.

2.3.5 The TMP

On the surface the role of the TMP is to accept a specification from a potential buyer, become a sourcing agent through the distribution and notification to potential suppliers, make supplier responses available to the buyer, thereby creating a buyer/supplier relationship, all process to be conducted electronically. In Australia, the TMP role is conducted by commercial organisations, federal and state governments (with availability to all levels of public authorities) and selected state government entities at specialised levels. The uptake of TMP services by public authorities or private companies is unknown. Generalised comments on tender technology applications appear in the literature with no detail as to take-up (Mohemad et al. 2010, & 2014). The anecdotal data suggests a strong uptake by public authorities as shown through perusal of commercial and government TMP web sites.
This research is based on the idea that the role of the TMP in e-Tender is an essential link and differentiated from cybermediary. This differentiation has little exposure to research other than disparate studies being ‘network centre’ (Liao, Wang & Tserng 2002, p.732), an ‘auto-tendering system for negotiation’ (Du, T 2009, p.13), ‘e-Tender box’ to remove the physical box (Du, R & Boyd 2008, p.16), ‘a trusted third party may have to be introduced’ referring to cybermediary (Mohammadi & Jahanshahi 2009, p.62), a system integrator (Nordin, Brozovic & Holmund 2013) and Tender Management Software on an Indian national basis (Panda & Sahu 2015).

There is an assumption the TMP is integrated into council e-Tender. The traditional requirement of advertising tenders has been re-intermediated into a tender notification role of one (the buyer) to a distribution of many via a form of e-Notification. An assumption is this action is outside the boundary of individual councils without a form of electronic intermediary. This is knowledge about tender that ought to be known and therefore fill a gap in the literature.

2.4 Conclusion

This relevant literature has investigated the topics of purchasing and procurement including their re-intermediation into ‘e’ prefix descriptives and the rise of e-Tender through a TMP. The finding is Australian council e-Tender through a TMP is a gap in the literature and as a result, built an argument this is a worthy subject for investigation. The uptake of Australian council e-Tender through a TMP is unknown. While tender has exposure, the TMP domain is less evident and as such is important detail for the development of Australian council tender epistemology. The gaps in the literature have been acknowledged leading to validation there is no one framework of e-Tender or Australian council e-Tender in a single or collective form to explain the research questions.

As stated in chapter 1, the objectives of this DBA Dissertation is to theorise the contemporary council e-Tender through a TMP on the one hand, while communicating the complexity, diversity and practice on the other. To achieve practice epistemology, the first step was to search for relevant theoretical literature and the development of a theoretical
framework (Chapter 3). Institutional theory had been flagged as a potential option: this option required evaluation, first as appropriate, then a learning environment for the researcher. Other theories were reviewed leading to construction of the theoretical framework. The chapter progresses into research of methods as steps into the Big Picture of Research Design (Figure 9) and the conceptual framework (Figure 13) of Chapter 4.
Chapter 3 – Theoretical Framework & Research Methodology

3.1 Introduction

The theoretical literature review, theoretical framework and the conceptual frameworks are the construction of a research position, they are not found, not products: they are emergent process. The construction consists of positioning, that is understanding the conversations of literature already occurring, determining how to add to this conversation and identifying the theoretical and methodological concepts to explain a research project. Ravitch & Riggan (2012, 2017) see the components of the theoretical relevant literature and theoretical framework as the sequenced logical steps leading to the conceptual framework. This is a positional disagreement with other academics who see these steps as combined (Bazeley 2013; Miles, Huberman & Saldana 2014). The independence of these steps is the researcher’s direction: following an own agenda (Chicksand et al. 2012, p.455) as the linking process and structure to be adopted in this research project. The theoretical relevant literature and theoretical frameworks are purposed to inform, they become the research project creating a focus, a design and a justification, all leading to the development of a conceptual framework (Chapter 4). The conceptual framework is both an argument for the direction and a direction for the researcher as to the project reasoning, why it matters and why the research direction is both appropriate and rigorous (Bazeley 2013; Durham et al. 2015; Green, HE 2014; Maxwell 2006; Ravitch & Riggan 2012, 2017).

The theoretical framework conception for this research project developed out of the literature and theoretical literature reviews and became a lens for the research project, providing a rationale for the research questions and positioning as a fore-runner to the development of the conceptual framework. Little is known on the extent and form of theory in public authority e-Procurement (Chicksand et al. 2012; Flynn & Davis 2014; Shook, Ketchen & Adams 2009; Spina et al. 2016) and e-Tender has received little follow through in the literature. The theoretical relevant literature and theoretical frameworks provide the important foundations for guidance through the selection of antecedent theories to explore the topic and leading to answering the research questions.
3.1.1 Theory leading to PSM

The background SCM theory position, noting procurement is a sub-set, leads to Harland et al’s (2006) finding PSM is not a discipline as the field does not have quality theoretical development and discussion. This finding morphs to the contribution of Shook, Ketchen & Adams’ (2009, p.8) research into organisational theories for strategic sourcing (procurement) leading to conclusions any theory can be utilised and multiple theoretical perspectives enhance strategic sourcing. Chicksand et al’s (2012, p.454) conclusion from research into theories used in PSM & SCM found there was no obvious outright contender and that theoretically based articles were more highly cited than non-theoretical articles. More recently, Fayezi & Zomorrodi (2016) supports the multiple theories position as a supplementation where a weakness in one theory is offset by the strength in another without losing explanatory power from their interaction. For instance, Spina et al’s (2016, pp.18, 21, 28; Spina et al. 2013, p.1207) research into PSM using systematic literature reviews into external grand theories being theories drawn from wider areas of management, economics and social sciences, positions institutional theory as regularly used in PSM research. These findings confirm Jin & Robey’s (1999, p.47) summary researchers using organisational knowledge creation theories will be better able to explain the emergence of cybermediaries.

The literature is showing no clear distinction between theories used in PSM. Therefore the conclusion drawn for this research project is the choice of theory being the sole domain of the researcher to determine, or as Chicksand et al (2012, p.455) comments researchers develop their own agendas to make use of a diverse range of theories. Investigation into the optimum choice of theory for PSM research is beyond the scope of this research project. The literature on PSM theory does not extend to e-Tender and therefore exposes a gap in knowledge.

3.1.2 Tender Theory

Tender and auction theory first originated through a research article introducing bidding as a theory (Freidman 1955). Freidman’s concept was profit related evolving two forms of bidding: the closed bid (later to evolve into the sealed bid and tender) requiring bidders to submit a single independent bid and auction where two or more bidders continue bidding
until nobody is willing to increase (later decrease as with reverse auctions) their bid.
Although not actually using the word tender, this seminal work commenced the thinking of
the distinction between tender and auction. Freidman’s (1955) research had a simple
message: maximising profit through each bidder simultaneously submitting a bid (single
bid in tender and multiple in auction) inclusive of their chosen mark-up being the required
value within the bidders own estimations of their competitive positioning.

While auction theory has progressed, tender theory has had no significant development
(Runeson & Skitmore 1999) and is seen as a sterile activity (Runeson & De Valence 2014).
The re-intermediated e-Tender of the post year 2000 dot com boom/bust period does not
feature in the tender theory literature. Tender theory impact has been around probability
density research within the construction industry bidding process, an unsuitable
antecedent for this research project, however the original tender definition as a sealed bid
is important.

For theory to be inclusive within this research project, a grounding of two assumptions are
considered. The first being the widely accepted basis of management research being
theoretically rooted (Mentzer 2008) and able to describe and predict phenomena within a
discipline (Chicksand et al. 2012; Defee et al. 2010). The second refers to a body of
knowledge contributing to and becoming a scientific discipline only if and when it is rooted
see theory leads to a comprehensive understanding, a position not possible with the
absence of theory.

3.2 Theoretical theory relevance review

Undertaking a theoretical relevant paradigm in a DBA Dissertation is opening a
conversation or participation in an ongoing debate through an idea, an approach or a re-
interpretation of a theoretical perspective; a mechanism for generating theory. There are
many approaches to theory and how theory is used in qualitative\textsuperscript{6} research and it is not the intention of this research project to provide a review of theory generation, per say.

The intention of the search for theoretical relevant is to develop a framework, the connecting of the parts to understand the interrelationships with the theory. The parts are the theories and what is supported is the relationships entrenched in the conceptual framework. That is, the theories that have emerged from the literature to be explored through the data. This theoretical framework has been fashioned by the researcher with the important role of providing cohesion across the strata of this DBA Dissertation.

\subsection{3.2.1 Institutional Theory}

Public authorities exist in fast paced dynamic and consumer-driven markets. Public authorities and industry need to continually review the changing environment and the question of how organisations respond is often dependent on socio-political, economic and technological influences exerted by their external environment (Krell, Matook & Rohde 2016; McGovern, Small & Hicks 2017; Weerakkody, Dwivedi & Irani 2009). Institutional theory is often used by researchers to study the effects of these external forces on organisational behaviours noting Spina et al (2016) positions institutional theory as regularly used in PSM research. An organisation is characteristically bound by a set of social, political, economic and legal contexts, or operating rules (DeVaujany et al. 2014, p.282) as the foundation for the production of goods, services, works and information. Institutional theory shows this foundation evolving around rules and requirements of conformity in pursuance of acceptance and legitimacy\textsuperscript{7} (Krell, Matook & Rohde 2016; Suchman 1995). Therefore, an organisation can be considered a social structure, a framework to locate and compare objects, people and actions. This includes groups of organisations where collectives exercise action or orientations for control or constraint.

\textsuperscript{6} Qualitative research is not a method as such, it is a label of a methodology to study social and cultural phenomena. (Bazeley 2013, Myer 2009, Ravitch & Riggan 2017). The conceptual framework (methods) are presented in Figure 9 and discussed in Chapters 3 & 4.

\textsuperscript{7} “Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions and can refer both to internal and external legitimacy” (Suchmann 1995 p. 574).
factors being continuously altered over time (DeVaujany et al. 2014; Krell, Matook & Rohde 2016; Mignerat & Rivard 2009; Weerakkody, Dwivedi & Irani 2009).

Institutional theory is not a single discipline theory, it is formulated in many different disciplines, all heterogeneous and recognition of the existence of these many faces of variance is important (Scott, R 1987, p.495). Ketokivi & Schroeder (2004, p.64) see the discipline of O&SCM needs to step away of from the realm of profit maximising economic rationality studies and regardless of the empirical effectiveness findings, they see institutional theory as having much to offer. However the take up of institutional theory has not eventuated with Defee et al’s (2010, p.407) study into an inventory of theory in O&SCM finding transaction cost economics continuing the economic rationality model by gaining an overall highest score of 10.4% incidents in Journal articles as compared with institutional theory a lowly 1.1%.

Colquitt & Zapata-Phelan (2007) found many researchers borrow theories traditionally associated with other academic fields. This borrowing was confirmed by Touboulic & Walker (2015, p.26) in the O&SCM discipline through researchers importing theories from other disciplines with little attempt in case study and survey articles to explore concepts, relationships or make predictions for theory building. Boer et al (2015) saw borrowing as a means to overcome the lack of theory problem in O&SCM.

The focus of this research project is about institutionalised practice and pressures, how council e-Tender can or has become institutionalised (DiMaggio & Powell 1983). To address the council e-Tender gap, this research project will explore the institutional theory variants (Kauppi 2013; Ketokivi & Schroeder 2004), institutional strategy (Oliver 1991; Pache Essec & Insead 2010) and institutional logics (Haunschild & Miner 1997; Kauppi 2013). These were not theories that were planned, they emerged in the analysis process and as such are detailed in Chapter 7.

According to institutional theory, structural and behavioural changes are determined more by achieving legitimacy being the acceptance of the organisation by its environment, a factor seen as critical to success and survival, than by competition and a desire for and efficiency. Organisational processes are institutionalised through influence by individuals or institutions, being the factors leading organisations to adopt similar structures,
strategies and processes (Deephouse 1996; DiMaggio & Powell 1983; Greenwood, Hinings & Whetten 2014; Pache Essec & Insead 2010).

Recent studies using institutional theory exploring e-Procurement behaviours by public authorities show there is a growing recognition the same type of organisations are subject to similar pressures and are inclined to embrace comparable structures, processes and behaviours (Doherty, McConnell & Ellis-Chadwick 2013; Meehan, Ludbrook & Mason 2016; Nurmandi & Kim 2015; Pemer & Skjolsvik 2016; Tran et al. 2014; Wahid & Sein 2014).

There are no explicit or indirect studies of institutional isomorphism, inclusive of the variants, in the published literature on e-Tender.

3.2.2 Theory of Adoption and Assimilation of Innovative Technology

The potential of technology to transform business models, organisation structures and process and the interaction between the buyer and the supplier in an e-Procurement environment is now universally acknowledged (Chatterjee, Grewal & Sambamurthy 2002; Ilhan & Rahim 2017; Rai, Brown & Tang 2009; Sila 2015; Vaidya & Campbell 2014; Vaidya & Hyde 2011). The effective adoption (the decision) and assimilation (the institutionalisation) requires integration into the existing work processes and this may entail change to both usage of current technologies and work processes. The literature is now providing volumes of adoption experience (Sila 2015) with much lesser emphasis on assimilation (Vaidya & Campbell 2014).

The need still exists to understand how organisations can institutionally inspire managerial activities to provide greater levels of assimilation. How organisations undertake adoption and assimilation of innovative technology has raised many questions and been debated over a long period of time, commencing with the seminal work of Meyer & Goes (1988, p.897) providing ‘few unequivocal findings’ or Cooper, Randolph & Zmud’s (1990, p.124) ‘a lack of a directing and organising framework’, a position appearing to be unchanged today, ‘no holistic model of assimilation in e-Procurement’ (Vaidya & Campbell 2014, p.229). Even though the volume of reports generally has substantially increased, there has been little follow through to the e-Procurement research of Rai, Brown & Tang (2009), Vaidya & Hyde (2011) & Vaidya & Campbell (2014). This research project is motivated by the goal of
investigating the institutional factors influencing the adoption and assimilation of e-Tender through a TMP in Australian councils.

3.2.3 Perspectives on adoption and assimilation

The conceptual support for this research project draws upon the theory of Adoption and Assimilation of Innovative Technology (Attewell 1992; Chatterjee, Grewal & Sambamurthy 2002; Cooper, Randolph & Zmud 1990; Fichman & Kemerer 1997; Nutt 1986; Rai, Brown & Tang 2009; Saprikis 2013; Tornatzky & Klein 1982; Vaidya & Campbell 2014). The early definition of adoption and assimilation as a single process was defined by Meyer & Goes (1988, p.897) as:

“(1) Adoption is set in motion when individual organisation members first hear of an innovation’s development, (2) Can lead to the acquisition of the innovation, and (3) Sometimes comes to fruition in the innovation’s full acceptance, utilisation, and institutionalisation”

An outcome of this definition is institutionalisation which results from Meyer & Goes pragmatic findings of organisational acceptance of an innovation. That is, the attribute of a particular innovation and how it is integrated into the organisational processes including the decision process. This thinking aligns to Green, Li & Nohria’s (2009, p.12) research of Total Quality Management (TQM) from the adoption and change process of the original component in standardised form to the customised practices of the institutionalised form.

Meyer & Goes’s (1988) research centred on adoption and assimilation as one construct of medical innovations in hospitals and introduced a focus on decisions, rather than the organisations. At a decision level the focus became the series of choices between different levels of participants having different areas of responsibilities and accountability. Previous research focussed on the total number of innovations adopted at an organisational level as the primary measurement and treated as a single effect, a position which did not resonate with Meyer & Goes’s conclusion on assimilation measurement as:

“(1) Devising sensitive measure of the assimilation of innovations, (2) Examining multiple antecedents of multiple innovations, (3) Collecting both objective and
perceptual data concerning antecedents, (4) Avoiding the aggregation of data across innovations, organisations, or time, unless theoretical justifications exist for doing so” (p.901).

Using Meyer & Goes’s (1988) definition of assimilation being awareness, acquisition and deployment, Fichman & Kemerer (1997, p.1346) see knowledge burden as a barrier to assimilation. They extend the definition into diffusion theory by contributing organisational learning based on organisations being better positioned to amortise cost of learning and acquiring new knowledge to reduce assimilation difficulties.

Fichman. R (2001, p.430) extended diffusion to be inclusive of internal diffusion being the extent of use of an innovation across people, project tasks and organisational units. A critique by Ranganathan, Dhaliwal & Teo (2004, p.131) saw most studies of assimilation using the Rogers (2003) model of initiation, adoption and diffusion (also referred as routinisation (Sila 2015; Zhu, Kraemer & Xu 2006) at an internal level.

3.2.4 Public authority e-Procurement adoption and assimilation

The push for e-Government strategy involves public authorities interacting electronically with industry (commercial organisations) and e-Procurement has been identified as one means of electing this process (Patrucco, Luzzini & Ronchi 2016; Vaidya & Hyde 2011; Weerakkody et al. 2015). The literature on e-Government does not address the stakeholders or the social and political contexts of the public authority environment, important contexts seen as adding richness and meaning (Johnson 2012). In industry, competitive pressures and return on investment are the determining factors for adoption of innovative technologies to drive e-Procurement (Bayazit 2014). Adoption in public authorities is largely driven by societal factors consistent with the context of customers of public authorities, their expectations and insistence on better delivery of service within finite budgets (Ferreira & Amaral 2016; Johnson 2012). In examining the literature discussing e-Procurement adoption and assimilation of innovative technology within public authorities, it was apparent no one model or framework focussed on e-Tender, therefore antecedent support for this research project comes from e-Procurement.
Recently Vaidya & Campbell (2014) studied the assimilation of e-Procurement within the Australian Federal Government and included the sub-sets e-Tender, e-Catalogue and e-Market as the collective and also individual forms. This study provides valuable holistic definitions of public authority e-Procurement and e-Tender and moved the literature beyond adoption to assimilation of e-Procurement. The researchers see adoption to be a dichotomous variable covering the decision process and assimilation as the collective results of the actions undertaken by the individuals and departments within public authorities and developed a framework for research purposes.

The Vaidya & Campbell (2014) framework (Figure 6) in an adapted form is the selected antecedent for this research project and forms part of the conceptual framework. The researchers speak of diversification of assimilation being dependant on many or unique variables, a point of notice for this research project. This framework will be adapted for the analysis of e-Tender through a TMP assimilation.

![Figure 6 - Stages of e-Procurement assimilation](image)

### 3.2.5 Disintermediation and Re-intermediation

To enable a better understanding of the purpose and the direction of e-Tender in public authorities to be realised, it is necessary to bridge across disintermediation and re-intermediation of e-Tender through a TMP. The early research across e-SC saw benefits of cost reduction through integration of buyers and suppliers transactions through the disintermediation (removal) of the intermediary (Chircu & Kauffman 2000; Malone, Yates & Benjamin 1987; Shunk et al. 2007; Wigand 1997). More recently research is showing re-intermediation occurring through intermediaries with specialist capabilities and the
emergence of new electronic intermediaries (Eyers & Potter 2015; Law et al. 2015; Maharg 2016).

Disintermediation and re-intermediation is not yet a theory (Nordin, Brozovic & Holmund 2013), nor is it an exclusive practice to O&SCM, e-Procurement or even e-Tender. Maharg (2016, pp.114-115) summarises the industrial susceptibility to disintermediation where whole occupations with buying and selling are forced out of the market by digital versions including all aspects of supply chain. Little has changed from the early literature of Jin & Robey (1999, p.47) who define disintermediation as removal of wholesalers, distributors and other intermediaries, offering the prospect of greater efficiency in supply and marketing channels. The digital presence is more than disintermediating analogue industries or takeovers, it is a ceaseless emergence and disruption of own industries, a process of aggregation, insertion of trusted providers and authentication agents, processes that are ceaseless within the digital domain itself (Maharg 2016, pp.114- 115).

Traditional tender through physical paper hard copies has disintermediated although the literature does not support disintermediation with detail, to a re-intermediated e-Tender through a TMP. The re-intermediated lens is an important antecedent of this research project.

3.3 Theoretical Framework

Theoretical frameworks are paradigm representations, connected to the research projects aim and goals to provide direction for the gathering and analysis of data. That is the ground, or the plan of action as a strategy tied to a particular purpose. Theoretical frameworks provide the embodied experience (the conceptualisation of e-Tender through a TMP) and when embedded guide the researcher to view the world in a certain way, thus supplying the conceptual paradigms into which the domain is viewed. The theoretical framework commences with an idea, building into a design, graduating to a proposal and eventually data collection with the field work unfolding new opportunities, so the design further evolves. It is only after all data has been collected, in analysis the full design will become clear (Botha 1989; Patton 2015; Ravitch & Riggan 2012, 2017).
The theoretical framework (Figure 7) with its collection of terms, words and concepts is integrated into the larger network of the conceptual framework. These terms, words and concepts are mini-observation instruments which help to organise the research experience and facilitate understanding of the subject within the discipline. This theoretical framework is an adaption from the e-Procurement antecedents of institutional theory (Doherty, McConnell & Ellis-Chadwick 2013) and the e-Procurement adoption and assimilation of innovative technology (Vaidya & Campbell 2014). The contextual and research directions of the institutional variants of sociological and economic (Kauppi 2013) are integrated into the theoretical framework.

Figure 7 - Theoretical Framework of Research Design

The purpose of the theoretical framework is continuity of the antecedent research although from an e-Tender position. The unit of analysis is Australian council e-Tender through a TMP: this is the case, the theoretical interest, the focus, regardless of the number of empirical participants (Bazeley 2013, p.49).

3.4 Research Methodology theory leading to the Conceptual Framework

This research project necessitated a methodology for data collection to enable examination and understanding of how actors at various levels in Australian councils
understood, interacted and interpreted e-Tender through a TMP. The lens to view the methodology for data collection and analysis is through the development of the Big Picture: Paradigm of Research Design (PRD) (Figure 9) leading to the conceptual framework (Chapter 4). Why this PRD? The pragmatist approach offers new and different ways of engaging with practice° (Simpson 2009). The research methods selected for the paradigm lens is systematic combining, abduction and pragmatism for their applied application to the existing real world of council e-Tender. The pragmatist response to this research methodology is staying close to the data and close to the transactional practices (the language symbols and how they are used) of the council e-Tender interviewees and the ‘how’ of the case rather than the ‘what’ of the design. This is a new field of theory development for e-Tender, a methodology to the researcher’s knowledge with no prior usage.

3.4.1 Systematic combining

Systematic combining emerged into this theoretical framework as an unintended action of what it means. The conceptual framework post the pilot study was trashed and an alternative to the linear, prescriptive strategies was required. The reasoning for a conceptual framework as an argument for the direction of the research project and a direction for the researcher was foremost in mind, coupled with Chicksand et al’s (2012) statement on researchers following their own agenda. The research project required a tool, a framework, to identify the key constructs of council e-Tender as well as providing an insight for the researcher into how the theoretical and conceptual frameworks could be developed and used. Making sense of the case study direction required the ability to bounce between, to view the interrelatedness of the elements of the data, intertwined with the other developing elements of the theoretical framework.

A literature search for ontology found (Eriksson 2015) and the journey commenced to systematic combining (Dubois & Gadde 2002, 2014, 2017). This find placed a structure, a framework, on the researcher’s path. Systematic combining consists of two processes

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° When considering practice, pragmatism is methodologically distinctive with the fundamental ontology being the transaction whether this be inter, intra or extra personal and offers a perspective on practice with a focus on inquiry into the dynamics of meaning-making, rather than specific meaning (Simpson 2009, p.1342-1343)
being matching and direction/re-direction as the mechanism for the movement between the elements of the framework (Figure 8). The action of systematic combining is an iteration, an integration or simply stated, a back-and-forth process across the research project, depicted as four elements. This back-and-forth process is what Kovacs & Spens (2005, p.138) call a search for suitable theories, or abductive process. Systematic combining is a process where continuous matching, direction and re-direction occurs in an iterative process enabling the theory to evolve and emerge over time to integrate and extend from discoveries sourced from empirical field work, analysis and interpretation.

**Figure 8 - Systematic Combining**

(Dubois & Gadde 2017, p.260)

Dubois & Gadde (2002, p.555) argue theory cannot be understood without empirical observation and vice versa. They determined:

“...that the researcher, by constantly going back-and-forth from one type of research activity to another and between empirical observations and theory, is able to expand their understanding of both theory and empirical phenomena”.

This leads to an evolving and emerging framework providing a direction for the research including the identification of unanticipated issues requiring further investigation. The use of this framework in its back-and-forth, iterant and integrated process provides what Eriksson (2015, p.351) sees as not only a tool of research, but a product of research itself.
3.4.2 Systematic combining and the researcher

A conspicuous feature of this framework and the matching mechanisms is continual reflection, that is the learning aspect involved (Dubois & Salmi 2016, p.248), between the theory (academic and topical literature) and the practice\(^9\) (the emergent empirical material from the council e-Tender interviewees), the shared material that makes it robust and the material of institutional logics (Smets, Morris & Greenwood 2012, pp.879-880). The practice is not exclusive to the participants, but rather intrinsically connected to the learning of the researcher.

Systematic combining, simply put, involves constant movement back-and-forth with the focussed on the research question dimension: the domain of the research project. One element of systematic combining is the analytical framework. This element appears to have an evolving processes, one leading to the other. The preliminary analytical framework as articulated preconceptions, in this research project the conceptualisation of council e-Tender through a TMP, which over time then develops through discovery (Dubois & Gadde 2002, p.555). This leads to analytical as a process of techniques of flexibility and the setting of an objective by including all relevant criteria which have some bearing on analysing a complex or uncomplicated problem, arriving at a decision that is sensible given the available information. This is what Yin (2014, p.135) calls playing with the data by searching for patterns, insights or concepts.

The researcher’s problem was a breakdown in the linear process leading to and including the pilot study. The linear direction in relation to the whole research project evolved around the dominant case study theorists (Eisenhardt 1989; Yin 2014) and perception of the researchers expected behaviour. Initially the researcher was with the task (Shepherd & Suddaby 2017, p.64), the established case study thinking and perception. A breakdown occurred through the pilot study, creating a disconnection and forcing engagement in deliberate reflection. The comfort of systematic combining in the research question dimension was needed to carry through to the researcher’s personal learning. Dubois (2002, p.556) discuss parallel development of a theoretical platform and concede without

\(^9\) Practice is patterns of activities that are given thematic coherence by shared meaning and understanding. Separately these activities may appear trivial, but together they have meaning and order because of their common purpose and understanding (Smets, Morris & Greenwood 2012, pp.879-880)
this framework understanding is diminished. The reflective process enabled the researcher to superimpose personal learning as the analytical element of systematic combining through abductive matching.

Reflection through the process of systematic combining became the mechanism to move back-and-forth at will as the researcher’s learning evolved. This is the researcher’s personal learning as distinct from the case. To the researcher, systematic combining legitimised the post pilot study process of re-inventing the theoretical framework and construct of the conceptual framework. This is what Eriksson (2015, p.350) referring to systematic combining calls putting into words what researchers have been doing for a long time.

3.4.3 Epistemology

Epistemology is concerned with how we recognise the world, being the relationship between knower and the known. The epistemology of e-Tender has no known recognition in the literature leading to one of the aims of this DBA Dissertation is to have the examiners of this research project recognise the process and conclusions as sound and standing up to scrutiny. This may not be the informed direction of existing paradigms where one epistemology is aligned to another or one theoretical perspective becomes known or expected to align with other methodologies. The summary choice for this research project was endless and confusing. In the end an opportunistic decision had to be made, a decision that is sensible given the available information. Systematic combining was the only support. This is a direction Green, HE (2014) sees as a legitimate step and working within the boundaries of work owned by another profession.

Epistemology is used interchangeably with the theoretical thinking of why things work the way they do, to encompass problems concerning the origin and structure of what and how we know. This leads to a question of the relationship between the researcher of what is known and what can be known (Guba & Lincoln 1998; Rawnsley 1998), or what is the objective of the researchers image of reality (Ravitch & Riggan 2017).

Epistemology is about deciding what kinds of knowledge are possible and how researchers can ensure both adequacy and validity. The epistemological position of this research
project is determined on the conversations relative to the strategy of inquiry being qualitative research using a case study methodology. The conversations are the epistemology, how the researcher constructs knowledge through asking questions. Case study epistemologies move back and forth through the theories and analogies of the possible conceptualisations and concepts, the causal positions, to eliminate and seek explanations for the underlying reality. Therefore case study epistemology cannot rely on inductive (prediction) or deductive (experimentation), but rather alternate between abstract and reasoning in order to justify possible explanations, the abductive reasoning (Aastrup & Halldorsson 2008).

3.4.4 Abduction

Abduction is a methodology that utilises both inductive and deductive reasoning in a back-and-forth process. Abduction allows for new insights as it integrates new ideas that may not be the original set of premises (Jayanti 2011, p.431). Therefore, before moving forward with abduction, it is necessary to outline the fundamentals of the other two logic epistemologies of induction and deduction, being the base mechanisms of the back-and-forth process. Qualitative inquiry is orientated towards exploration, discovery and analysis beginning with specific observation, data collection and building towards general patterns or open-ended observations as the inquirer begins to understand the phenomenon being researched. An important question is whether the research is theory-building or theory-testing. In simple explanation, inductive reasoning involves moving from observation to theory where the construct or theory emerges from the data as a bottom up process. Deductive reasoning involves moving from theory to observation: that is, starting with a hypothesis or proposition for testing as a top down process (Eriksson 2015; Fox & Do 2013; Jayanti 2011; Kovacs & Spens 2005; Myers 2009; Patton 2002).

The early thinking on abduction was investigation of relationships between everyday language and concepts, or to breaking out of the limitations of induction and the positivistic logic of deduction (Coughlan et al. 2016; Dubois & Gadde 2002, 2014; Kovacs & Spens 2005). Induction and deduction have generalisations to theory and their own specific manifestations: the abductive approach is directed to the specific domain, therefore deviating from such generalisations. This provides a positioning of knowledge to
understand which elements are generalisable and which others belong to the specific domain itself stemming from the situational environment of the domain. This ability to consider the back-and-forth process leads to abduction and theory generation.

The question posed in the development of the conceptual framework (chapter 4) for this research project is the positioning of the methods of analysis. The first action was to review the theories of this research project and then look to antecedent research within SC and its sub-set logistics and procurement for influence. There are two principal theories in this research project being institutional theory and adoption and assimilation of innovation technology, both established within public authority e-Procurement, therefore fitting the theory-building paradigm. It became evident this research project was theory-building and the process leading to the conceptual framework favoured collecting data relevant to a specific theme approach. Within this process, the researcher was introduced to abduction and in particular Kovacs & Spens (2005) discussion on the accepted starting point of qualitative research as the real-life observation. Kovacs & Spens (2005, p.139) argue this acceptance does not hold for all abductive research as researchers start with pre-conceptions10 and theoretical knowledge. Their starting point is the position when observation in empirical research does not match the prior theories. This had resonance as the investigative position of this research project at the time of introduction to abductive process was deep into the development of the conceptual framework.

The construction of the conceptual framework required exploration through the many methods and the next step post abduction in this interactive process was the focus on bridging the applied-practice gap. Pragmatism was selected as it focusses on practical outcomes of what we think and do.

3.4.5 Pragmatism

Essentially, pragmatism focuses on the practical consequences of what we think and do, that is, making improvement in our lives. The core focus of pragmatism is based on what

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10 Kovacs & Spens (2005) do not define ‘pre-conception’, however there is a correlation to Ravitch & Riggan’s (2017 p.11) ‘Topical Research’ which refers to work focussed on the topic similar to the research project and maybe academic literature or other sources such as government and industry reports. This also has a relationship to reflexivity and the internal conversations (Hofer 2017)
we do in relation to beliefs and actions on a changing universe rather than an unchanging one. Pragmatism considers thought as an instrument or tool for prediction, problem solving and subsequent action and rejects thought as a description, a representation or some construction of a mirror of reality. Pragmatists contend the philosophy of cognitive endeavours, ideas, beliefs, values and assumptions are all best viewed in terms of their practical uses and successes. Pragmatism is not a disregard of philosophy as philosophical inquiry helps to describe the nature of the world, how the world works, moving beyond the levels science has enlightened. Despite the scientific explanation of intricate phenomena, the explanation of human meaning, purpose, truth and reality are things science has not or cannot adequately explain. This leads to pragmatists who use values, visions of human action and interactions preceding search for descriptions, theories, explanations and narratives, all leading to pragmatic research being driven by anticipated consequences (Cherryholmes 1992; Elkjaer & Simpson 2011; Farjoun, Ansell & Boin 2015; Goldkul; Korte & Mercurio 2017; Rescher 2014; Rubeleske & Berente 2017; Talisse, Aikin & Goffey 2008).

Pragmatism incites many referrals in type: examining pragmatism as a free standing unit of interest is to misunderstand pragmatism (Jayanti 2011); pragmatism is not committed to any one theme of philosophy and reality (Creswell 2009); pragmatism reacts to over-emphasis on subjective interpretations and the way out is the practical meanings of conceptions made (Goldkul 2004): pragmatism is a way forward offering a potential radical alternative as the emergence of a binding of our social selves and social situations (Elkjaer & Simpson 2011). Pragmatism is considered a new phenomenon with an age in the philosophical scene of a little over a 100 years and as Talisse, Aikin & Goffey (2008, pp.3-4) state the resistance of pragmatism to a concise definition is a mark of vitality, an indicator of a living philosophy, rather than an historical relic. Pragmatism recognises retrospective interpretation as an informant, but it is the future anticipation that gives meaning to present actions or described in another way, present moments being anchored in the past and thrusting into the future, being what Elkjaer & Simpson (2011, p.80) describe as broad defining themes.

Pragmatism is a new paradigm for social research (Morgan 2007, 2014), yet the potential has remained undeveloped with rare examples from business. Similarly Simpson (2009)
and Elkjaer & Simpson (2011; 2009) see pragmatism is of little use without practical application, that is practice.

The developing conceptual framework uses the beliefs and actions duality which concentrates on beliefs that are more directly connected to actions. This leads to what and why questions, what researchers do and why they do things: an investigation for this research project to find the pragmatic connections to Australian council e-Tender through a TMP. The advantage of pragmatism is no claim to ex-ante recipes and therefore allows diversity within the multitude of approaches, methods of research and epistemology. The PRD (Chapter 4) developed through systematic combining and provides a research epistemology of abduction and pragmatism using qualitative methodology of case studies. This strategy follows the recent call by Meehan, Touboulic & Walker (2016, p.257) for researchers in PSM to stop being disengaged through survey research and embrace the impact of engagement with multiple stakeholders within the practice domain.

This research project is predicated on ‘methodological inventiveness’, that is moving out of a restricted domain with adherence to an epistemological position, to a pragmatic role of ‘do whatever’ is necessary or ‘pick and choose’ approach to methods and the conceptual framework (Buchanan & Bryman 2007, p.484); a deviation from following other researchers trajectories (Dubois & Gadde 2017, p.265). Social phenomena is considered to take place in open systems where replication is difficult (Avenier & Thomas 2015, p.78), therefore an open epistemological framework became the choice for this research project to provide validity of theory building and vision of what is knowledge. Using the open metaphor in a pragmatic sense, knowledge generation is aimed at conceptualising the researchers experience through abduction as a method of organising the empirical material in an intelligible fashion: a process of emergence between real-life observations and theory (Eriksson 2015; Kovacs & Spens 2005).

3.4.6 Case Study

Qualitative case study has consistently been one of the most powerful research frameworks in O&SCM (Barratt, Choi & Li 2011; Runfola et al. 2017; Voss, Tsikriktsis & Frolich 2002) and remains a strong process of data collection in the procurement
environment (Doherty, McConnell & Ellis-Chadwick 2013; Ilhan & Rahim 2017; Panayiotou, N, Gayialis, S & Tatsiopoulos, I 2004). Flynn & Davis’s (2014) study of theory in purchasing for the period 2001-2013 found case studies as the most common framework followed by survey–based frameworks for research into public authority purchasing. A case study approach was selected to facilitate the aims and exploratory nature of this research project. This follows DeHoratius & Rabinovich (2011, p.371) call for SCM researchers to return to the field to observe operating phenomena.

The use of case study in this research project continues the research theme of the principle antecedent literature (Doherty, McConnell & Ellis-Chadwick 2013) who used case studies and recommended scope to build on the results of their study. This leads to the question of what is a case study? According to Yin (2014, p.16) a case study is an empirical inquiry that:

“Investigates a contemporary phenomenon in depth and within its real-world context, especially when, the boundaries between phenomenon and context may not be clearly evident”.

Yin (2014) does not see this definition as an all-encompassing position with many relevant characteristics needing inclusion, such as: variables of interest, multiple sources of evidence and benefits of prior development of theory to guide collection and analysis. For example, George & Bennett (2005) referring to a case study definition relevant to social science includes examination of historical episodes and testing historical explanations. Barratt, Choi & Li (2011, p.329) in a literature review of O&SCM qualitative case studies adds ‘...contextually rich data from bounded real-world settings to investigate focused phenomena’. A more simple inclusion in a SC usage includes words ‘... sufficient method ... holds up well when compared to other methods ...’ (Johnson 2012, p.513). Patton (2015, p.359) confirms there is no common agreement on what constitutes a case and sees researchers will nominate a case study aligned to any process. That said, Patton (2015) sees the necessity to place boundaries around the phenomenon of interest with the boundary inevitably being arbitrary and determining the case and therefore the direction of the research. This is what Yin (2014, p.33) calls bounding the case as classifications: persons to be included, the topic, time elements, geographic locations and the researchers
decision as to what is to be included. Summarising the definition and type of case studies Patton (2015, p.260) sees the variety of approaches as an opportunity for the researcher to define their case within their context, field and focus of inquiry.

In this research project, the unit of analysis, boundary of the research project and research questions (Chapter 1 - Table 1) all evolved from the relevant literature search that indicates a gap in existing theory relating to Australian council e-Tender through a TMP. Therefore this research project is considered exploratory with qualitative case research an appropriate methodology for theory building (Barratt, Choi & Li 2011; Voss, Tsikriktsis & Frolich 2002; Yin 2014). The case method lends itself to early, exploratory investigations where the variables are still unknown and the phenomenon not at all understood, factors of council e-Tender.

The still unknown element reflects the unit of analysis as the theoretical interest regardless of the participants or other factors such as the TMP (Bazeley 2013, p.49). An interpretative approach was selected and while this may be categorised as predetermined logic, it was a starting point. The conceptual framework, or rather the stated elements of the conceptual framework were found, not in any predetermined form, but rather in an emerging form, initially in an ad-hoc fashion and later an intentional integration of systematic combining and abduction. The conceptual framework is the researcher’s view, or what Buchanan & Bryman (2007, p.483) call ‘the personally significant characteristics of the field research’.

3.5 Conclusion

This chapter provides the Theoretical Literature Review, Theoretical Framework and the Research Methodology Theory, purposed to discover the choice of theory and methods leading to the research question response. The methodology is qualitative case studies and it is argued that case studies provides a humanistic experience and best suited to creating a comprehensive understanding of the institutional behaviours of council e-Tender.
Working through this chapter was arduous and time consuming to obtain a grounding, enabling methodology to be discovered and contextualising through the emerging theoretical framework towards the conceptual framework. Does this chapter portray a degree of expertise: this is for others to determine. The emergent nature of this chapter was a journey of the researcher situating the Australian council e-Tender through a TMP conceptualisation into a larger framework of information, research ideas and overwhelming confusion of academic process. The antecedent literature teased out theory: the marriage of theory and practice was consolidated into the PRD into a research project reality.
Chapter 4 – The road to a Conceptual Framework: positioning existing & new knowledge

4.1 Introduction
The research questions are outlined in Chapter 1 along with an overview of this research project including the methodology and the methods to be used for data collection, analysis and response to the research questions. The relevant literature (Chapter 2) and the theoretical framework and research methodology theory (Chapter 3) are the accumulated epistemology leading to engaging the pervasiveness of council e-Tender through a TMP. This chapter is the contribution of the researchers constructed methodology and methods leading to the broader conceptual framework. This chapter does not have a rigorous academic underpinning, but rather an emerged pragmatic view of the researcher’s overall strategy. This follows open thinking that a conceptual framework is not a single style for all: its purpose is to position methodology for exploration of the research questions and generation of new knowledge.

4.2 Framing – The Big Picture: Paradigm of the Research Design
Given the pervasiveness, the strategic importance of e-Tender to both councils and industry, it would be expected e-Tender to be well positioned in the literature and organised post re-intermediation from paper to electronic: that is, well-studied. This appears not the case with little coverage in the literature on e-Tender at a theoretical and methodological level providing an opportunity for the exploratory nature of this research project. This is what Stubb, Pyhalto & Lonka (2014, p.255) referred as moving from the product to the process for doctorate research.

A qualitative study is a classifying statement for this research project. This may be sufficient as a label, however it floats into insignificance as a distinguishing or philosophical assumption to guide the research. The most pertinent philosophical assumptions are

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11 Methodology in this dissertation refers to the theory of how the research project will proceed and methods are the tools employed to investigate the research phenomenon, in other words, what is going on (Bazeley 2013 p.8-10)
those that relate to the epistemology which directs this research project: the knowledge and how it is obtained, especially regarding methods, validity and scope. To facilitate an understanding of the knowledge and sequential nature of the steps of this research project leading to the construction of the conceptual framework, a Big Picture: Paradigm of Research Design (PRD) was developed (Figure 9). This is a step by step flow of the philosophical and methods development of the research project. The framework includes both theory and applied data in individual and integrated contexts as two parts.

The PRD is a visual conceptual map designed to present the methodological and intellectual rigor, an illustration, or what Ravitch & Riggan (2012, 2017) call the researchers mode of thinking. Paradigm is used in a metaphorical sense to link all the elements of this research project: the researcher’s goals and interests, the context and setting. The development was not a series of steps or progressive box ticking, but rather a confusing, debilitating and anxiously slow emergent process, with one overriding anxiety remaining being the examiner’s position.

Realisation of qualitative knowledge limitations catapulted the researcher into undertaking extensive qualitative research training programs conducted by the university. Satisfaction turned to despair through introduction to social research process. The first reaction was to return to the e-Procurement literature (Chicksand et al. 2012; Flynn &
Davis 2014; Shook, Ketchen & Adams 2009; Spina et al. 2016) for guidance on theoretical social research perspectives. The result was to clarify a problem being the researcher’s knowledge of the conceptual step in the development of a conceptual framework (Ravitch & Riggan 2012, 2017). This review provided no guidance and is summed up by Chicksand et al (2012, p.467) who argued epistemological approaches are valuable and concluded PSM lacks the necessary reflection to progress.

The researcher was floundering in a linear process resulting from the literature. The introduction to abduction provided a pragmatic purpose (Eriksson 2015; Jayanti 2011; Kovacs & Spens 2005). The process of back-and-forth between both deduction and induction provided the freedom for the researcher to find meaning of direction for the conceptual framework. This is what Miles, Huberman & Saldana (2014, p.20) refer to as needing both approaches (inductive and deductive) to develop a coherent set of directions. The term abduction was not inclusive in their approach.

Abduction appeared sufficient validity for the back-and-forth process leading into the pilot study. The first attempts at coding the pilot study research data created the realisation of an inferior data analysis position. The researcher plunged back-and-forth into the literature and systematic combining was discovered (Dubois & Gadde 2002, 2014). This was the legitimacy to be a floater: having an own agenda (Chicksand et al. 2012, p.455). Systematic combining was added, the journey towards the PRD was taking shape (Figure 10).

*Figure 10 - Researcher as the actor: View of the world*
There is a richness of scholarly discussion on the constitution of a conceptual framework, the creation, the selection and construction of a research design as a philosophical base; generating a daunting and confusing array of literature. Therefore as a guide, Ravitch, S, M & Rigan (2012, 2017), Eriksson (2015), Dubois & Gadde (2002; 2014, and later 2017), Jayanti (2011) and later Bazeley (2013) were adopted as principal antecedents for sense making of the conceptual framework development.

The perception was the missing element being a conversation to anchor case study to e-Tender through a TMP research. Analysis was yet to rise to prominence. The goal was to understand epistemological aspects of abduction and pragmatism as the lens to view the research data. This is not discarding the influence on public authority e-Procurement or the other sub-sets e-Auction, e-Catalogue and e-Market; it is expanding e-Tender to a position of at least methodological equality.

The adoption of Ravitch & Rigan’s (2017) philosophy on construction of a conceptual framework provided the clarity of direction becoming a driving influence. The conceptual framework elements are inclusive of systematic combing, epistemology of e-Tender, abduction and pragmatism, all elements unique to this research project. On the point of uniqueness, guidance is provided by Patton (2002, p.135) who sees researchers need to make their own decisions on any perspective and without any universal framework, then diversity is itself a good indicator of human complexity. More recently Dubois & Salmi (2016, p.247) on PSM case based articles called for more diversified approaches including a suggestion of more reflection as a method of advancing research.

4.2.1 The Problem

Tender is a function of the buyer (in this research project being a council) publishing a specification as a requirement and the seller (potential supplier) responding with a once only sealed bid with supporting documentation including a price to meet the published specification. For the seller, the problem is not just awareness of the tender through some form of notification; the problem extends to tender relevance of the sellers specific domain and their organisational ability, resources and capabilities to participate in a competitive environment. For the buyer, the problem exists in how to attract the relevant
or qualified seller/s, noting multiple sellers able to meet the published specification is the principal of tender competition. The problem is extended into seller differentiation, evaluation/selection criteria and eventual awarding the tender to a successful bidder. At a council level, tender is governed by statute to ensure probity and fairness to all participants.

Although tender, the sealed bid process, is a critical economic mechanism of council, other public authorities and industry, there is no common structure for e-Tender through a TMP, even though a variety of commercial and state owned TMPs are available and widely used. The differences exist due to the wide range of domains of the buyers operating within their own structures, thereby placing onus on the sellers for compliance without any form of commonality, forcing the sellers into multiple compliance requirements on a council by council basis.

The relevant literature exposed the unexplored areas of e-Tender through a TMP. Now a partial divorce from parent e-Procurement leads to positioning e-Tender through a TMP as a subject of importance.

4.2.2 Epistemology of Council e-Tender

From an e-Tender perspective, it is important to understand and develop an unambiguous position about what constitutes e-Tender knowledge. This will allow researchers to dedicate their efforts to research design according to a more precise representation of the fundamental assumptions of this research topic.

In an endeavour to clear some of the misconceptions about the perceptions of council e-Tender through a TMP, this research project is pursuing two main epistemological aims. The first is a reflective process of the researcher’s journey and the trials and tribulations experienced for the benefit of researchers following in this field. The second is to present a knowledge creation methodology in a wider spectrum according to a systematic combining, abductive and pragmatic epistemology and directed to the practice of Australian council e-Tender through a TMP.
Abduction and pragmatism were impacting as an informing progression on the research project and the researcher. The researcher’s reflexivity, developed through many years of industry interaction with public authority tender, was impacting on the conceptualisation of council e-Tender and influencing the boundary. Was this rational, or analytical, or was there another influence? A reflective struggle within the researcher was taking place to recognise the impact pragmatism was having on the emergence of council e-Tender epistemology. The balance was between what is known, how tentative this may be and how to test this knowledge against the researcher’s world.

4.2.3 Pragmatism & Practice: e-Tender
Pragmatists are not driven by principal, idealisation or nit-picking argument, but rather their desire to achieve goals. These are distinguishing factors of pragmatists to the philosophical mould of seeking the truth. Truth itself is a debatable paradigm: the researcher as a past industry practitioner considers truth through pragmatic lens as viewing the practices of council e-Tender to enable what and why questions. This is the pragmatist perspective on practice, new ways of seeing and new ways of asking questions (Simpson 2009, p.1330). E-Tender is in a position of pragmatic flux (Farjoun, Ansell & Boin 2015; Rubleske & Berente 2017), a work in progress, an opportunity or an engagement as a drive towards sustainability and effectiveness, rather than being an end product. E-Tender is viewed as an opportunity, or more succinctly emergent in pragmatic terms, undergoing evolutionary change. This is what Goldkuhl (2012, p.136) describes as pragmatism being concerned with action and change, the interplay between knowledge and action, intervening in the world rather than merely observing the world.

4.3 Methodology – Qualitative Research
The intention of using qualitative method is production of rich results as well as generating original directions and methods to examine council e-Tender through a TMP and the relationship played both inside and outside the council boundaries. Due to the relatively small amount of research on the topic of e-Tender and even less research on the TMP, qualitative approach was an appropriate choice.
The strength of qualitative methods is the use of exploratory tools when precedents are difficult to find. This was of particular relevance to this research project as the majority of literature in procurement has been of a positivist nature, the collect and analyse paradigm, with few studies touching on moving beyond simply telling a story or touching on points of representation. The aim of this research project is to develop an understanding and application of the practices to the cognitive and affective components of council e-Tender through a TMP by its participants. Qualitative methods encourages concepts of importance rather than adherence to subject areas pre-determined by the researcher.

In summary, the use of qualitative methods in this research project was to present research based on its ability to offer understanding into the nexus of council e-Tender through a TMP. Each interviewee had their own story to tell, their view of the world and while there were similarities within and between interviewees as individuals and members of a council, there were also differences. The aim of the research was not to generalise to some broad position, but to better understand and interpret the participant’s studies for insights and understanding of the research questions.

4.3.1 The Pilot study experience

A pilot as a preliminary process in preparation for the development of the case study was conducted at the researcher’s local council. The pilot had a dual purpose of verifying all research question related material, a recording technology trial, NVivo orientation and the re-acquaintance of the researcher into the field data collection processes, obtaining the desired skill and values (Yin 2014, p.71). The second and overall purpose was to test the reliability and validity of the researcher’s perception of the conceptualisation of council e-Tender through a TMP.

A surprising outcome of the pilot was the influence and positioning of the data as an inspiration to the researcher stronger than the original central focus: it changed the heart of the overall research project. The pilot became a clarifying experience of contemporary council e-Tender through a TMP, a boundary for what will not be studied (Miles, Huberman & Saldana 2014), a dress rehearsal and refinement of the case study protocol (Yin 2014).
The case study protocol was the research design as the conceptual framework had not been fully conceived and the PRD design was still at infancy stage. The research design was an experimental process of development and use of a pilot study (Westlund & Stuart 2017; Yin 2014). The case study protocol included an initial set of semi-structured questions, the method leading to theory building and practice aspects. The internal pilot boundary extended from the executive finance responsible for procurement, through the procurement department and to the business units who undertake tender as an acquisition process. The external boundary consisted of the Local Government Authority (LGA), the TMP and the state statute (SA LGAct). The pilot clarified the appropriate interviewees, contemporary council e-Tender through a TMP and the boundaries.

While the researcher was confident and prepared with the strategy of the case study protocol including the semi-structured questions, some degree of anxiety was evident. This was not the familiar industry process: the researcher was out of the comfort zone. Fortunately, the first interview with the contracts manager, a mature person with extensive experience and a willingness to share knowledge and responsibility, resulted in an interactive dialogue being quickly established. This was a pace setting interview with the interactive dialogue and comfortable atmosphere replicated across the remaining interviews. On completion of the data collection, a letter of appreciation was forwarded on University letterhead to the CEO.

4.3.2 Pilot study results and discussion

A conflict developed between the antecedent literature influencing the research questions, the researcher’s image of e-Tender and the story of the interviewees. A high degree of the researchers perception had been placed on Ilhan & Rahim (2017) who found council tender to be limited to tactical and operational details with no strategic indicators. This research was contemporary Australian council practice, therefore creating a strong influence on e-Tender within councils and the unit of analysis. An assumption had evolved that without strategic intent, then maybe the studies of corruption, the ineffectual governance, ethics and assimilation implications were an indicator of a process in turmoil. The researcher’s belief system had become an influence on the degree of council e-Tender application and inefficiency. As rate payers, the community have little connection to the
local council; services are provided, waste, sewerage, water and the streets are sealed, curbed and guttered, open spaces mown and well maintained. While this does portray an image of effectiveness, an over-riding perception at a community level could be the opposite due to the image of council equipment and staff members being continually inactive, with no reasoning as to their position at that particular time. The researcher carried this baggage into the first interview.

One outcome of the pilot program was a discussion on decentralisation of the tendering process to business unit cost centres leading to the fourth interview to explore this decentralised process. This process meets the criteria of what Eisenhardt & Graebner (2007, p.28) calls organisational actors from different hierarchical levels as highly knowledgeable participants.

4.3.3 The Pilot Study Impact

Reflection. Reflection. Reflection. Are the research questions still appropriate? Is the case study protocol still appropriate? The researcher did not understand the importance of a completed conceptual framework, did not understand the basics of analysis, NVivo was too time consuming; there is a month to the first programmed research data collection with another council, just push on as in industry.

The antecedent literature could not be wrong. Was it just luck to discover a council where the effectiveness paradigm appeared validated through a measure of consultation to all councils in SA and a reference point from the TMP Vendor Panel? Reflection continues. Review of the case study protocol to the pilot study transcriptions, the developing conceptual framework, the literature; a back-and-forth process across every aspect of the research project. Confusion. The PRD was emerging. Self-confidence enabled the step into the foyer of the first research data collection council. NVivo and coding can wait. What were other councils doing?

4.3.4 Case Study Protocol

A case study protocol is an instrument, containing procedures and general rules and while desirable for use with a single case study, is considered essential for multiple case studies
(Johnson 2012; Yin 2014). Dinour, Kwan & Freudenberg 2017) add a necessary element of a case study protocol is replication being essential for validation. The fundamental difference between a questionnaire and a case study protocol is the questions are directed to the researcher, not the interviewee. These are queries to the researcher, assisting the researcher to gather data that needs to be collected and why (Yin 2014, p.84 & 90).

The case study protocol for this research project was developed leading to the pilot interviews. The protocol was amended after the second council data collection (Bravo) with the two questions relating to social media being removed. Analysis of the social media responses from the Alfa four participants and the Bravo two participants while interesting, was not producing data that appeared necessary for this research project or adding to the findings of As-Saber et al.(2014). The case study protocol remained the reference point for all participant interviews.

4.3.5 Interviews

To enable this research project to explore how actors at various levels in councils understood, interacted and interpreted e-Tender through a TMP as an intermediary layer sitting between the public authority (buyer) and the seller (supplier), 19 interviews and 2 additional verification interviews were conducted. This number enabled saturation\(^\text{12}\) (Bazeley 2013, p.50; Merriam 2009, p.80). The interviews occurred over a three month period August to October 2017 across three states of Australia, NSW, Victoria and South Australia. The interviews ranged from 50 to 90 minutes including face-to-face audio recording. A semi structured approach allowed narrative to emerge around what the participants were able or willing to discuss.

To ensure accuracy in analysis the audio was recorded from each interview in MP3 format. The recording device labelled each file and the files were uploaded into folders exclusive to the participant council. The MP3 file was opened and tested for accuracy of labelling. A commercial artificial intelligence company Trint was used for transcription. This required establishing an exclusive application of folders specific to the participant councils and

\(^{12}\) Saturation means no new information is being added to the data or emerging theory through adding further cases to the analysis (Bazeley 2013 pp50)
individually upload and process each file. The alignment of the Trint folder to the file name ensured accuracy. Artificial intelligence is not an absolute process and accuracy is dependent on numerous factors such as speed of speaking, dialect, language used and knowledge of the interviewee. The transcriptions were then verified through a playback and correction process. For validity reasoning a second and in some cases a third playback occurred to prove the language. No editing of the transcription files was undertaken. On completion the files were individually converted to Microsoft Word and downloaded back to the originating folder. Continuity of file labelling occurred throughout this process. During the interviews 2 to 4 pages of filed notes were drawn in a mind map form.

The council participant interviews, with 1 exception, were jovial and relaxed. The atmosphere was established through early recognition by the interviewees of the researcher’s knowledge, their interest in being included in a new experience of a research project and willingness to discuss their role. Various levels of laughter appear in the recordings. The exception was Foxtrot 1 with a dual role of accountability for the procurement department and a principal role of legal counsel. Although a volunteer, the attitude was protection of council Foxtrot’s legal position.

4.3.6 NVivo - Managing the data

NVivo is the selected application for this research project and is a qualitative data management software package enabling researchers to import, sort, analyse and manage data in many forms: rich text and plain text documents, audio files, spreadsheets, databases, digital photos, PDFs, bibliographical data and web and social media data. The imported data for this research project will be interview transcription word documents, PDF documents of policy and statutes. NVivo is a resource of workspace and tools designed to enable researchers to interrogate unstructured data to shape and make sense of the information contained in the data (Bazeley 2013; Bazeley & Jackson 2013; Saldana, Leavy & Beretvas 2011).

4.3.7 Coding

Coding is not an end in itself, it is a purposeful step to somewhere; it is the means in collaboration with NVivo to access the stories and meaning within the research data and
an enabler for querying, testing assumptions and conclusions. Coding is seen as typically moving through two stages. The first or initial stage of coding range in the purely descriptive realm of actions and experience. This is what Miles, Huberman & Saldana (2014, p.74) refer to as assigning a label to a word or short phrase to a passage of the research data, a form of summarising. The second stage takes the summary, working the codes into smaller number of categories and themes suitable for the interpretative or analytical process (Bazeley 2013, p.126; Miles, Huberman & Saldana 2014, p.86). Both stages are relating to sorting and placing order to the data by positing similar data together in its own place. Coding requires working though the data in a cyclical, recursive or emergent process by thinking around the codes and the coded data, to position within its own place, thereby enabling later analysis of what was said or actions undertaken.

4.3.8 Coding the Pilot

Descriptive coding as a first stage appeared appropriate. The only question was how was this to occur? The first attempt at coding the four pilot study interviews using the descriptive process was a disaster. Too many codes and too much data attached to each code. Limited understanding of NVivo and confusion caused the early coding attempts to be deleted, contrary to Bazeley’s (2013, p.127) advice to not be afraid to reconfigure a coding system and archive prior versions. There were three attempted coding iterations of the pilot before a version to code to theory. The researcher was floundering as indicated in the following NVivo pilot journal, referring to the attempt to code to theory.

“Coding the pilot with institutional theory and theory nodes. That seemed appropriate at the time. The problem with coding to theory was how to interpret isomorphism and the economic variants, coding and analysis in one step. This did not work”.

Searching NVivo sponsored YouTube listings, discovered an introduction to text analysis (QSR 2017-1) which included a tutorial for creating coding nodes from a mind map of the research project as a visual conceptualisation. The mind map was drawn in NVivo, posted and created nested empty nodes in the parent, children and sub-children levels, noting this meets the recommendation of Bazeley (2013, p.183) to limit levels to three in early stages of coding.
The mind map was titled the new e-Tender conceptualisation number 5 with ‘new’ added only as a distinguishing factor, although it did contain the emerged position of the researcher (Figure 11).

While analysis was still not on the horizon, the following thought was noted in the pilot journal on completion of coding all four interviews.

“What is driving the new e-Tender conceptualisation? The TMP. The TMP is driving the procurement department, the same as an accounting financial package drives the financial department - the problem is ‘inertia’ or ‘avoidance’, but by who? Financial measurement - there is none’.

This iteration of pilot coding was complete.

Figure 11 - NVivo New e-Tender Conceptualisation

4.3.9 Coding the research data

The PRD was developed on the basis of no consensus on the many labels or varieties of qualitative research. This statement also applies to coding where individual methods approach has different purpose and different emphasis, or what data is coded and how coding is applied has many variances (Bazeley 2013, p.147). The mind map new conceptualisation of e-Tender, version 5 is the current coding system and the first research data, council Bravo consisting of two interviews was coded. Reflection. The interpretation
is not making sense as it is merely collecting volumes of data into nodes. If the purpose of coding is to open up the data, then this approach is not achieving this position. Again the researcher is comforted by Bazeley (2013, p.149) regarding regular review and revision of concepts and what this can do to further the progress of the inquiry. The following is an extract from the NVivo coding journal on completion of Bravo 1 and 2.

“The TMP is directing the process - that is every procurement process is hinging off the TMP. The problem is thinking is still evolving, the theory - institutional theory is the problem - isomorphism, variants, strategic, now logic – theory needs to be confronted. Systematic combining is the tool. Now barriers too”.

The revision and reflection is changing the thought process. The new e-Tender conceptualisation has provided a new node – Barriers. Codes always need revising, some will change, others deleted, new ones emerge (Bazeley 2013, p.152). What is occurring is more than codes, it is the whole thought direction of the research project. There has become a distinct separation of the data: barriers and institutional theory arising from the management data supported by comments of the more experienced practitioners, and the pragmatic/practice data which is heading, although not exclusively, towards the TMP.

4.3.10 Coding method changed again

The new e-Tender conceptualisation mind map was a step in the process. The process leading to coding each interview was to listen to the recording and follow the speech through the Microsoft Word document. The next council to be coded was council Delta including pre coding familiarisation of listening and reading the transcript. At the same time a visual model of the each interviewee’s transcription was drawn on butcher’s paper. This visual model had similarities to the field notes mind map constructed during the interviews, although with far greater depth. This visual model was summarised into categories and themes. A change was occurring in understanding the content of the data. The results of Delta analysis for categories and themes and coding caused a review of the two councils coded to that time, resulting in re-coding, visual maps, categories and themes.
The research proposal intention was to develop a case study, one only case study, of council e-Tender. This provided a degree of comfort in the research outcome leading to the proposal, however it is now exposed as a limitation due to the emergent process, questions as to the role of single and multiple case study. The council participant data is widening the range of knowledge and moving from the narrow outcome of the pilot study. This research project is no longer a study of a single case, rather it has broadened into what Bazeley (2013, p.189) calls case descriptions, profiles and summaries. The visual models, categories and themes, independent from codes, describe the positioning of the participants allowing for an understanding of the human experience and an avenue towards theory.

4.3.11 Not one but seven case studies

From the beginning of the council e-Tender conceptualisation through the research proposal to this current position, the unit of analysis has been council e-Tender through a TMP. The unit of analysis is now being drawn into question. The coding has become an early stage of analysis and focussed on the individual councils through the visual modelling and drawing the categories into collective council themes. This enables the exploration of the practices, valuable detail leading towards responding to the research questions. It seemed a correct strategy to make case studies of themes across all seven councils, what Bazeley (2013, p.189) calls telling the story of the case. There’s an indication the research questions are changing with an insecure unit of analysis.

The pilot study with council Alfa generated a rich degree of research material. While Bazeley (2013, p.55) speaks of a tradition of discarding pilot generated research material, Bazeley goes on to qualify pilots retain value regardless of the directional changes. The pilot study is an archive of the data collection, available for analysis and as such will be included and treated as one of the collective seven case studies.

4.3.12 Journey to meta-codes and global themes

The next step was to determine categories and themes and the relationships between the codes and theoretical conceptions. A meta-code and global themes map (Figure 12). The analysis process to date and continuing through to meta-codes and global themes is
systematic combining and working through continuous matching, direction and re-
direction. The seven cases as individual units of analysis have multiple themes and
therefore endeavouring to jump to a single theme appears to be difficult and
counterproductive. Coding in NVivo will be completed using the nodes of the new e-
Tender conceptualisation resulting in all cases coded to this framework. There are seven
individual cases to be processed through the meta-code and global theme map.

Figure 12 - Meta Code & Theme Map

Meta-codes and themes are now positioned as sources from the data and are detailed in
Chapter 6.

4.4 Analysis

The meta-codes, global themes and individual case studies (Chapter 5) are complete:
analysis was the next step. Where to start? The researcher turned again to Bazeley (2013)
for inspiration, the problem with Bazeley is no one way; there appears guidance for
everything. Finally the researcher commits to review the research project with qualitative
research colleagues to talk through analysis. The preparation was to draw two flow charts:
one a flow chart of findings and the other a flow chart of potential analysis.

The picture became clear, the research project had arrived at a significant finding — *No
connection of e-Tender spend to executive strategy*. The methods to this point is analysis
and this finding has come out of the analysis. What has occurred is rigorous, the first part
directed by the original research questions. Back to systematic combining, analysis of the
literature, new research questions to support this finding, part two of this research project is underway commencing with Chapter 6.

4.5 Conceptual Framework

Central to this research project is the conceptual framework, purposed with supporting the researcher’s move from a descriptive paradigm to a conceptualisation. That is, the role played in shaping the conceptual framework into an argument of significance of the topic and why the theoretical and methodological tools are rigorous and appropriate. The goal of a conceptual framework is to provide structure to the theorising and ideas to develop coherence to the research project.

The conceptual framework was the researcher’s emerging process: ‘the current version of the researchers map of the territory being investigated’ (Miles, Huberman & Saldana 2014, p.20), ‘keep challenging what you are doing to maintain focus … picking up on new leads..’ (Bazeley 2013, p.43) and ‘we caution not to view conceptual frameworks as static …. a defining characteristic is they evolve’ (italic in original) (Ravitch & Riggan 2017, p.13).

The conceptual framework (Figure 13) incorporates all the elements of the research project and overlain by systematic combining as the back-and-forth action between theory and practice. This conceptual framework has developed through the cultivation of the researcher’s knowledge and the expertise of interviewees, as a record of the experience and theoretical direction leading to the culmination of this research project.

Figure 13 - Elements of the Conceptual Framework

(Adapted from Dubois & Gadde 2002, 2014, 2017; Rogers, R, H 2016)
The researcher has not followed any evangelical direction, but rather constructed this conceptual framework from reasoned, defensible choices about how the conceptualisation of council e-Tender through a TMP occurs. This includes the research questions, hitherto unexplored and using different theoretical, epistemological and methodological frames and approaches. This was the lens for the researcher to view and carry out the research.

4.6 Conclusion

At the start of Chapter 2 the purpose of the search for relevant literature was to contextualise the research questions to develop both a theoretical (Chapter 3) and conceptual framework (Chapter 4) as the basis for the empirical investigation. The main purpose of these theoretical chapters was provision of methods to investigate Australian council e-Tender through a TMP. The relevant literature is showing procurement as the basis of acquisition research and taking a distinctly positivistic direction. Tender is not merely another variable although it is a determined sub-set of procurement, it is another dimension to be explored as an essential part of the acquisition process. The research questions remain unanswered and are primarily related to the unexplored tender environment. The next chapter provides a summary of the seven council case studies. This will lead to the categories and themes and Chapter 6.
Chapter 5 – Case studies - just need to understand their high level responsibilities

5.1 Introduction

This research project is set in the procurement department of seven individual councils (anonymised) across three states of Australia. All seven councils are different at practice level: the organisational structure, accountability, compliance to statutes (different in each state) and procurement policy and procedures, TMPs and methods of utilisation, collaboration through shared services, tender thresholds and purchase order spend. This is not a comprehensive list but rather an introduction into the differentiating factors of each council at practice level. The purpose of the summarised case studies is to present the stories of the seven council’s e-Tender through a TMP. There is a limitation on volume in this DBA Dissertation, therefore the case studies are reduced to summary level. Categories and themes are developed as integrating or relational statements from the individual council case stories and consolidated to form global themes (Refer 6.3).

5.1.1 Interviewee’s key

The structural position of all interviewees is recorded in Table 2.

<table>
<thead>
<tr>
<th>Council</th>
<th>Identifier</th>
<th>Role</th>
<th>Council</th>
<th>Identifier</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>Alpha 1</td>
<td>Chief Financial Officer</td>
<td>Delta</td>
<td>Delta 1</td>
<td>Procurement Manager</td>
</tr>
<tr>
<td></td>
<td>Alpha 2</td>
<td>Procurement Manager</td>
<td></td>
<td>Delta 2</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td></td>
<td>Alpha 3</td>
<td>Procurement Admin.</td>
<td>Echo</td>
<td>Echo 1</td>
<td>Proc. &amp; Legal Counsel Mgr.</td>
</tr>
<tr>
<td></td>
<td>Alpha 4</td>
<td>Business Unit user</td>
<td></td>
<td>Echo 2</td>
<td>Procurement Officer</td>
</tr>
<tr>
<td>Bravo</td>
<td>Bravo 1</td>
<td>Procurement Manager</td>
<td>Foxtrot</td>
<td>Foxtrot 1</td>
<td>Proc. &amp; Legal Counsel Mgr.</td>
</tr>
<tr>
<td></td>
<td>Bravo 2</td>
<td>Finance &amp; Strategy Mgr.</td>
<td></td>
<td>Foxtrot 2</td>
<td>Procurement Officer</td>
</tr>
<tr>
<td>Charlie</td>
<td>Charlie 1</td>
<td>Procurement Manager</td>
<td>Golf</td>
<td>Golf 1</td>
<td>Business Unit user</td>
</tr>
<tr>
<td></td>
<td>Charlie 2</td>
<td>Procurement Officer</td>
<td></td>
<td>Golf 2</td>
<td>Business Unit user</td>
</tr>
<tr>
<td></td>
<td>Charlie 3</td>
<td>Chief Financial Officer</td>
<td></td>
<td>Golf 3</td>
<td>Chief Financial Officer</td>
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<td></td>
<td>Charlie 4</td>
<td>Business Unit user</td>
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</tr>
</tbody>
</table>
5.2 Council Alpha – service, cost, simplicity: a one-stop-shop

The procurement department has become a ‘one stop shop’: it is the centre of procurement professionalism for council Alpha. This centralised professionalism metaphor is enabled by the re-intermediation of traditional tender to e-Tender through the adoption and assimilation of two tender management portals (TMP). Procurement in council alpha revolves around a centre-led structure to provide policy, applications, compliance vetting and training; in some cases even doing the tender when decentralisation to business level has not progressed. Some business units have developed the capability to undertake all procurement in a decentralised state, others are reluctant to venture far into a decentralised position. The intention is for all procurement to occur at a decentralised level, fully supported by the procurement department through a project management framework. The centralised, centre-led and decentralised metaphors are used as the delegation authority of the procurement process, in the words of the Alpha 3 (Chief Financial Officer) ‘we leave that – the how, to the procurement department ... from the executive point of view, the policy as well’. The enabling factor for delegation is the professionalism of the procurement department.

Procurement within Alpha is seen as a corporate function, but not a corporate strategy subject. The functional goal is compliance and procurement through tender with the cost a matter of market competition. The procurement process is governed through policy and procedures: in the words of the Alpha 3, ‘if all is good then tick – go to tender’ and the centre-led guidance steps into gear. Alpha 3 was questioned on the omission of procurement within corporate strategy and responded ‘(the executive is - sic) over 50, not electronic savvy .... look at the elected members and the executive group, I’d give 3 or 4 out of 10 for their IT competency ... embarrass themselves’. When asked what influenced the establishment of a procurement department in its current and proposed structure, Alpha 3 replied ‘I read, otherwise the guys get complacent, insulated, particularly read what the eastern states are doing’.

Council Alpha up to 2005 had a traditional tender process inclusive of a tender box for hard copy submissions. In the ensuing years partial re-intermediation occurred using the government owned and operated SA Tenders & Contracts (SAT&C) providing a limited application supported by traditional advertising. In the words of Alpha 2 (Procurement
and Contracts Administration Officer) who joined Alpha during the SAT&C period ‘we issued SA Tenders and they gave us the hard copy. So I guess you could call it a little bit electronic’. This interim post adoption and pre assimilation of e-Tender was supplemented by email as internet connectivity increased. In 2012, the Local Government Association Procurement (LGAP) section introduced the year of procurement with the purpose of building procurement awareness and introducing Vendor Panel as a TMP. LGAP were trialling Vendor Panel, sought pilot councils and Alpha volunteered. The pilot evolved into adoption, obtaining a licence, developing competency within the procurement department level and assimilation into practice. This is confirmed by Alpha 3 ‘council Alpha is now seen as the number one Vendor Panel operator in SA and is regularly referred and consulted by other councils’. This was validated by Alpha 1 who confirmed ‘Alpha 2 has basically mastered it. She would be the champion of SA in use and maintaining it’.

While a high degree of competence has been achieved with the TMP application, the wider e-Tender environment has no formal measurement. Considering the evaluation of overall procurement efficiency as relating to a measure of how the council’s TMP is utilised, the partial delegation of e-Tender to business units and the referral of council as a high level user within the wider council environment, is a positive indicator. Effectiveness refers to the extent to which customer satisfaction is achieved and the measure is indicated by Alpha 3 with the statement ‘haven’t got into trouble legally with ombudsman, ICAC and audit, as we go tick, tick, tick, tick’. Due to the lack of any form of data, anecdotal support becomes the only measure.

Contemporary e-Tender is conducted through SAT&C with little operability outside state government requirements and Vendor panel, described by Alpha 3 as ‘tailored specific (to council usage – sic)’. Unlike other states, the SA Local Government Act 1999 (SA LGAct) does not require an upper limit monetary value threshold for compulsory open tender, therefore the upper limit is a value self-determined by individual SA councils. Alpha has a threshold policy (Table 3) of greater than $100k requiring an open or public tender with lower thresholds self-determined to tender, quotation and credit card levels.
Table 3 - Council Alpha thresholds

<table>
<thead>
<tr>
<th>Thresholds</th>
<th>Tender/Quotation</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;$100k</td>
<td>Open tender</td>
</tr>
<tr>
<td>$20-$100k</td>
<td>Three quotations</td>
</tr>
<tr>
<td>$2k-$20k</td>
<td>Purchase from one quotation</td>
</tr>
<tr>
<td>Up to $2k</td>
<td>Council credit card</td>
</tr>
</tbody>
</table>

SAT&C uses a category product process requiring potential suppliers to register to one or more categories. Registering is not a form of qualification, it is solely a means for e-notification of tender relating to the general product category.

The unique characteristic of Vendor Panel is the pre-qualified panel process whereby panels relating to individual disciplines are established and potential suppliers pre-qualify by providing all compliance documents, history, a pricing structure and operating process into the Vendor Panel data base. Panels are an exclusive product to Vendor Panel and differ from categories (SAT&C and other commercial TMP companies). For example, categories operate for engineering as a whole and not specific disciplines within engineering, while Vendor Panel pre-qualified panels are established for the disciplines of engineering, for example structural engineers. These pre-qualified panels are administered by the procurement department with the ability to add or delete suppliers as explained by Alpha 1:

“After two months they automatically get a reminder, you're probably got insurances going to run out. You need to do something about it. If they don't do anything about it they are taken off, we put another one on then”.

Alpha 2's perspective of Vendor Panel is summed up by the following:

“Service, cost, simplicity. Simplicity. Everything we're looking at is a One Stop Shop. Whereas I think previously we would issue some quotes by email, some basic tenders. We're trying to get everyone to use Vendor Panel for everything so everything's all neat and tidy together. We've bought a licence ... for Vendor Panel because it maintains all our pre-qualified contractors all nice and tidy and we can put our own panels on there. So it saves a lot of a lot of time and maintaining them”.
In the decentralised process, a council Alpha business unit when searching for a supplier in a pre-qualified panel can select all or (optional) preferred suppliers to provide a submission in response to the specification. This is very cost effective to both council Alpha and the supplier as pre-qualification is a requirement to be active on a panel. In addition to council Alpha panels, the business unit also has access to other council panels (holders of a Vendor Panel licence) and the LGAP who also holds a Vendor Panel licence and establishes panels of regional suppliers. Suppliers who pre-qualify for one panel, on request by a licence holder are automatically registered when other councils or LGAP establish or update panels, thereby widening the potential supplier list. Commenting on the LGAP, Alpha 2 stated ‘we could use LGAP panels, we can use those free which we used to do and then we realised that we could do this ourselves’. The pre-qualified panel process is steadily rolling out across council Alpha with the assimilation benefits described by Alpha 4 as ‘I think Vendor Panel makes us all take a bit more ownership of the processes’. Business units who are not competent using a pre-qualified panel revert to the centralised procurement process to undertake the task.

Council Alpha is in a progressive assimilation stage of e-Tender through Vendor Panel where full assimilation could be adjudicated on usage of Vendor Panel applications. Responding to questions of performance measurement and use of Vendor Panel performance data, available free with their licence level, Alpha 1 stated:

“We don’t use that. We’ve looked at it but it’s very basic, Vendor Panel has another specific reporting module that we haven't bought”.

Another Vendor Panel application is evaluation and Alpha 1 comments:

“It's basic because it only allows one person to evaluate, we have our own evaluation tool outside Vendor Panel which is basically a spreadsheet where we can sit and it’s basically the same where we put it up on the screen and we’re in here with the evaluation panel and everybody agrees on a weighted score. We punch it into the spreadsheet. Some people do use the evaluation tool in Vendor Panel”.
Responding to a question on tender evaluation throughVendor Panel, Alpha 4 stated ‘we put together our evaluation criteria, yes, we can enter that into Vendor Panel’ and to the following question of using this application with all tenders, Alpha 4 stated ‘Yes, the ones that I’ve done’. The use of Vendor Panel evaluation is a step into full assimilation and strategic procurement. Summing up strategic procurement, Alpha 3 stated ‘....working collaboratively with the industry and your team to be able to get the best value for money’.

Both the council credit card and the panel process has participated in recent audits with the results in the words of the Alpha 1 ‘reported to council ... thought it was excellent’ and Alpha 3 ‘survived legal tests’. The audit experience has a relationship to compliance of the policy and procedures. The SA LGAct has limited exposure to procurement and the LGAP has no regulatory power: self-compliance to council Alpha’s procurement policy and procedures is the driving force within the procurement environment.

The cost of procurement for Alpha across operational and infrastructure spend for 2016/2017 year was 63% of income\(^\text{13}\). While 63% is a reasonable guide, the accuracy factor is distorted through income being a profit and loss item and infrastructure a balance sheet cash flow statement item. The indicator of 63% places the procurement process as an important element of the council structure, although it is not included in the council strategy. The question was asked relating to council Alpha strategy and discussion of the inclusion of tender and Alpha 3 responded ‘no discussion, no’.

Another form of procurement available to Alpha is shared services and/or aggregator of council volume into an open tender by LGAP as a commercial service and other commercial TMPs. These services are provided as commercial contracts requiring a commission expressed as a percentage of individual council volume. A recent successful example of a shared service was an energy tender for the collective of SA councils, although not all councils participated. An unsuccessful example of shared services by LGAP was a telecommunications tender awarded to a supplier with limited wireless coverage in country areas. Council Alpha being a fringe metropolitan and inner country

\(^{13}\text{This performance metric is referred as the tender spend/income ratio and is analysed in Chapters 6 & 7 and summarised as a finding in Chapter 8.}\)
council, declined participation due to a high level of wireless coverage requirement and remained with their current supplier. There is an espoused theory relating to shared services that volume creates value in the form of lower costs, a theory supported by Alpha 1 who stated ‘run an in-house tender it will cost maybe $20k or $30k’.

Council Alpha are positioning e-Tender through a TMP as an integrated process across all levels of procurement above $2k. The degree of assimilation varies across the council and while no compliance questions exist, the process could be considered effective.
5.2.1  Council Alpha Categories & Themes

A visual model of interviewees was developed from the interview data and drawn on butcher’s paper. From the visual model, individual categories and themes were developed, noted and consolidated into a council collective and provided below.

Table 4 - Council Alpha Categories & Themes

<table>
<thead>
<tr>
<th>Category</th>
<th>Theme</th>
</tr>
</thead>
</table>
| • BU manager undertakes higher level responsibilities  
• Procurement driving the co-ordination of process  
• Council staff positioned within the boundaries of their own authority  
• Procurement department both reliable and responsible | Council content with their knowledge – status quo |
| • Embracing e-Tender TMP as the contemporary tool  
• Searching for operational effectiveness  
• Do not want procurement as an influencing problem  
• Stick to tried and proven methods | Effectiveness equals compliance – the driver to avoid questions, where there is no data there is no questions |
| • Structure within the discussion of decentralisation/centre-led and role of individuals | Delegation of responsibility |
| • Level of contemporary strategy by executive and elected members  
• No recognition of procurement costs as 63% of income | Procurement does not fit hierarchical status |
| • Questions of competitiveness with continuous council requests for response | Small pool of suppliers – stay compliant therefore no need to look critically |
| • No allocation of direct/indirect costs to task – aggregators remove tender cost on payment of commission | Aggregation a safe solution – fits the (cliché) espoused strategy |
5.3 Council Bravo – Procurement doesn’t get the importance that it deserves

The procurement department answers to the Finance and Strategy executive (Bravo 2) who carries a strategic vision for procurement. Currently there is no procurement strategic plan. A content analysis search of the council web site using the terms procurement and tender discovered two council strategic plans (2017-18 Annual Business Plan and 2016-2026 Asset Management Plan) and 1 annual report (2016-17 Annual Report) mentioning these terms in general form. The implied detail from these reports is greater than the documented procurement process. The web site displays 89 policies, procedures and codes, one of which is the Procurement Governance Framework issued in May 2002 and reviewed in June 2016, a comprehensive document covering the statutory policy provisions.

Discussing procurement strategy Bravo 2 points to examples of councils having open space policies, financial strategies and rate strategies, but is ‘yet to meet other councils who have really thought of procurement strategy ... I don’t think procurement gets the importance it deserves and can be quite often forgotten’. The financial report for the year ending 30 June 2017 shows the tender spend/income ratio as 77% of total income. The procurement department is staffed by a twelve month ex industry procurement professional (Bravo 1) who in a post interview conversation relating to accounting standards, had no connection to the 77% of collective spend.

The Bravo policy for procurement according to Bravo 1 is ‘we are all bound by the procurement threshold matrix’ being the three levels of tender requirement: zero to $30k

14 The following extract is taken from the Procurement Governance Framework relating to tenders and contracts. Council’s Procurement Governance Framework ensures that all procurement activities are underpinned by the following key governance principles:
- Value for money
- Transparent and fair competition
- Ethical behaviour and probity
- Risk Management
- Financial responsibility
- Compliance with statutory obligations
- Social, economic and environmental sustainability.

15 These figures are from the 2016/2017 annual report being the only publicly available data. There may be inclusions/deductions in both the profit/loss and balance sheet data that is not visible in this level of report.
one quote, $30k to $100k three RFQ, RFI or RFT\textsuperscript{16} and greater than $100k open tender. The structure is decentralisation to all business units without procurement involvement for the zero to $30k threshold and centre-led procurement for greater than $30k thresholds. Bravo 2 understands within a decentralised model there is ‘very minimal segregation of duties’. The risk level in the zero to $30k threshold is considered low and acceptable, ‘you know someone requiring a service would request for three quotes and then assess whichever one is the best value for money and go ahead with that’. This is process is explained by Bravo 1 as ‘the individual departments have the right to seek quotations’. The control of zero to $30k threshold is maintained, as detailed by Bravo 2:

> “However on the other side finance do all the approvals, the paper trails. And one of my responsibilities when I look through the payment (...inaudible) is to check the purchase orders and the invoices and I do make sure we got value for money or whether you know it seems reasonable etc.”.

Commenting on the centre-led above $30k threshold, Bravo 2 stated:

> “So with the Centre led model that we have now, it’s very clear lines of responsibility, you know that a lot of the fraud, or avenues of fraud can come out of procurement. So we make sure that we have those clear lines of responsibilities and we have clear internal controls to make sure that that does not occur”.

The compliance aspect is the mandatory involvement of the procurement department for all tenders above $30k and availability for assistance below this threshold. Discussing any pressure from external influences leading to the matrix structure of tender and the compliance requirements, Bravo 2 commented: ‘I’m not aware of any external influence coming onto council, no and I’d say more of a drive internally’ and to the question of the Local Government Association Procurement section (LGAP) influence commented, ‘no not really. I mean we work closely with the LGAP group but there’s really no pressure as such imposed from the LGAP’.

Within Bravo, some strategic procurement actions are in consideration. For example, expanding decentralisation as a strategy through threshold change has been considered

\textsuperscript{16} Request for Quotation (RFQ), Request for Information (RFI) and Request for Tender (RFT)
and placed on hold for the reason as stated by Bravo 2 ‘the procurement function in Bravo was still not as mature as we would like it to be’. Another recent strategic action was introduction of category management as described by Bravo 1 ‘to be able to look at the purchase orders we raise and distinguish them by category so we can get some meaningful data going forward’. Another strategic commercial influence is the introduction of negotiation into the evaluation stage where the procurement department becomes, according to the Bravo 1 ‘the focal point, at the centre of focus ... go through possible negotiation’. Bravo 2 sees negotiation as a normal procurement process ‘I'm pretty happy with the way we are set up and you know the way we add value to the business and the way we negotiate’. The intended strategic procurement model is one of business partnering, explained by Bravo 2 as:

“I think the centre led model works really well for them because it's more like a business partnering model. So we work with them. We help them negotiate. We help them find the right suppliers. It's positive. And you know the take up is quite constructive”.

While the ‘how’ of procurement is managed by Bravo 1 and strategy by Bravo 2, the overall process is held back by not having any form of analytic data and reporting, as stated by Bravo 2 ‘I think the one gap we do have is the data and reporting’. On reporting Bravo 2 states ‘our reporting from Vendor Panel is quite minimal’. In relation to the financial management system, Bravo 2 comments:

“We've just put in a category field within our accounting system software, so hopefully from next year or this financial year we will be reporting on categories, contracts. At the moment we don't do any reporting as such”.

Bravo 2 understands reporting as crucial to elevating procurement to executive strategic level:

“If you can show how we manage categories or the amount of spend, because at the moment there is no concept ... nor real concept of what those volumes look like. As soon as we can put some numbers to the reporting I think it automatically becomes important”.
While Bravo 2 is endeavouring to implement change at executive level, Bravo 1 understands it is a slow process across the business units ‘it’s baby steps here’. Closing the discussion about procurement strategy, Bravo 2 stated:

“You have to sell that concept. You have to sell that procurement needs a strategy it’s not just a function that just sits inside and you know fills up paperwork”.

Vendor Panel is used as a pre-qualified panel application primarily within the $30k to $100K threshold and SAT&C is an open tender application using industry categories. Bravo 2 was asked who within council Bravo uses Vendor Panel and commented ‘assets and depot use Vendor Panel. No other department will know that it’s even in existence’. This raises an assimilation question of e-Tender, a question partly explained by Bravo 2 as ‘I would say 90 percent electronic. We still have the odd bits and bobs where people come and submit the tender downstairs’ (the physical tender box- sic).

Discussing Vendor Panel pre-qualified panel process, Bravo 1 stated ‘Google is a good friend if we are really struggling’ (to find panel suppliers – sic). Bravo 1 while admitting to being ‘rusty’ on Vendor Panel and describing it as ‘clunky’ and relating back to industry experience where commercial TMPs use a category process rather than the Vendor Panel defined discipline or skill panel systems, commented on an alternative ‘can be done outside of Vendor Panel, I like to think it can’ and then provides support for the pre-qualified panel system ‘however we don’t get access to the other panels .... and that could be worth 10 grand in itself’ (the annual licence fee – sic). Vendor Panel also includes an application for tender evaluation and Bravo 1 when asked if this application is used, stated ‘no – we do it ourselves ... no we haven’t used it and that is a bit historical’ and to the question relating to how evaluation occurs, Bravo 1 responded ‘it’s an Excel spreadsheet’. Both panels and evaluation are opportunities for the procurement department to move e- Tender to a higher level of assimilation.

The South Australian Local Government Act 1999 (Act) has no specified level of compulsorily tender as with other state Acts. This is a legislative position misunderstood by Bravo 1 who stated ‘advertised as per the LGA requirements\[17\], we are bound to place it

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\[17\] The Local Government Act 1999 of South Australia does not require advertising of tenders
through the open process which is Tenders SA’ (SAT&C - sic) and later repeated this position ‘...we are bound under the Local Government Act that we must utilise Tenders SA’. The Bravo procurement policy and procedures for greater than $100k threshold requires an open tender, usually occurring through SAT&C who use e-Notification to registered potential suppliers. This is a process that does not sit comfortably with Bravo where a recent example showing recorded downloads of 20 resulting in 2 only responses as it does not meet the procurement governance framework which indicates three quotations/tenderers required. Although Bravo 1’s industry experience includes select tendering ‘...past experience, market intelligence, as simple as going to Google and saying well who provides this particular goods and services or capital equipment’ and goes on to say ‘I mean I’ve done it in my previous lives, you’ve got to select suppliers’, expanding the scope through other council or LGAP panels for appropriate suppliers does not appear an option. The Vendor Panel pre-qualified panel process is well established and Bravo 2 sees ‘as a supplier you have to be there, you have to be pro-active and if you want the business you have to be in touch with this mechanism portal’.

Bravo uses the shared services of the LGAP and is pro-active to seeking commercial aggregation opportunities as Bravo 2 states ‘... we tap into Procurement Australia ... we do look outside, we tap into Council Solutions ... even look interstate’. Commercial aggregators and LGAP shared services receive commission on contracts up to 2% of invoice. Currently council Bravo is participating in LGAP shared service contracts relating to energy, printers & devices, stationery and telecommunications. Discussing energy and shared services by LGAP, Bravo 2 stated ‘we wouldn’t get the terms which would match theirs’. Although Bravo may provide volume to the LGAP shared services and commercial aggregators to collate pre tender, Bravo does not contract until a full evaluation of the selected supplier occurs, in the words of Bravo 2 ‘if it doesn’t commercially seem viable to us then we do have the option to not be going with them’. The ability to opt in or out may appear as awkward to both the LGAP and commercial aggregator and the potential supplier (who quotes on a volume but the volume may not eventuate): the risk factor to Bravo contracting before a confirmed cost is known is a breach of the council procurement governance framework.
Bravo has a self-defined procurement process without any external influence, a process driven by Bravo 2 who has a strong understanding of strategy and how this can be applied to procurement. Procurement and the monetary value of tender spend is not yet in the vision of the executive: they are firmly positioned in the mind of Bravo 2. Bravo 1 is transitioning from industry to council methodology. The capacity of council Bravo to implement strategic procurement may challenge the intention of Bravo 2’s vision.
5.3.1 Council Bravo categories & themes

A visual model of interviewees was developed from the interview data and drawn on butcher’s paper. From the visual model, individual categories and themes were developed, noted and consolidated into a council collective and provided below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>• A strategic vision for procurement is not sufficient to engage executive positioning</td>
<td></td>
</tr>
<tr>
<td>• Doubtful of executive buy in to what is perceived as an administrative function</td>
<td>Procurement not positioned within hierarchical status</td>
</tr>
<tr>
<td>• The shortcoming in structure and process are recognised</td>
<td>Fragmented responsibility within council – appears to have no desire to look at spend and who is responsible</td>
</tr>
<tr>
<td>• Transformational delegation other than operations is very difficult to achieve</td>
<td></td>
</tr>
<tr>
<td>• The procurement department is not compliance driven, it sits in a status quo position</td>
<td></td>
</tr>
<tr>
<td>• Individual steps are too difficult without executive support and influence from the wider council industry</td>
<td>Appears to accept that while procurement works, it is an industry problem which alleviates any responsibility while accepting – it is what it is</td>
</tr>
<tr>
<td>• Procurement department has no connection to financial reporting and therefore council strategy</td>
<td></td>
</tr>
<tr>
<td>• Commercial orientation is clouding the council way of doing things</td>
<td>No obvious desire or ambition – personal responsibility does not appear to be in question – so no incentives to tackle $ outcomes</td>
</tr>
<tr>
<td>• Council seem to accept they will have infrastructure or garbage collection – we get 3 quotes through process, so all is ok – what are the council issues which need attention – because procurement spend of 77% of income is ok</td>
<td>Quietly ignored cloud, not threatening because it is legitimate, no need to act</td>
</tr>
</tbody>
</table>
5.4 Council Charlie – Just need to understand their higher level responsibilities

Charlie is one of the larger councils in South Australia and has in place a strong community strategy titled Vision of the City. An annual report on community directed topics is produced and available through the web site. A point of interest in the 2016-2017 annual report is a mention of procurement and the direction to procure locally as a new policy: a requirement of the original SA Local Government Act 1999. The current community conversation within Charlie is the potential for reduction in community services and infrastructure through the proposed rate capping leading to the question of affordability of infrastructure impacting the low socio economic position of the geographic area of Charlie.

The council procurement function inclusive of operational and capital expenditure is 63.7% of annual income\(^{18}\). The executive level financial accountability for procurement rests within the Chief Financial Officer (Charlie 3) with the procurement department positioned two levels below finance. The budget for the procurement department sits at a resource level only or as the new procurement manager Charlie 1 puts it ‘we don’t have any forward proactive forecasting, that’s missing’. Charlie 3 sees the procurement department as ‘dysfunctional’. The Charlie 1, three months into the role comments on procurement strategy, ‘there’s no strategy, there's no - they don't offer the business that next step’.

Charlie in its current form was born some 20 years ago through the amalgamation of three smaller councils in a geographic zone defined as a developing area. The internal structure and systems of Charlie is described by Charlie 3 as ‘clunky and solid’ and ‘complexity that is not needed’ through no investment in the ‘back end’ business, a strategy now under consideration for change with a proposed investment into an ERP system. Charlie 3 commenting on the chart of account structure, ‘just isn’t able to analyse data

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\(^{18}\) This is a figure derived from adding the profit and loss expense line of Materials, contracts and other to the balance sheet expense lines of Expenditure on Renewal/Replacement of Assets and Expenditure on New/Upgraded Assets then expressing these expense lines as a percentage of total income. These figures were taken from the 2016-2017 Financial Reports, available on Charlie’s web site.
appropriately’. Describing the current two pronged, community and council process, Charlie 3 states:

“We have a community plan which is a strategic document, now by definition that community plan is a vision for our city. It’s not a vision of this organisation. We don’t have a corporate strategy in this organisation, now that’s crazy to me because this from, this community plan is so nebulous”.

Council Charlie has a tender threshold of greater than $200k requiring an open tender, self-determined as the South Australia the Local Government Act 1999 (SAAct) does not have an open tender threshold. The Charlie web site has a document named Procurement Policy, a public document and a compliance requirement, where thresholds are not mentioned. The immediate previous procurement manager (Charlie 2), an engineer with 30 years Charlie experience, when asked about thresholds commented:

“They’re in an internal procedure, internal control procedure called the methods of, methods of purchasing. And we did that deliberately because a Council policy requires Council approval’.

Charlie 3 was asked if he was aware of this internal control procedure and stated ‘well I can tell you now I’m unaware’. A Charlie business unit manager and extensive user of tender (Charlie 4) was asked if he was aware of the internal control procedure and stated ‘No’. The executive level are fully aware of the $200k threshold as Charlie 3 states ‘200 is not a bad number … that’s a tolerable, a moderate level of risk. But as to whether we’re achieving the best procurement outcomes with that I don’t think that we know.

The overall Charlie structure is decentralised across all corporate activities or business units including the procurement department. The problem for Charlie 3 in relation to the procurement department is the support and training for a decentralised model has not occurred and therefore ‘we are going to bring it back in, centralise it and put the right support mechanisms behind it’.
The strategic change for the procurement department is a re-structure to a centralised model with an intention of clear policy and process leading to a ‘partnering’ with the business units to become more highly valued. While the vision and strategy of collaboration and local procurement is positioned within a higher level of council Charlie, the procurement department operations appear centred around the historical actions of tender in an uncoordinated environment. The adoption process of Vendor Panel as the TMP progressed from the LGAP year of procurement in 2012 where council Charlie used LGAP pre-qualified panels and from 2014 shared usage of pre-qualified panels with Council Solutions19, paying a fee up to 2% of invoice value to both organisations, while continuing the decentralised three quotes process independent of a TMP. The reasoning for eventual adoption of Vendor Panel was provided by Charlie2, ‘we’ve actually had it in place, it's roughly the beginning of (the – sic) year. It provides a complete record of what happened so we’re able to defend ourselves against external scrutiny’.

A determination of the assimilation effectiveness measurement of Vendor Panel by Charlie 2 was ‘fairly close to being able to buy everything through Vendor Panel’. This reference related to the $20k to $200k threshold including operational expense and infrastructure maintenance/renewal. Open tender occurs through SAT&C and the use of categories. A third level threshold being the zero to $20k is decentralised to business units where one quote appears as the accepted practice although purchase orders are raised within the procurement department. The purchase order system is explained by Charlie 1:

“I have a team of five people, three of them in the procurement area and two of them in purchasing, the whole process side of purchase orders. I found when I got here they are not procurement specialists at all. They are highly paid individuals who are picking up the top piece of paper on their desk and doing something with it”.

The substantial collaboration strategy of Charlie through the commercial aggregator Council Solutions is now in question due to the ACCC20 issuing letters regarding the impact

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19 Council Solutions is a commercial aggregator and prescribed under the SAAct, established by six councils in SA including council Charlie.

20 The Australian Competition and Consumer Commission (ACCC) is an independent Commonwealth statutory authority whose role is to enforce the Competition and Consumer Act 2010 and a range of
of aggregation on market forces as uncompetitive. Charlie has available and nominated three in particular shared service or commercial aggregator facilitators: LGAP, Council Solutions and Procurement Australia, all operating on a commercial basis through payment of a commission (or fee) up to 2% on the total value of invoices (in addition to the fee paid for pre-qualified panels). ‘We pay a fee for every category, so it’s a fee on our spend’. The payment of a commission raises a question of value, a question council Charlie is not able to answer due to no measure of procurement activity, spend analysis or allocation of direct or indirect costs to individual actions of procurement. The validity and reconciliation of this 2% process in unknown.

The current position with major commodities, for example energy and telecommunications have now been market tested through the LGAP. LGAP and Council Solutions are competitors for council volume of procurement spend. Charlie pays a membership fee to the LGA (principal advocacy association for all councils) and is a shareholder of Council Solutions with a management fee contribution required to maintain viability. This creates a dilemma when LGAP and Council Solutions tender the same commodity, therefore requiring a decision from Charlie which may include a third option of remaining with a current supplier in a new contract. Charlie 1 sees this as ‘we’ve got our finger in all these pies and so why are we doing what we do’? Charlie has recently opted out of two significant agreements, the impact of which is explained by Charlie 1 ‘there’s some angst then because if Charlie is out, we take our volume out and our volume is what helps the other smaller councils derive some benefit’. Charlie 1 is exercising commercial thinking of value for Charlie ‘at the end of a contract we make decisions at the time’. This is contradictory to Charlie 2 who explains the LGAP/Council Solutions position as ‘often be in the same market at the same time, who are we actually going to go with? We’ll probably go with Council Solutions. We pay a handsome fee to be a member of that body’.

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additional legislation, promoting competition, fair trading and regulating national infrastructure for the benefit of all Australians.
The council Charlie strategy for partnering in Council Solutions is unknown and a council Charlie non-procurement director has been appointed to the Council Solutions board. Charlie 4 a business unit user, understood the tacit direction of responsibility for contracts to be delegated to Council Solutions even though the service was considered as unsatisfactory, ‘I didn’t think we were getting good service from Council Solutions’ and ‘we’ve demanded Council Solutions hold regular meetings because that’s something they are terrible at’.

The procurement structure is in a state of flux, unsure of positioning and how it can partner with the business units as a decentralised, centre-led, centralised or outsourced environment. This structure does not account for the less than base level threshold (under $20k spend where one only quotation is required and a purchase order is issued) being the threshold where the largest volume of transactions occurs for the lowest monetary value of the three thresholds. A procurement policy exists to enable compliance to the Act and has no operational guidance. Operational guidance occurs through historical perspectives, regardless of accuracy or adding value. These historical perspectives form the theory in use and status quo.

The contradiction to the status quo is provided by Charlie 4 who responds to delegation requirements to Council Solutions, openly uses the procurement department for consultation and service delivery, while simultaneously using the business units own established pre-qualified panels for RFT/RFQ. This is not the only enlightening position, Charlie 4 has moved into an exclusive realm of full assimilation of Vendor Panel’s evaluation process including modification through use of the business units own weightings.

Charlie is in the process of assimilation of the e-Tender TMP Vendor Panel and has assimilated SAT&C for open tender. It must be noted SAT&C has very minimal functionality. The use of Vendor Panel pre-qualified panels across Charlie’s business units, Council Solutions and LGAP is a developing process. The unresolved strategy in relation to Council Solutions and to a lesser degree LGAP is a barrier to full assimilation. Pre-qualified

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21 Council Solutions provides a legal structure to the G6 Procurement Group formed in 1994 and renamed in 2012. No data or interviewee knowledge on G6/Council Solutions exists prior to adoption of Vendor Panel in 2014.
panels are only one aspect of Vendor Panel, two other applications being data availability for performance measurement and evaluation have no and little take up respectively.

Charlie 1 and 3 are both aware of the dysfunctional procurement department and the procurement process across council Charlie. The corporate strategy sits in isolation from the operations. The 63.7% of income in procurement spend positions procurement as an important cost action of council Charlie, an action that warrants positioning in the hierarchical structure and close attention to integration across the business units. Compliance to the SAAct has minimal limitations, therefore providing Charlie with flexibility and opportunity to fully assimilate e-Tender through a TMP and simplify the matching between buyer and seller. Charlie 3s vision for the procurement department is to provide business partnering across all business units, ‘I don’t think that everybody in the council needs to be a procurement specialist. They just need to understand their high level responsibilities’. 
5.4.1 **Council Charlie categories & themes**

A visual model of interviewees was developed from the interview data and drawn on butcher’s paper. From the visual model, individual categories and themes were developed, noted and consolidated into a council collective and provided below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front end thinking (Community) – no relation to back end process</td>
<td>Business strategy not inclusive of procurement</td>
</tr>
<tr>
<td>Online reporting compliance thereby limiting access to critical material</td>
<td></td>
</tr>
<tr>
<td>Level of authority in procurement is the individual</td>
<td>Procurement lack of hierarchical status</td>
</tr>
<tr>
<td>Decentralisation is status quo until probity issue arises</td>
<td></td>
</tr>
<tr>
<td>Quasi director at council solutions</td>
<td></td>
</tr>
<tr>
<td>Loss of control when function handed to 3rd party</td>
<td></td>
</tr>
<tr>
<td>Working in traditional nucleus of responsibility: not participating in overcoming dysfunctionality</td>
<td>No penalty for non-performance</td>
</tr>
<tr>
<td>Full trust placed in the person</td>
<td></td>
</tr>
<tr>
<td>Theory in use is the stated position - unquestioned</td>
<td></td>
</tr>
<tr>
<td>Lack of analysis for alternatives</td>
<td>Status quo</td>
</tr>
<tr>
<td>Direction and policy unexplained</td>
<td></td>
</tr>
<tr>
<td>Historical issues are not addressed</td>
<td></td>
</tr>
<tr>
<td>No system to enable any form of spend analysis</td>
<td>No performance measurement</td>
</tr>
<tr>
<td>No ability or drive to undertake analysis</td>
<td></td>
</tr>
<tr>
<td>LGAP &amp; CS recognised as authority</td>
<td>Follow the leader</td>
</tr>
<tr>
<td>LGAP &amp; CS alleged marketing and procurement expertise</td>
<td></td>
</tr>
<tr>
<td>Procurement append accounts for 67% of income</td>
<td>Procurement not seen to value add</td>
</tr>
<tr>
<td>Receives no focus as a functional responsibility</td>
<td></td>
</tr>
<tr>
<td>An administrative function</td>
<td></td>
</tr>
</tbody>
</table>
5.5 Council Delta - No knitted strategy: it is about throwing bits at it to see what happens

Council Delta is a $540m council, a big business, one of the larger councils in the state. In the words of the immediate past procurement manager (Delta 1) who has held this position for three years, ‘the current model does not work, it’s been broken’. This is evidenced by the appointment of consultants to review the procurement shared services aspect or collaboration with other councils. The executive accountability for procurement rests with the Chief Financial Officer (Delta 2), newly appointed and in the role for one day. This was an internal promotion with procurement transferring with Delta 2 from the previous sub finance role including procurement accountability. Commenting on the structure of procurement, Delta 2 states ‘sort of centralised or decentralised or a centre-led and I think at the moment we sort of landed on that terminology of centre-led but we’re still sort of working through it’. The new procurement manager is a management account (not interviewed). Delta has a collective procurement spend of 54%\(^\text{22}\) of overall income, suggesting transformation could be a critical strategy.

Two interviews were undertaken with both Delta 1 and Delta 2, both having a distinct difference in outlook. Delta 1 through extensive experience in risk related disciplines in government and industry environments outlook was financial structure, control of probity, singular outlook to TMP usage, over-riding view of technology as the answer to operational problems and strong understanding of the difference between operations and capital expenditure. The problem for the Delta 1 was drawing the disparate business units, technology and process into a cohesive internal interrelatedness. Delta 2 as could be expected, was very finance orientated. Delta 2’s conversation commenced with statements in relation to policy and ‘process married to statutes’, meaning the Victorian

\(^{22}\) The data was obtained from the 2016/2017 Financial Report published on the council web site. The figure is derived from adding the profit and loss expense line Materials and Services and the balance sheet cash flow allocations of Payments for Property, Infrastructure, Plant and Equipment and expressing these as a percentage of income. This is an indicator only figure as factors such as grants/donations affect income and the expense data is dependent on allocation. A more accurate figure can only be obtained through financial analysis with access to all financial accounts.
Local Government Act 1989 (VicAct)\textsuperscript{23}. The Act in relation to tender and procurement is insubstantial in detail outside the reference to $100k threshold for tender, amended in 2008 under executive order to $150k for services and $200k for works, without definition of service or works. Council Delta on their website state $250 for works. Delta 2 is positioned around ‘governance, issues for public funds’ with the expectation of alignment to tender performance being ‘on time, on budget type scenario’. Both Delta 1 and Delta 2 have limited operational procurement knowledge and were unable to be drawn on operational aspects. The missing element with both these conversations was efficiency and effectiveness of the procurement process.

The structure of the procurement department appears as one of the major blocking positions. Delta 1 sees structure as ‘not being big enough to be its own department’. Delta 2 is endeavouring to determine the structure through questions of ‘where is the policy and principles driven by vs enabling the organisation to get on with business ... the business has got to run’.

Delta 2 sees the procurement expectation of the executive is changing ‘having a procurement set of resources that enable the delivery of that program’. This is what Delta 2 sees as a ‘process element and then there’s a strategic element of procurement and more and more the focus is on how you drive that strategic element’.

Delta 1 has a different view on this process and strategic element of procurement with the process evolving around funding of procurement staff, ‘drastically underfunded’ to support the ‘largest capital works program ever experienced in local government in Victoria’.

The process and strategic questions lead to financial accountability and the relationship between operations expenditure shown as a profit and loss expense and capital expenditure accounted as an asset in the balance sheet. In Delta 2’s vision, this is the difference between expenditure and planning, or in the Delta 1’s vision, infrastructure spending being fully financed compared to the tight budgets of operational spend. Direct and indirect costing is not seen to be a priority with Delta 2 who has continuous

\textsuperscript{23} The Local Government Act 1989 (inclusive of amendments) is extensive statutes covering the activities of council, including extensive financial management and limited direction on tender and procurement. The Act requires open tender over the $100k threshold.
government experience and sees the ‘sector’ as the influential factor aligned to process not opportunities.

Council Delta’s guidance for tender is the procurement policy, consisting of 40 pages and the residing question is the value of support such a comprehensive document of this size can add to operations. Delta 1 describes the contents, ‘this organisation, its policy and framework is one. So it doesn't break up the contract management or the tendering or the actual purchasing itself or procurement it's all in one ... it may have been reasonable seven or eight years ago’ (pre re-intermediation of e-Tender sic).

The council Delta threshold framework for tender has a variety of actions and values: zero to $5k is a verbal quote, $5k to $20k is two written quotes, $20k to $50k is three written quotes and $50k to $150K is an RFT. Over $150k is three written quotes from an RFT and over $1.0m for infrastructure there is a requirement for national advertising. Delta 1’s major concern is the zero to $5k threshold where total monetary value is small with the largest volume of transactions, where a verbal quote is sufficient, ‘what do you have to show any evidence? I’ve been really quite worried about that’. Delta 1 views this concern as an escalation to higher values where verbal quotes are obtained on multiples of lesser time frames (to overcome threshold requirements – sic), where three quotes are quite defined. The intention of the policy is provision of a support mechanism. The actual role of the procurement department is not established within the policy. The operations are delegated to the business units, therefore by deduction a decentralised process, the policy is produced in a centralised process, representing some form of transitional object.

From a pure tender operations perspective, the business units decide the method of tender, an RFT, EOI or an RFQ24, the decision determinant as stated by Delta 2 ‘so really at this stage is up to the lines of business’. Council Delta uses a commercial TMP TenderLink, an industry TMP, established for membership payments by industry to access categories of tenders at a national or state level. Tenderlink is not a council orientated TMP and has no panel applications and specialises in open tender. TenderLink is not the only TMP used: Procurement Australia is an commercial aggregator of volume for tender cost savings and

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24 Request for Tender (RFT), Expression of Interest (EOI) and Request for Quotation (RFQ) are all actions of tender mentioned in the Act.
provides some panel processes (not specifically for councils), also the Municipal Association of Victoria (MAV) and ‘the construction register’ (Victoria State Government 2018). Delta 1 explains the position with panel operations:

“We don’t have enough panels by the way. We don’t have enough for that larger conversation. If we don’t run it off from panels it is just out to the market hoping for the best. Sometimes we know what we’ve got on our vendor list. Sometimes we don’t. Hence we have way too many vendors. But yes that’s how we do it at the moment. It’s not good”.

To questions relating to TenderLink and panel operations, Delta 2 commented, ‘(its – sic) the program for this year and I don’t know enough about it to comment’. Council Delta’s procurement environment problem is only shared, not originated by TenderLink; the responsibility sits with Delta to effectively manage the procurement process.

Council Delta currently uses two commercial aggregators of collective procurement spend on commodity type products, Procurement Australia and MAV, as opportunity providers for leveraged price value. The theory of shared services or aggregation leads to a deductive process of high volume leads to beneficial cost values. Council Delta due to its size has large commodity volume which leads Delta 1 to comment on the shared service or aggregator process:

“So we really have different contracts with different providers, makes sense, economy of scale’s there with some of this and it's done for us, in saying that sometimes you have a good look at it and go that's not as good as what we could probably get locally. So we do have to be fairly discerning. But with a team of this size sometimes you have to take what you get”.

Delta 2 takes consolidation of volume to include both internal and external:

“Look I think initially you know what sort of collaborative procurement, what are the opportunities for councils to leverage off volumes that would
be a primary consideration, even internally? I’m not sure you need to look at the database in terms of how many contracts we actually have for similar activities and whether consolidation and repackaging of some of that. It’s also looking at the contract terms and conditions. Have we leveraged it in terms of the negotiation or is it just been sort of historical”.

Consultants have been engaged to look for opportunities of shared service or aggregator procurement. Delta 1 comments on the consultancy direction ‘I actually get a bit irritated at that because I would have loved to have the opportunity to propose options’. Delta 1 hangs onto the compliance flag with comments about the capability of the consultants, ‘I don’t think it will work because they’re not going to be clear about the dos and don’ts from a legislative perspective’.

The Act’s purpose is to establish a legislative scheme that supports Local Government and section 186 and 186A refers to tender and procurement. No definitions of tender and procurement are provided in the Act.

Council Delta have a range of legacy technologies discussed during both interviews as inclusive applications in procurement and the tender process.

i. E-Tender through TenderLink – open tender application only without panels ‘...TenderLink ... its really quite crappy arrangement in my opinion, particularly now that we have a contract management system which has virtually I would say 65 percent may 70 percent of an e-Procurement system’

ii. ‘Procurement templates (tender documentation) on the internet’.

iii. Objective Records Management System – hold procurement templates (not a TMP).

iv. Email - Verbal tender.

v. Contract Management System Open Windows – has a TMP application which is unused and is about to be rolled out for the second time. ‘...the first rollout was very poor, wasn’t managed well’.

vi. Tech 1 Financial system – no integration of legacy systems.

vii. Microsoft XLS spreadsheet – for contracts.

viii. An ERP system in adoption procedure.

To sum up the use of legacy applications, Delta 1 comments, ‘the central point of truth goes out the window if you have to use one or more than one system’.
The tender spend/income ratio has no impact. The missing link is business partnering. Council Delta’s procurement department is constrained by conflicting visions of the new accountable executive and the immediate departed procurement manager. Both have global visions: a financial vision aligned to community and the executive level budgetary consideration for delivery of community services and a technology vision sourced through influential referral. The barrier to effective e-Tender is the inability of council Delta to prescribe an operational tender process and deliver e-Tender assimilation.
5.5.1 Council Delta Categories & Themes

A visual model of interviewees was developed from the interview data and drawn on butcher’s paper. From the visual model, individual categories and themes were developed, noted and consolidated into a council collective and provided below.

Table 7 - Council Delta Categories & Themes

<table>
<thead>
<tr>
<th>Category</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Change the ineffective TMP to a known council specialist</td>
<td>Focus on compliance and risk: fulfilling roles from a containment perspective</td>
</tr>
<tr>
<td>• Reliance on external thinking for new direction</td>
<td></td>
</tr>
<tr>
<td>• Current model not working</td>
<td></td>
</tr>
<tr>
<td>• Historical process used to manage risk</td>
<td></td>
</tr>
<tr>
<td>• Little understanding of the operational perspective</td>
<td></td>
</tr>
<tr>
<td>• Caution about community finance leading to a compliance direction</td>
<td></td>
</tr>
<tr>
<td>• Appointment of a management accountant as the manager of procurement</td>
<td>Procurement not recognised as an essential element within council hierarchy</td>
</tr>
<tr>
<td>• Procurement department poorly funded and not considered worthwhile</td>
<td></td>
</tr>
<tr>
<td>• Living within compliance and risk has divorced management from operations</td>
<td>Consultants and neighbouring councils the vision to massage process into a procurement perspective</td>
</tr>
</tbody>
</table>
5.6  Council Echo – No penalty with community money

Council Echo is steeped in compliance and tradition, the Chief Executive Officer (CEO) is advocating a decentralised electronic procurement model while enforcing a historical practice of tender close at 2.00pm Wednesdays. In the words of the procurement administrative officer (Echo 2) ‘if we go outside that the CEO has to sign it off as an exemption, don’t ask me why, I have no idea’.

The head of procurement (Echo 1) is a practicing solicitor, the legal counsel of council Echo with a title Corporate Counsel Procurement Advisor. The role covers governance, administration law, litigation and ‘I know a little about procurement from a legal point of view, contracts and tender conditions’. Echo 2, a procurement professional with extensive commercial experience, completes the team of two. The direction from the executive is a decentralised and electronic procurement process. Echo 1 was asked what the executive would say about procurement effectiveness, ‘they would see it as very effective’. This response was predicated on the basis there are no probity issues, therefore there is no problem. The same effectiveness question was posed to Echo 2, ‘they would not have a clue’.

The procurement department is torn between two worlds: the compliance implications of Echo 1 supported by the professional procurement position of Echo 2 with the business units seemingly unable to comprehend a decentralised electronic procurement structure, as stated by Echo 1 ‘fully electronic ... (can mean – sic) ... email and 50% of tenders are conducted that way’. The compliance process requires a comprehensive internal document flow consisting of a matrix and assorted approval and evaluation papers to cover every aspect of potential procurement: ticking the boxes requiring varied levels of compliance. The compliance requirements appear not to be a control mechanism, as procurement is driven at a project level by the subject matter experts within business units. Only recently has a process been implemented requiring sign-off by a general manager and in response to a question about past authority to proceed to tender, Echo 2 stated ‘definitely times they (general managers sic) would not know they were going to market’.
Council Echo uses Tender Search as their TMP, an industrial application where e-Notification of open tender to industrial category membership is the principal activity. Asked why council decided to use Tender Search as their TMP, Echo 1 stated ‘I try and go with the locals and I try and team up and partner with them to build their business at the same time’. Tender Search does not provide pre-qualified panel applications and when asked the reasoning for not using panels Echo 2 commented ‘one answer might be transparency and probity, its put out there (open tender – sic) to anyone who wishes to respond rather than council only dealing with preferred suppliers’.

Echo 2 was asked if not using pre-qualified panels was a policy and replied ‘I don’t think they have given it a lot of thought’ and to the question of experience with pre-qualified panel operations, ‘no, not really, prior to local government if we were going into a new market we would use business research reports, particularly for low cost country sourcing’. Echo 2’s previous position after leaving industry was with a neighbouring council who also did not use pre-qualified panels.

The executive direction of decentralised procurement originated in 2011 and after two failed attempts of full decentralised transformation, the executive has again directed a decentralised strategy. This third attempt has not been successful, what Echo 1 and Echo 2 call: resistance, need to cajole people, no volunteers and no political support at the business units. The business units prepare the matrix, specification, pass to procurement for compliance and proficiency review and loading into the TMP: thereafter the business unit takes full responsibility. The reason for the central procurement department involvement, in the words of Echo 2 ‘invariably there are inconsistencies, format mistakes, pretty sloppy stuff’. A centre-led structure is the preferred model to Echo 1 and Echo 2 and when asked why they are continuing with the decentralised roll out, Echo 1 stated ‘the decentralised model will not work in this environment, ever, so why would you say that I’m going to roll it out, because I am going to order’. Asked to explain this position, Echo 1 stated:

“No, it will never ever (work - sic) and I’ll explain what I mean by that because there are reasons for it. I know I’m rolling it out because I think it’s the only way we’re going to get change and it’s the only way that we’re going to get close to becoming a centre-led model. The CEO is attracted to
the lack of resourcing, it's very attractive. I get that. I understand that.
Echo 2 (name replaced – sic) and I have continually overstepped the mark
and operated as a centre-led model because she's a professional, I'm a
professional. We see great risk in the decentralised model. We see great
failures that have occurred and we would prefer not to have those failures
and we would prefer to protect the organisation. But over the years we
both realised that it's now time. We can't change the model, we were
hoping to change the model over those years. The model is the model. It's
not going to change. So the only choice we have is to roll it out now,
knowingly rolling it out and saying well it's going to fail at some point. It
has to happen that way to get change to occur”.

Asked to evaluate tender within council after acknowledging the response to the executive
effectiveness question, Echo 1 commented:

“It's minimally effective. Tick the box compliance effective. It's not getting
any value in fact it's wastage, there's a lot of inefficiency, there’s
sloppiness, there's unprofessionalism, there's a hands off approach, there's
contractors that are actively taking advantage of that and we are losing
money at a rate of knots just walking out the door. I can give you some
examples, I mean, probably the one that comes to mind is the drainage
one, we designed a drain and the drain happened to go from a council road
into a government road. We got our consultant to design the thing. We
put it out to tender. We had contracted with the company to go and
construct the drain. In the meantime, after the contract signed we find out
that we have not sought government consent. We haven't consulted the
government at all. So we think we have a contract in place, what we do is
we now go and ask the government for their consent for the design of our
drain, thinking that it would just be a formality. You can see this one
coming, it wasn't a formality. They didn't approve our design and the
contractor had already started digging up the road. We then had to go back
and redesign. In which case the contractor then had a look at a totally
different contract and said well that changes my price. Fair enough. That's
the way it goes. So we then had this situation where we had a contract in place to build something that we didn’t have permission to build. So we had to say to the contractor well, would you walk away from the contract. The contractor said, well I will if you pay me. Perfectly reasonable, I would have done the same thing. So we negotiated a settlement. Which was a substantial amount of money. I believe it is anyway, I mean, tens of thousands of dollars and that was just payment money for the contractor to walk off into the sunset. No it wasn’t payment for anything that got built. It wasn’t payment for any damage we did, wasn’t any claim or litigation. It was just payment for the contractor to walk away”.

The rollout of decentralised electronic procurement continues.

The provision of an ineffective TMP application is a barrier at business unit level to professional procurement. The business units are selective to the direction of least resistance by using e-mail for RFT/RFQs25 below the threshold of $150k. The procurement department’s matrix specifies weighting to enable tender type selection, noting the requirements of the VicAct are below the council Echo $150k threshold. The procurement department then review the matrix and specify RFT or RFQ. The decision to use a TMP or email is left to the business units.

Council spend 52% of their income through operational and capital expenditure procurement. Procurement is not a business unit in its own right, it is inclusive within Commercial Services which forms part of the hierarchical structure leading to the finance department. The chief financial officer agreed to be interviewed, confirmed the appointment and did not attend. The question of procurement effectiveness remains at a financial level. There is no measurement other than allocation of expenses into the profit & loss and allocation balance sheet cash flow statements. There is no other form of category management, measurement or key performance indicators.

The structure, Echo 1’s proficiency at procurement, avoidance of professional process by the business units, the lack of financial accountability; all impact on the questions of

25 RFT – request for tender. RFQ – request for quotation
efficiency and effectiveness. Returning to the drain example and how this is treated in the chart of accounts, Echo 1 commented:

“The capital budget. It's hidden in the capital budget. So what happens is this, what really gets me angry because it's a frustrating thing, you waste other people's money. What happens is that the money, there was X amount of dollars for that project. It got allocated a finance code. So that bucket of money sat there and that settlement, walk away money came out of that or another capital works bucket. Now what happens is that you never see it because if the capital works budget is 38 million, they never spend 38 million. They only spend 19 million. Now, the question to me in my mind is if you're spending money on and I'm not so worried about the fact that you're not spending all the budget, ok, to me, my mind is, the 19 million that you did spend. Did you spend it wisely? Now the answer to that question is absolutely not. The reason is because that 19 million doesn't represent 19 million of construction works. It represents something like 15 million with 4 million going on wastage. So the community is actually not getting 19 million, it is 15 million of value. Now that's never seen because it appears as though we are getting 19 million dollars of building. That's what we're financially reporting on. Which is why the budget and the finances are useless. We need another reporting mechanism to actually uncover this wastage. That's what's happening here. That's what gets me really pissed off because the community is not getting 19 million dollars' worth of work”.

Echo 2 uses the metaphor that local government people are ‘sheep dipped’ to become procurement people, they ‘pick a little knowledge here, a buzz word there, morph into it and they still don’t get it, they don’t know what they don’t know and end up with vigorous opinion on everything’. As an example, Echo 2 talks about the RPEN26 meetings, a collective of southern regional council procurement people supported by the council executive with the purpose of procurement discussions and moving towards a shared service process, as being a ‘absolute waste of space really ... a new life needs to be

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breathed into it … there have been a few retirements in the last few months, those people were fairly influential and fairly insular at the same time’.

Echo 2 was asked what influences are available to develop e-Tender knowledge and replied, ‘none, I am a procurement tragic, I’m a passionate procurement professional and no one gives a toss, anyway they see our passion’. The same e-Tender influence question was posed to Echo 1: regarding the MAV, ‘No’, other councils, ‘not councils, no, I consider we are pretty advanced in that space’. Echo 1 describes Echo 2 as ‘having a long and distinguished career in procurement’ and does not refer to Echo 2 as an influence. Both Echo 1 and Echo 2 see any shared service or commercial aggregator of volume for tender, whether RPEN, SIGs, MAV or Procurement Australia as opportunities. Council Echo currently has strong relationships through shared service or aggregated contracts with MAV and Procurement Australia, commercial organisations where commission is paid on invoice volume.

Without a hierarchal structure to support procurement: transformation towards any activity of strategic procurement is very limited. Echo 1 is council Echo’s legal counsel, responsible for the legal framework, participates in litigation and advises the CEO and executive on legal matters. There is no audience for procurement. The business units operate as quietly ignored clouds, not threatening with a high degree of legitimacy, so there is no need for council Echo to change. Council are overlooking norms and values with impacts on strategic procurement: there is no data, no measurement, therefore no basis for decisions and no questions asked. The effectiveness of e-Tender is unknown. Assimilation of an effective council e-Tender TMP is not a consideration. ‘Best value for money’ is unchallenged: a journey too far.
5.6.1 Council Echo Categories & Themes

A visual model of interviewees was developed from the interview data and drawn on butcher’s paper. From the visual model, individual categories and themes were developed, noted and consolidated into a council collective and provided below.

Table 8 - Council Echo Categories & Themes

<table>
<thead>
<tr>
<th>Category</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Professionals sitting in administration roll</td>
<td>Procurement not recognised as an essential element within council hierarchy</td>
</tr>
<tr>
<td>• Looking for higher order responsibility contribution</td>
<td></td>
</tr>
<tr>
<td>• Concern for council financial management without any opportunity for contribution</td>
<td>No penalty alignment to staff performance</td>
</tr>
<tr>
<td>• Tick box compliance</td>
<td>Compliance through a legal structured department</td>
</tr>
<tr>
<td>• Understands delegation to business units inappropriate with intervention only when compliance matters arise</td>
<td></td>
</tr>
<tr>
<td>• Compliance over-rides efficiency and effectiveness</td>
<td></td>
</tr>
<tr>
<td>• Limited by low level of contemporary e-Tender TMP knowledge</td>
<td>Repetition factor of council procurement not recognised</td>
</tr>
<tr>
<td>• Professional procurement experience ignored at all levels of the council</td>
<td>When community direction is not challenged and back-end legitimacy stable, no requirement for executive intervention</td>
</tr>
<tr>
<td>• Business units stuck in historical perspective</td>
<td></td>
</tr>
</tbody>
</table>
5.7 Council Foxtrot – A creature of statute

Council Foxtrot’s head of the procurement department (Foxtrot 1) and accountable officer is the legal counsel. The over-riding mindset is statutory compliance and in the words of Foxtrot 1 ‘I am a creature of statute’. Foxtrot 1 sees tender as a process, ‘tried and tested … process regulated’ and in response to a question on effectiveness, replied ‘good and competent’. Procurement is an addition to the legal duties, an additive to the role as an enticement six months before to relocate from a neighbouring council.

The early portion of the interview was heavily influenced by legal direction. Foxtrot 1 sees the purpose of tender is to ‘test the market, ensure probity and commercial value’. A full list of the relating statutes, regulations and Government authority procedures impacting council procurement was provided.

“As required by law, the model we have is to follow the regulations set out in the local government regulation 2005 I think it is. There is also tendering guidelines, it’s been published by the office of local government and there is a separate document published by ICAC itself and that document is ICAC giving guidance to all local councils. And so we have adopted a document called procurement standards which encapsulates the procedure this council has adopted, to put into place the statutory requirement and regime that guidance issued by the office of local government and the commentary and guidance issued by ICAC”.

A content analysis of the council website using search terms of procurement and tender discovered the links to procurement policy and procurement standards were inactive. Counsel commented ‘I thought that had been corrected’. Provision of the procurement policy on council Foxtrot’s web site is a requirement of the Local Government Act 1993.

Discussion on operational matters with Foxtrot 1 was steeped in legal consideration: the council TMP ‘TenderLink is an engagement as with any supplier covered by all probity principles’; thresholds above $150k tendered in accordance with statutes; another threshold discussion ‘financial thresholds do not address risk assessment of a contract’;
thresholds discussion continuing ‘the statutes is silent as to procurement below $150k’;
discussion on the council procurement manual and procedures ‘tender guidelines that are
published by the office of local government are well overdue for review’.

Council has three thresholds of tender being $0-$50k, $50-$150k and above $150k. In
NSW all procurement above $150k must be publicly advertised as open tenders in
accordance with the Local Government Act 1993 (No 30 to 22 January 2014) (Act) and
Regulations (2005). The process for greater than $150k environment is detailed within the
Act and Regulations, all factors outside the role and influence of council. Foxtrot 1 stated:

“The guideline is over a decade old, and substantial things have happened
and changed and we have already mentioned the figure of $150,000, it is
too low, the time spent not just by the council and staff, the time spent by
tenderers, it is not an easy process, it is expensive, it is time consuming, the
public is held up because services are not provided in an efficient way, you
must advertise for a minimum period, you must evaluate in a certain way,
and in some circumstances you must still report to council”.

A recent amendment to the Act now allows general managers (the CEO) to approve a
tender spend, in Foxtrot 1’s words ‘making it less onerous, you do not need to report to
council, makes it faster and no need to wait for council cycle’. This amendment is still
under interpretation with Foxtrot 1 not providing a direction on how it could be
implemented. The Act is onerous and Foxtrot 1 sees the story behind any statutes is a
problem and the ‘problem in local government is corruption’. That said, Foxtrot 1 from a
legal perspective considers ‘tendering at the moment is good and competent and the
magic wand I would use frankly would be post tendering, and be focused on contract
management, which is the product of tender’. The procurement administration officer
(Foxtrot 2), a 40 year staff member, commenting on the effectiveness of tender (across
thresholds and not to the specific requirements of the Act) stated ‘not stable and we have
to re-invent the wheel, we are trying to educate’.
Foxtrot 1 when referring to tender as an action greater than $150k in monetary value inclusive of a definition in the Act. The less than $150k monetary value is explained by Foxtrot 1.

“The statutes is silent as to procurement below 150,000. Full stop. So each council is to set up its own procurement policy and its own standards under the 150,000 threshold, this council has done that and part of its self-imposed rules is the procurement standards”.

Within the $50-$150 threshold council Foxtrot uses two forms of tender, open and Expression of Interest (EOI). Counsel Foxtrot’s purpose for EOI is to develop recommended contractor lists (RCL) from which a Request for Quotation (RFQ) can be obtained from pre-qualified potential suppliers. The purpose of RCLs is obtaining a schedule of rates and suppliers to have exclusivity for work over a nominated time period. Foxtrot 2 explained the management of RCLs is within the council Trim (KTEC Solutions 2018) data management application as their TMP and does not have a panel process suitable for council. Therefore as Trim does not have a RFT/RFQ/EOI process, an assumption can be drawn that communication with potential suppliers on RCLs occurs via email. This assumption was neither discussed nor confirmed by either Foxtrot 1 or Foxtrot 2. RCLs are a form of panel process and covered by the Act for greater than $150k, however EOI and RFQ are not mentioned in the Act. An EOI and RFQ therefore are not process under the ACT, although as stated by Foxtrot 1, councils can ‘self-impose’.

Discussing panels within the $50-$150 threshold, Foxtrot 1 reverts to comment supported by the Act in the greater than $150k threshold.

“About tendering, its time consuming and its expensive, to prepare continual scopes and specifications, if you do that once in a general sense and you set up your panel, you have got your general conditions, you have done that exercise of due diligence, which is very time consuming at both ends, and the efficiencies you then achieve afterwards have value, why not test the market each and every time for that reason, if you have tested the market today, set up a panel for a year or three years depending on the type of work, the market is tested and the public and council, the public
purse is protected to the extent that there is a fixed term for that panel, it is not a panel forever. So the market will get tested at a year later or two years later”.

The conversation leading back to the $50k-$150k threshold, counsel stated:

“...I guess one of the reasons most local councils and I don’t know, I genuinely don’t know yet council Foxtrot’s justification for the 50 to 150 but one of the main reasons for local councils not tendering is because once you call it a tender your bound by the processes of the local government Act, they are then impost rules and its onerous and the timing is, unless you say I am going, I council Foxtrot, I am going out to tender for concrete services or whatever it is for a particular job, it is less than 150,000 and the rules of the game are, and you spell them out. The majority of councils say the rule of the game are as per the local government act”.

The question was posed as to how the previous comment applied to RFQ and counsel stated:

“It doesn’t, I don’t believe our RFQ brings in the local government act tendering process, there is no requirement, I don’t believe, I don’t know, I know that other councils regularly fall into the trap of we are going to run this quote the same way as a tender under the local government act and therefore self-impose those parameters, so if I had that magic wand that I referred to earlier, some guidance in terms of a less strict, a less onerous method of tendering (for the $50k-$150k threshold - sic) would be very welcome and that process, those rules could be then (be – sic) adopted by all councils and you would get some consistency, at the moment it is free for all”.
This led to discussion on consistency across councils where you have the Act and council
developed standards for $50k-$150k threshold which are different to surrounding councils
and therefore a one model does not quite fit all. To this Foxtrot 1 commented:

“Why wouldn’t a tender process model fit all? It does at the moment, the
local government act tendering process fits all, so anything over 150000
that goes to tender must fit within that process, model”.

Foxtrot 1 again reverts to the statutory compliance requirements of the Act. Returning to
the $50k-$150k threshold discussion, Foxtrot 1 stated ‘I don’t know of another model to
run that so I guess the answer (is, is - sic) council getting best value for money? In a
general sense, the discussion with both Foxtrot 1 and Foxtrot 2 evolved around the $50k-
$150k and above 150k thresholds and as stated by Foxtrot 1 ‘the bulk of procurement is
centralised’. No discussion of the zero-$50k threshold outside confirmation by both
Foxtrot 1 and Foxtrot 2 that this threshold was a single quote purchase order process.

Discussing the financial aspects of procurement, counsel had no connection to annual
council income and the degree of spend either at an operational or infrastructure level.
The publicly available financial reports show collective operational and infrastructure
spend at 47% of income. These financial figures when provided to Foxtrot 1 had no
impact. There is no procurement reporting mechanism, although council publishes on
their website a statistic of 92% of all tenders being awarded within 120 days. Responding
to this statistic, Foxtrot 1 commented ‘fantastic, there you go’ and followed this comment
up with ‘that is consistent with my understanding, the way council runs its tenders is
good’. How or why this statistic is provided could not be explained.

The council uses TenderLink, a commercial company, as their TMP. Asked the
effectiveness of TenderLink, Foxtrot 1 stated ‘no complaints or issues’ and went on to say
council Foxtrot is reviewing TenderLink as their ‘engagement is by probity principles’.

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27 The validity of these figures are dependent on the allocations within the published 2016-2017
financial reports available on council web site. This figure is a guidance only as it is not inclusive of
grants and donations. In-depth financial analysis can only occur with access to full chart of accounts and
other project management data.
Foxtrot 2 has a ‘status quo’ attitude to TenderLink through the continual need for ‘yellow pages and historical research’ for potential suppliers. The other TMP engaged by council was Vendor Panel through Local Government Procurement (LGP) as a shared service, a TMP known to Foxtrot 1 from the previous council and described as ‘worked rather smoothly’. The LGP is also an aggregator of council volume procurement spend and issues open tenders for commodities across the state of NSW with a recent example for energy services. The LGP, a prescribed organisation under the Act advertises council ability to procure from LGP contracts ‘without further need to go to tender’ (LGP 2017). In addition to LGP as an aggregator, council uses a region of council arrangement (ROC) for open tenders. Foxtrot 1 describes the ROC as ‘buying power’ where suppliers ‘tend to sharpen their pencil’. No examples of buying power through a ROC could be provided. The difference between LGP aggregation and a ROC is the LGP cannot promise or guarantee the monetary value of potential supplier buy in by councils: a ROC is locally organised with buy in contracted before tender. This is a contradiction to the legal stance of Foxtrot 1 by contracting for a price unknown or maybe unacceptable.

In a second level discussion after the initial interview was closed, Foxtrot 1 was very critical of the big picture environment for council/s. The Act sitting at the greater than $150k threshold is seen as very restrictive and the overall Act as it related to procurement provides no guidance for contemporary procurement and no provision for strategic procurement. The environment is re-active to community where business areas such as procurement are left to ‘re-invent’ themselves, or ‘left to their own devices’ with a ‘skills gap’ preventing strategic thinking.

The skills gap is referring to the capability of the procurement department with an inference to the business units of council and project management. This is a contradiction to a statement from counsel in the early stage of the interview ‘I have no reason to believe, I am not aware of any gaps or deficiencies in how council runs its tenders’. On interpretation, this may mean above $150k threshold and therefore compliance with the NSWAct. To Echo 1, the emphasis is the NSWAct, ‘tendering process is tried and tested and whether it be hard copy or e-Tendering the process is regulated’. There appears to be no avenue for greater consideration of e-Tender effectiveness through a TMP, outside this statutory environment.
5.7.1 Council Foxtrot Categories & Themes

A visual model of interviewees was developed from the interview data and drawn on butcher’s paper. From the visual model, individual categories and themes were developed, noted and consolidated into a council collective and provided below.

Table 9 - Council Foxtrot Categories & Themes

<table>
<thead>
<tr>
<th>Category</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Procurement operations in a status quo position</td>
<td>Almost disregard to under $150K procurement</td>
</tr>
<tr>
<td>• Limited contemporary knowledge of tender environment</td>
<td></td>
</tr>
<tr>
<td>• Absolute compliance is a necessity for tender above the Act threshold</td>
<td>Compliance to the Act and Regulations</td>
</tr>
<tr>
<td>• No high end problems then all is good</td>
<td></td>
</tr>
<tr>
<td>• Buying power a cliché with no financial data confirmation</td>
<td>No connection of procurement to financial performance</td>
</tr>
<tr>
<td>• No apparent responsibility to cost values</td>
<td></td>
</tr>
<tr>
<td>• Statutory process is the driver with no view of financial responsibility</td>
<td></td>
</tr>
<tr>
<td>• No interconnection or bridge from statute to operations</td>
<td>Silo mentality – not in contact with the bigger ‘back end’ picture</td>
</tr>
<tr>
<td>• Do not appear to understand the impact of procurement across the council</td>
<td></td>
</tr>
<tr>
<td>• Keep safe, wrap around the statute</td>
<td></td>
</tr>
</tbody>
</table>
5.8 Council Golf – Can three disparate pieces go into one?

Council Golf is a three month old amalgamation of two councils, the larger with a centre-led procurement department (one administrative officer) and the smaller with a totally decentralised procurement process and no procurement department. The amalgamated procurement structure is in a position of flux, unchanged from pre amalgamation with one exception being financial accountability for procurement now resting with the new internal appointed Chief Financial Officer (Golf 3) from the large council. Policy is an example of flux, as stated by the business unit manager (Golf 1) ‘I don’t know whether procurement policy has actually been revised since the amalgamation, we clearly have two different policies, we had one at the old council (small - sic) because I wrote it’.

The procurement structure is a clash of culture: Golf 1 comments on consideration of panels ‘if I had the time and I was totally interested in it, which is not what I’m interested in, it’s the nuts and bolts out there’. Business unit manager (Golf 2) comments on the structural process ‘we’re all sort of backed up, our own corner still doing tendering and complying with the NSW Act (NSW LGAct) and our restructure was three months ago’. Golf 3 commenting on staff positioning of procurement importance ‘probably saying 9 to 10 out of 10 (with 1 being the highest – sic)’.

Golf 3 was asked for the combined or projected council Golf total income and replied, ‘I should know that, to be honest, I just don’t know that right at this very moment’\(^{28}\). Asked for the best estimates of operational procurement spend, the Golf 3 stated ‘it’s roughly around 35%’ and the position on infrastructure spend commented ‘a lot of projects coming up, a 35 million administration building, a 25 million contract with the Roads and Maritime Services (RMS) that is going to hand back an 80 million road’\(^{29}\). Golf 3 has been with the large council for three years in the roles of business analyst including procurement, IT also with procurement responsibility ‘but it sort of got put by the wayside’ and just before amalgamation, appointed to CFO ‘where procurement came back with me’.

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\(^{28}\) A search for the financial reports of both councils pre amalgamation produced the 2015-2016 public financial statements. Using the combined profit and loss expense line of material and contracts and the combined balance sheet cash flow statements relating to new and maintenance of infrastructure, then expressing these combined figures as a percentage of combined profit and loss income produced a 57.9% figure. This figure is an indicator only using the publicly available data.

\(^{29}\) This will be a balance sheet asset.
Council Golf’s strategic plan was discussed with Golf 3 and the question posed as to the most important strategy at that point in time to which Golf 3 responded ‘financial sustainability … that’s the direction forward to 10 years’. To the question of number 2, Golf 3 stated ‘I would say culture within council’ and the question as to where procurement sits with both the CEO and Golf 3, ‘5 or 6 I would think out of 10’ (with 1 being the highest – sic).

Golf 3 was asked the degree of effectiveness of e-Tender within council and responded ‘I believe very effective, we concentrate, we concentrate on the big projects and we do it pretty well, a lot of tenders get a substantial amount of interest’. The concentration and reference to tenders is open tender above the NSW LGAct threshold for compulsory tender of $150k. The external interest in part is due to council Golf being positioned on the boundary of the major population base of the Australian Capital Territory. ‘We get a lot of interest coming across’.

On the question of procurement effectiveness, Golf 1 questioned what effectiveness meant and stated ‘strict compliance, probably say we are not there yet’.

Golf 3’s mindset is to build a procurement department on a centre-led model ‘so we don’t tell people how, we’re not a police, we’re there as an enabler’. To support the enabler direction, Golf 3 stated:

“’We provide tools and knowledge on how to procure things better so each staff member is responsible for their own procurement or business unit. I would say was heavily ignored prior to my time taking it on when I joined council (Golf – sic)”.

Council Golf has the intention of contracting the services of two commercial consulting organisations to undertake reviews. The first step is with an interstate consulting group of ‘procurement professionals’ with the purpose of ‘tidying up our procedures from amalgamation by going out and talking to staff and finding out what the hindrances are in procurement’. The next step is with Local Government Procurement (LGP), ‘to tidy up our templates and documentation’. The standardisation is alignment with LGP procedures and other councils who assimilated with LGP.

Council procurement is currently directed under local interpretations of the NSW LGAct with compliance the intended purpose. The interpretation hinges around the questions of whether the spend has been market tested by tender, principally referring to monetary value greater
than $150k (inclusive of GST) and how the monetary value of a tender is collated over time and collective individual spends. Council Golf sees a limitation in the $150. Golf 1 was asked if the $150k threshold was almost forcing every acquisition to open tender and commented ‘clearly we can’t do that, for a single purchase to $150 ok, but what about progressive purchases ... what happens if that breaches or exceeds $150k, theoretically you have (breached compliance – Sic)\(^3\). The Act (and Regulations) refer to tenders exceeding $150k and is silent below this threshold.

Golf 2’s perception of procurement is TenderLink and the NSW LGAct regardless of the value being less than $150k. The discussion continued with TenderLink as the TMP:

“An organisation wanting to do work for council would be registered with TenderLink or Tender Search and don’t tell me they are not looking at each other’s web site and recording that to get that for their customers”.

The discussion with Golf 2 moved from the open system of TenderLink being an industry system to Vendor Panel as a specialist council tender pre-qualified panel application. Golf 2’s thoughts on Vendor Panel and the panel process, ‘I guess I’m not a convert to the Vendor Panel, because going to tender is so hard and it’s not a hard process. I sometimes stay away from it’.

Council Golf has a Vendor Panel licence although the purpose appears a little confused as to how to obtain value from this specialised council TMP. Golf 3 comments ‘we can see how many people are viewing it, how many people find it’: these are not statements in relation to a pre-qualified panel application, they are more in line with a TenderLink category application. Golf 3 sees Vendor Panel as intertwined with LGP and picking up the LGP contracts and ‘communicating with panel arrangements after you have gone out to tender’. This is again a reference to greater than $150k compliance and open tender through TenderLink, not to the council specialist TMP Vendor Panel where councils have freedom to develop pre-qualified panels due to the silence of the Act. That said and at the end of the Vendor Panel pre-qualified panel discussion the confusion lifted with Golf 3

\(^{30}\) Tendering Guidelines for NSW Local Government section 3.1 p.25 states: Councils are encouraged to use the tender (open tender over $150k - Sic) and not invoice or order split or aggregate or cumulative cost over more than one accounting period.
commenting on the period immediately prior to amalgamation when a trades services panel was established through Vendor Panel by ‘making the response simple, not the big end of town ... the mums and dads electricians and plumbers, you know in a local town’.

The position of procurement flux is exemplified through the number of Tender Management Portals (TMP) used across the amalgamated council: Vendor Panel, Tenderlink, LGP, NSW Public Works, CBRJO and Regional Procurement. The reasoning for using a specific TMP ranges through the spectrum of above or below $150k and whether a panel has been consolidated for particular goods, service, works or information requiring either an RFT or RFQ\(^\text{31}\). One alternative decision on TMP usage from the small council’s decentralised process and supporting Golf 1’s discretion:

“I know council has engaged LGP to run some panel contracts of its own just like we’ve engaged regional procurement to do some contracts, they’re based up on the central coast. You pay them. Alternatively their model is and this is what regional procurement do if you don’t pay them anything, but they have some sort of service thing with their suppliers who pay them and I’m about to go through a regional procurement engagement very shortly”.

The expected spend of Golf 1’s example is several million dollars for a highly specialised sewerage process. Regardless of the payment, process or purpose question, this is an open tender requiring full compliance to the Act including advertising. No investigation was made as to whether other TMPs had an existing panel for the sewerage process. Golf 1 justified the discretionary direction:

“So I’ll have a Panel for five years where I can do what I want to do. So I expect to get a Panel out of it. I want to get it right. My vision is there would be only three or four people (companies sic) to do this sort of thing in this area. When I say the area, kind of almost state area but we won’t

\(^{31}\text{RFT – Request for Tender} \\\n\text{RFQ – Request for Quotation}\)
know, we’ll put it out there 21 days and I expect to get a tender against the schedule of rates and we will draw from those as we need”.

Questioned whether using regional procurement for this outcome was a de-facto internal procurement service, Golf 1 stated ‘I’m using them as a consultant’. Under the amalgamated council process and small council decentralised structure, this action would flow through uncontested. A differing view on selection of TenderLink is provided by Golf 2 who stated:

“The staff know how to use it, we’ve got a process within council. So we’re got defined processes that are established and you know we’re familiar with, and that’s why we continue to run with TenderLink and I at this point of time see no reason to change it. We’ve got you know, we write our tender assessment plan, we have standard tender assessment reports, we know that we’ve got familiarity with that as well”.

The selection of TenderLink as the principal TMP is in addition to the shared service providers or commercial aggregators of council volume for tender being: LGP, CBRJO32, Procurement Australia and Regional Procurement Newcastle. Golf 3 in describing the positioning of these organisations to council Golf states ‘you have got these three people (LGP excluded – sic) all competing against the same thing’. A recent open tender through CBRJO (using TenderLink as their TMP) was justified by Golf 3 on the basis of having a ‘procurement specialist’ on CBRJO staff resulting in prices equal to an existing contract and Golf 3 stated ‘joint organisation was a waste time and effort to undergo exactly the same result’. The procurement specialist has since left CBRJO and the procurement process has been closed. Asked the purpose of tender through CBRJO when existing rate structures are known, Golf 3 responded with ‘transparency … we know the local people, we know what prices they charge … no physical agreements … that solidified it … transparency to the rate payers and also to the auditors and also to management’. Transparency is seen as a compliance factor and adding to the overall effectiveness of council Golf e-Tender.

32 CBRJO is a regional collective of councils with a primary objective of advocacy procurement through shared services.
The procurement department staff member is an administration officer (AO) with no expectation of role as a procurement professional. Golf 2 talking about the AO’s role stated ‘leads the tender opening process and is an expert on the LGP procurement methods and Vendor Panel’. Asked why the AO is an expert, Golf 2 stated ‘knows more than us, I couldn’t tell you. You know maybe she’s not an expert, she knows more than me’. Describing the AO role, Golf 3 comments:

“I don't have any procurement trained procurement professional sitting in procurement. What I have is a procurement administrator that just handles all the paperwork. If I need a procurement specialist I’ve got a budget to bring in LGP or other procurement specialists as consultants. The vision is to get solid procedures in place and then to hire a fully trained person in procurement practices”.

Discussion on vision and what a fully trained person descriptive means resulted in the response ‘someone that has solid experience in dealing with procurement in a council in NSW’. This statement is aligned to compliance and not strategic procurement. Asked why consideration would not be given to an industry procurement professional, the response was ‘I’m not sure I’d be able to afford it’.

Amalgamation has led to multiple systems and processes in place and the culture of two councils leads to a clash of compliance directions, both historical with questionable legal interpretation. Pragmatism is the prominent strategy for the business units prime purpose and used as leverage through the procurement process. Procurement is an attached function without ownership or status within the organisation. Strategic procurement actions such as sustainable operational expenditure, infrastructure maintenance, infrastructure capital expenditure and effective shared services are not considerations.
5.8.1 Council Golf Categories & Themes

A visual model of interviewees was developed from the interview data and drawn on butcher’s paper. From the visual model, individual categories and themes were developed, noted and consolidated into a council collective and provided below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Executive see procurement as 5 or 6 out of 10, staff see procurement as 1 or 2 out of 10</td>
<td></td>
</tr>
<tr>
<td>• Tender is process – evaluation and award is the pressure point</td>
<td></td>
</tr>
<tr>
<td>• Tender is not important – it is post tender that matters</td>
<td>Procurement not positioned as a valued process</td>
</tr>
<tr>
<td>• This is what I know</td>
<td>Compliance to the Act dictates &gt;$150k process</td>
</tr>
<tr>
<td>• Reliant on local interpretation</td>
<td></td>
</tr>
<tr>
<td>• Three quotes – why not 2 or why not 4 quotes</td>
<td></td>
</tr>
<tr>
<td>• What is the purpose of &lt;$150k process as not mentioned in the Act and Regs</td>
<td>Almost disregard to under $150K procurement due to silent legislation</td>
</tr>
<tr>
<td>• Tender is a time and cost element and questionable support mechanism to the wider purpose</td>
<td></td>
</tr>
<tr>
<td>• TMP for open tender is not important as in reality everyone gets open tenders</td>
<td>Challenge the purpose of limiting restrictions of process and regulation</td>
</tr>
<tr>
<td>• Pragmatic attitude overrides process</td>
<td></td>
</tr>
<tr>
<td>• Engages any work around that avoids the limiting factors of the Act</td>
<td></td>
</tr>
<tr>
<td>• If the process works then why change</td>
<td>Pragmatic direction to tender as a necessary step to the greater responsibility</td>
</tr>
</tbody>
</table>
5.9 Case study summary

The case studies of the seven Australian councils were used to explore council e-Tender through a TMP. There is a limitation on volume in this DBA Dissertation, therefore the case studies are reduced to summary level. This is not a disadvantage to the overall research project as the full case studies were used for the categories and themes analysis, consolidating to the global themes (Refer 6.3 Global Themes). In Chapters 6 & Chapters 7 analysis, the data usage is direct verbatim citations from the original transcriptions, thereby avoiding reflexive interpretation.

The pervasiveness of council procurement was tied to the themes extracted from the case studies showing tensions between the structure, compliance and the role of tender. While these themes are negotiated by councils in different ways depending on numerous contextual factors, statutory and individual council policy & procedure compliance functioned as a core ideology underpinning council’s practice. What was striking was the avoidance of the financial recognition of the cost value of tender spend within a council.

This chapter provides the stories of councils, the next two chapters provide the analysis leading to practice barriers (Chapter 6) and institutional pressures and resistance (Chapter 7).
Chapter 6 – The ‘case’: convergence of practice and pragmatism

6.1 Introduction

The challenge of convergence of practice and theory is such that analysis cannot be confined to one chapter. The commencing analysis point was coding resulting in development of meta-codes (Chapter 4), the summary case studies (Chapter 5) and this Chapter will further exploring the emergence of categories and themes. Thereafter the analysis will take a pragmatic view of council e-Tender through a TMP practice with the purpose of searching for barriers, followed by Chapter 7 walking through institutional pressures and resistance theory.

The methods of analysis within this chapter will first determine how the NVivo meta-codes were developed, followed by global theme analysis from the case studies and finally, development of a literature and practitioner matrix to determine the practice barriers. These are three distinct methods have a common goal of leading to research question response.

6.2 Meta-codes

On completion of coding the number of NVivo parent, child and sub-child nodes appeared too many creating confusion. The meta-codes development were used to pull together or produce a family tree into a higher-level hierarchy and thereby pointing the data to the same idea, or hanging together (Bazeley 2013, p.185 & 233) in an attempt to attribute meaning (Saldana 2009, p.150). The meta-codes combined the data for visibility of the explanatory and inferential codes that identify emergent themes. At a pragmatic level, meta-codes collate the volume of NVivo sources and references into a specific dimension. This was considered as a key direction in the developing process and another step towards framing the results of the research project. The conception of the meta-codes was purely a subjective process by the researcher using the visual values of the NVivo code sources with reference back to the transcription data. The step into meta-codes did not imply
disregard of the original codes, rather the original codes provide the specificity into the higher level concepts, thereby reflecting the different dimensions.

The result of the consolidation of codes produced three new meta-codes (Figure 14):

i  Effectiveness of e-Tender
ii  Ontology of e-Tender
iii  Barriers to e-Tender simplification

As an explanation of the subjective thinking and evaluation of codes, sources and references, a first run dimension towards a meta-code encompassing the parent data of compliance, adoption, assimilation and finance was ‘collaborative nature of e-Tender’ (later replaced with Effectiveness of e-Tender). Collaborative nature was revised in the coding review as it appeared to be a little one-dimensional, or maybe the reaction of the researcher to the silo mentality of the procurement departments in councils, as the referred code reference data appears not to support collaboration. Effectiveness of e-Tender as a meta-code is a collective name, more than the action of measurement without overpowering or incorrectly interpreting the contributing codes.

The case study protocol which formed the basis of the semi-structured interviews used process questions ‘...describe your tender process ...’, ‘... implementing a full e-Tender process...’ and ‘...describe ... steps ... from decision to tender to receipt of goods’. The response to these questions provided terminology and the how of council e-tender, thereby enabling consolidation of codes into a meta-code for later development of an Ontology of e-Tender.
The third meta-code is Barriers to e-Tender simplification providing a higher level of coded data to enable deeper exploration and to uncover how avoidance of effective e-Tender through simplification of the TMP process is legitimised. This statement is made in relation to the original research questions, at this time remaining unchanged.

The final development step of meta-codes occurred during the coding review stage as depicted in the Meta-Code and Global Theme map (Figure 12) where each code was reviewed on the basis of ‘what am I learning from the material in this code’ (Bazeley 2013, p.234)? The meta-codes became a tidy up of the transcription data and a contributing step in the researcher’s journey towards response to the research questions and an indicator of the researcher’s position at that time.

6.3 Global Themes

All seven councils are different: the organisational structure, accountability, compliance to statutes (different statutes in each state) and procurement policy and procedures, TMPs, collaboration through shared services, tender thresholds and purchase order spend. ‘Organisations will exhibit differences’ (Greenwood, Hinings & Whetten 2014, p.1212).

This is not a comprehensive list but rather an introduction into the differentiating factors of each council. A key strand in how procurement departments operate is the statutes, in two states the purpose is focused on prescribed compliance above a threshold level of spend, set in 1999 and 2005, pre the re-intermediation to e-Tender and not updated to contemporary electronic practice. The third state statute is silent on prescription. All three states have local government authorities (LGA), prescribed under the respective statutes, functioning as advocacy local government representative bodies to State and Federal governments and other stakeholders including community. All three LGAs acting as the potential key procurement influence provide procurement best-practice and commercial activities including consultancy and shared services as a fee for service (Dollery, Grant & Kortt 2012). These differences will be drawn together into the themes.

A theme according to Saldana (2009, p.24) is ‘an outcome of coding, categorisation and analytic reflections’. This determination indicates themes are not codes and therefore are not coded as such, they are references for analysis involving working out the relationships.
of transcriptions and coded data, adding to the significance of such relationships for the development of research response and theoretical conceptions. The meta-code and themes map (Figure 12) displays the back-and-forth process of the journey to NVivo meta-codes and global themes. Both Bazeley (2013, p.192) and Saldana (2009, p.23) discuss codes, categories and themes as streamlined models of codes-to-theory. Neither author advocate the refinement of theme emergence (Figure 15) as used in this analysis step. The intention was to cluster data according to similarity and regularity into a pattern to facilitate the development of the themes, or ‘coding generates the bones of your analysis; integration will assemble those bones into a working skeleton’ (Charmaz 2006, p.45).

![Figure 15 - Refining theme emergence](image)

The journey to themes commenced with the individual council interviewee visual model as a reference to their transcription. Categories were created by extracting quotes and expressions from the interviewee transcriptions to support the visual process and notated on the visual model. Themes were then applied, although this did not appear as an effective process using an individual interviewee. At an individual level, patterns discerned were relative to the position of the interviewee: value became evident with consolidation to council level. All individual categories and themes were consolidated as the council case categories and themes. The generation of themes was a two stage process, conducted concurrently; one by the researcher and one by an independent source\(^{33}\). The

\(^{33}\) The independent source had an extensive business career and post retirement re-trained into career development. The independent source has no relationship to councils or experience with procurement/tender at a strategic level.
following steps were undertaken after consolidation of individual council categories and themes:

(i) Consolidate all individual council categories and themes into lists and print.
(ii) Physically cut-up categories and themes.
(iii) Both the independent source and researcher separately, sort categories into like piles and allocate new themes (Table 12 steps 1 & 3).
(iv) Both the independent source and researcher using original case themes, generate new themes (Table 12 steps 2 & 4).
(v) Independent source generates new global themes (Table 12 step 5)
(vi) Researcher generate new global themes (Table 12 step 6)

Note: for volume reasons the original consolidated categories and themes by both the researcher and the independent source are provided in the Supporting Documents for Dissertation.

On completion of this process, three rewritten (for the purpose of brevity) independent source themes were consolidated as the researcher’s new global themes (Table 11)

<table>
<thead>
<tr>
<th>Independent source rewritten themes</th>
<th>Researchers consolidation of step 1-5 – new global themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO delegates procurement as a non-strategic process without recognition of value</td>
<td>Procurement as a major cost percentage of rate revenue is not recognised in council strategy</td>
</tr>
<tr>
<td>Compliance is recognised as meeting all procedural requirements</td>
<td>Responsibility and compliance are structural factors carrying no penalty for ineffective process</td>
</tr>
<tr>
<td>Use of shared service and commercial aggregators is clouding the status quo approach of council</td>
<td>Influence is clouding the status quo procurement approach of council</td>
</tr>
</tbody>
</table>

### 6.3.1 Themes summary

The purpose of this category and theme consolidation was to obtain global themes from the case studies. The global theme ‘Procurement as a major cost percentage of rate revenue is not recognised in council strategy’ resonates as important requiring undertaking a comprehensive and integrated understanding of the meaning and implications for the research project.
Table 12 - Consolidated themes

<table>
<thead>
<tr>
<th>Step 1 - Independent source re-sort of case categories and allocation of new themes</th>
<th>Step 2 - Independent source using original case themes to generate new collective themes</th>
<th>Step 3 - Researcher re-sort of case categories and allocation of new themes</th>
<th>Step 4 - Researcher using original case themes to generate new collective themes</th>
<th>Step 5 - Independent source using steps 1-4 to generate new global themes</th>
<th>Step 6 - Researcher using steps 1-5 to generate new global themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive disengagement</td>
<td>CEO - Hierarchy</td>
<td>No penalty for poor performance</td>
<td>Procurement not positioned as essential discipline within the hierarchical structure of the council</td>
<td>CEO delegates procurement as a non-strategic process without recognition of value</td>
<td>Procurement as a major cost percentage of rate revenue is not recognised in council strategy</td>
</tr>
<tr>
<td>No correlation of procurement value to rate income</td>
<td>BU authority decision making – silo mentality</td>
<td>Ineffectual process administered by users</td>
<td>Responsibility carries no penalty</td>
<td>Compliance is recognised as meeting all procedural requirements</td>
<td>Responsibility and compliance are structural factors carrying no penalty for ineffective process</td>
</tr>
<tr>
<td>Financial awareness commercially &amp; council solutions</td>
<td>Compliance (&lt;$150K)</td>
<td>Prudent use of the public purse</td>
<td>Compliance is a cover for effectiveness &lt;$150K</td>
<td>Use of shared service and commercial aggregators is clouding the status quo approach of council</td>
<td>Influence is clouding the status quo procurement approach of council</td>
</tr>
<tr>
<td>Accountability</td>
<td>Strategy - council</td>
<td>Shared sourcing through aggregators a confusing process</td>
<td>Status quo is a position of comfort</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aggregators</td>
<td>Financial</td>
<td>Accountability to financial standards does not mean user accountability</td>
<td>Questionable influence as a guiding direction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsibility compliance</td>
<td>External Consultants</td>
<td>Re-intermediation from traditional tender is difficult</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process general</td>
<td>Tender - suppliers</td>
<td>Influence on procurement direction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tender knowledge currency</td>
<td>Aggregators</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tender allocation competitiveness</td>
<td>Status quo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tender knowledge currency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BU responsible level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note – individual cells are independent with no co-relationship to following cells

The second global theme critical words ‘no penalty’ resonates as a potential barrier to the first theme. The third global theme critical word ‘influence’ appears to have an indecisive
meaning to the collective case studies, raising a question of origin of influence on the procurement process, therefore requiring further investigation. A period of reflection and review was a prerequisite to moving forward.

6.4 New research questions

At a practice level, the global theme ‘procurement as a major cost percentage of rate revenue is not recognised in council strategy’ is a consequence by the seven councils of no procurement or tender performance metrics. One only council had procurement as a possible inclusion in executive strategy, although no time frame was provided for implementation, as Bravo 2 states ‘you have to sell the concept’. The monetary value of procurement spend, although allocated to expense lines in the profit and loss/balance sheet cash flow statements of all seven councils, is not considered at executive level.

The literature provides one quantifiable procurement monetary value (Raventos & Zolezzi 2015), one associated procurement value (Duncombe & Searcy 2007) and two procurement single transaction values (Ilhan & Rahim 2017; Vaidya & Campbell 2014). The literature is infused with many statements of e-Procurement potential cost reductions without empirical support. The relationship questions of tender spend to executive strategy offers a new way of thinking about council e-Tender, adding to the quantifiable procurement literature.

A review of the research project with colleagues supported arrival at a significant conclusion being no connection of tender spend to executive strategy. The review was showing possible institutional theory impacts of isomorphic legitimacy, imitation, acquiescence, maybe even compromise and avoidance as potential institutional pressures on councils. The research questions changed, moving away from practice based what was occurring within the seven council procurement environments (Refer Chapter 1 Figure 1 - Original Research Questions), to a more theoretical based direction of how councils are actually designed and managed; a more pragmatic approach moving from description to theory. Theory building is expressing outcomes as a set of interrelated concepts, much more than the list of categories and themes thus far determined. This is an extension of abduction, interplay between existing theoretical understanding and the seven council’s
empirical data to form a fresh interpretation (Bazeley 2013, p.336; Kovacs & Spens 2005, p.138), the most plausible interpretation (Charmaz 2006, p.186).

Therefore, the new research questions this research project will answer (Refer Chapter 1 Table 1 – New research questions) are stated in the following terms:

Table 13 - New research questions (Repeated from Table 1 p23)

<table>
<thead>
<tr>
<th>New Research questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What are the barriers preventing a relationship between the monetary values of council e-Tender spend and executive strategy?</td>
</tr>
<tr>
<td>2. How is resistance to council e-Tender through a TMP effectiveness legitimised?</td>
</tr>
</tbody>
</table>

The unit of analysis being council e-Tender through a TMP, although under pressure during coding, has not changed, the research project still hinged around the original conceptualisation. The research project arrived at a significant conclusion, the conceptualisation is now the steps to understanding the how, the practice and institutional barriers leading to the relationship of e-Tender spend to executive strategy.

6.5 Clarifying the focus

The seven council case studies show the procurement environment to be a mixture of perceived procurement professionalism through to dysfunction. A comparison process will be used to explore tender within the seven councils.

6.5.1 Factors affecting the Adoption of e-Tender

The original adoption, the decision and the trigger to adopt an e-Tender process is lost in the vocabulary and history of the seven councils. Without definitive adoption triggers, the compliance requirements of the individual state statutes\textsuperscript{34} will be explored in an

\textsuperscript{34} The three states all have different legislation and supporting guidance/regulations.
endeavour to understand the reasoning for adoption. The question asked is ‘do the statutes enable or inhibit councils to adopt e-Tender and/or through a TMP? This is what Doherty, McConnell & Ellis-Chadwick (2013, p.499) calls a barrier/inhibitor or obstacles that must be overcome to achieve a successful implementation.

Councils Alpha, Bravo and Charlie are all situated in South Australia (SA) and as such operate under the authority of the SA Local Government Act 1999 (SA LGAct). Early examples of adoption across these three councils show the re-intermediation from hard copy to e-Tender through a TMP occurred over a wide time period (Table 15, Table 16 & Table 17). The initial adoption was through the government owned TMP SA Tenders & Contracts (SAT&C) application with the number and value of e-Tenders during this initial adoption period unknown. What is known is the degree of effectiveness, as Bravo 1 states, ‘sometimes we have problems. Well I have experienced problems in downloading responses’ and Alpha 3, ‘you just say we want to issue it to anybody that’s registered to this particular category. Don’t know who they are’. Commercial TMPs with capacity for open tenders have no market penetration in SA, leaving SAT&C as the only viable open tender application. The SA LGAct is silent on a monetary threshold value (Table 14) for an open or indeed, any value or method of tender including comment on electronic applications. The SA Local Government Association Procurement section (LGAP) has interpreted this silence as an enabler for councils to self-determine the tender thresholds. This is recognised with councils Alpha and Bravo having an open tender threshold of $100k and council Charlie $200k. The trigger for initial adoption by SA councils as a compliance factor of the SA LGAct is therefore not an inhibiting factor, but rather an opportunity for councils to step away from the collective obstacles and re-engineer their own domain policies and procedures.

Councils Delta and Echo are situated in Victoria and operate under the authority of the Local Government Act 1989 (Authorised Version No 109A) (Vic LGAct). The Vic LGAct (amended in 2008 - Order in Council GG2008G032) has a prescribed requirement for all service tenders above $150k and all works tenders above $200k to be an open tender (Table 14). There is no satisfactory definition of service or works, a confusing position with compliance not known to have been tested. The method of tender is the discretion of the council with no mention, for example electronic, in the Vic LGAct. The Victorian state
government has an e-Tender TMP (similar to SAT&C) with no council impact, ‘we don’t get into it and the state government has its own world’. Both councils Delta and Echo have adopted an e-Tender TMP post 2011 with council Delta remaining with their original TMP and council Echo changing to a second commercial TMP (Table 15 & Table 16).

Table 14 - Adoption of e-Tender through a TMP

<table>
<thead>
<tr>
<th>Council</th>
<th>Adoption factors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Initial adoption of TMP</td>
</tr>
<tr>
<td>Council Alpha</td>
<td>Yes</td>
</tr>
<tr>
<td>Council Bravo</td>
<td>Yes</td>
</tr>
<tr>
<td>Council Charlie</td>
<td>Yes</td>
</tr>
<tr>
<td>Council Delta</td>
<td>Yes</td>
</tr>
<tr>
<td>Council Echo</td>
<td>Yes</td>
</tr>
<tr>
<td>Council Foxtrot</td>
<td>Yes</td>
</tr>
<tr>
<td>Council Golf</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Is the Vic LGAct sufficient for an adoption trigger, it doesn’t appear so. Compliance is an action to prescribed requirements and the method is the domain of the council. Both councils use a commercial TMP with the capacity for open tender, therefore ensuring compliance capability.

Councils Foxtrot and Golf are situated in NSW and operate under the authority of the Local Government Act 1993 and Regulations 2005 (NSW LGAct35). The NSW LGAct has an open tender requirement of monetary value greater than $150k. The term electronic is prevalent in the NSW LGAct, although it does not specify e-Tender through a TMP and uses facsimile as an interpretation. The $150k is not a trigger point for adoption of e-

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35 The NSW Local Government Act 1993, the Regulations 2005, the Tendering Guidelines for NSW Local Government and the Corruption Risks in NSW Government Procurement ICAC 2011 report are all referred collectively as NSW LGAct. Where specific relationship to one of these regulatory requirements is necessary, a direct citation will apply.
Tender through a TMP, the method is the domain of the council. Both councils remain with their original commercial TMP with both having the ability for open tender, therefore a method enabling compliance to the NSW LGAct (Table 14).

Council Golf has also adopted Vendor Panel through influence of the NSW LGP (Table 19) being one of seven TMPs within this council. Councils Foxtrot and Golf continually refer to the NSW LGAct from a compliance perspective, however the NSW LGA does not specify use of e-Tender through a TMP and is therefore not a trigger for adoption.

The question posed regarding the statutes enabling or inhibiting the adoption of e-Tender and/or through a TMP is clearly no. All seven councils have adopted at least one e-Tender TMP with council Golf adopting seven TMPs. All executive (Table 15) and Procurement Department (Table 16) interviewees were aware of their respective council e-Tender through external TMPs. The two business unit users Alpha 4 and Charlie 4 (Table 16) adopted the existing council e-Tender through a TMP application for operational reasoning (Doherty, McConnell & Ellis-Chadwick 2013; Ilhan & Rahim 2017). Golf 1 and 2 as business unit users show a disparity in reasoning of adoption. Golf 1 is tangled in compliance matters to the NSW LGAct and Golf 2’s attitude to a second TMP has an avoidance implication by reliance on the Procurement Department. The common thread is statutes are not an inhibitor to adoption of e-Tender through a TMP.
Table 15 - Executive view of adoption and assimilation of council e-Tender

<table>
<thead>
<tr>
<th>Participant council</th>
<th>Trigger for adoption</th>
<th>Degree of assimilation</th>
<th>Comment</th>
<th>Executive position</th>
<th>Barrier to full assimilation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Alpha</td>
<td>LGA year of procurement in 2012</td>
<td>Using portals on the internet</td>
<td>I think it has worked very well – survived legal tests</td>
<td>Leave it to the operations</td>
<td>Procurement not discussed - not electronic savvy up there</td>
</tr>
<tr>
<td>Council Bravo</td>
<td>Over the past 4 years, changed from a decentralised process to centre-led</td>
<td>Centre-led works well because of business partnering</td>
<td>If no panel, we just advertise or email the nominated suppliers</td>
<td>90 percent electronic</td>
<td>You have to sell the concept</td>
</tr>
<tr>
<td>Council Charlie</td>
<td>No comment on trigger for adoption</td>
<td>Not a lot, complexity and confusion</td>
<td>Opportunities to streamline the overhead</td>
<td>We don’t collaborate very well together</td>
<td>Not really useful, too difficult, a burden on small suppliers</td>
</tr>
<tr>
<td>Council Delta</td>
<td>No comment on trigger for adoption</td>
<td>I am not in a position to comment – it is something I need to look into, talk to the team</td>
<td>Strong focus on budgeting</td>
<td>On time, on budget, then tendering is a smooth process</td>
<td>What is the right tender process for the right piece of work – the Act stipulates where you need to go to tender only</td>
</tr>
<tr>
<td>Council Echo</td>
<td>Got the e-Tender system in December 2011</td>
<td>50 percent go through the e-Tender system</td>
<td>Its minimally effective, tick the box compliance effective</td>
<td>CEO attracted to decentralisation due to lack of resourcing</td>
<td>Team up and partner with (external locals – sic) to build their business</td>
</tr>
<tr>
<td>Council Foxtrot</td>
<td>No comment on trigger for adoption</td>
<td>On TenderLink – no complaints or issues</td>
<td>We are reviewing our engagement with TenderLink</td>
<td>We have to follow the regulations set out in the 2005 Act</td>
<td>Office of Local Govt. gives no guidance – councils left to own devices</td>
</tr>
<tr>
<td>Council Golf</td>
<td>TenderLink for open tender (Recently – sic) bought a Vendor Panel licence</td>
<td>No way for the supplier to actually answer questions online</td>
<td>Is procurement something they (CBRJO) want to do anymore</td>
<td>Importance – 5/6 out of 10 – 1 being the highest</td>
<td>Extremely difficult time getting buy in from council</td>
</tr>
<tr>
<td>Participant council</td>
<td>Trigger for adoption</td>
<td>Degree of assimilation</td>
<td>Comment</td>
<td>Procurement Dept.</td>
<td>Barrier to full assimilation</td>
</tr>
<tr>
<td>---------------------</td>
<td>----------------------</td>
<td>------------------------</td>
<td>---------</td>
<td>------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Council Alpha</td>
<td>SA Tender was hard copy - a little bit electronic</td>
<td>We haven’t done a lot of reporting yet Or evaluation</td>
<td>Use VP, everything from issue to award, highly auditable</td>
<td>Trying to get everyone to Vendor Panel – all neat, tidy, together</td>
<td>We haven’t really got to reporting too much</td>
</tr>
<tr>
<td>Council Bravo</td>
<td>SA Tenders and Vendor Panel were here when I arrived</td>
<td>e-Tendering is another step forward for these guys here</td>
<td>I think the executive &amp; departments do see some value</td>
<td>I’m not into over complicating – keep it simple, smarter</td>
<td>Just a little bit more sophisticated stuff without burdening</td>
</tr>
<tr>
<td>Council Charlie</td>
<td>Other councils started using it</td>
<td>There’s a lot of capacity that we are not familiar with</td>
<td>SA Tenders is just a system – Vendor Panel is a complete system</td>
<td>The idea of Vendor Panel was so we didn’t have to get involved</td>
<td>Based on my 30 years doing tendering in this council</td>
</tr>
<tr>
<td>Council Delta</td>
<td>A maturity model, from hard copy, email to the first step of a portal</td>
<td>We don’t have enough panels – enough of that larger conversation</td>
<td>Vendors say it is not easy, 3 4 5 years ago it would have been pretty good</td>
<td>Now I have to hand over, new manager, this is what it looks like – not fully rolled out</td>
<td>In Government you cannot fail</td>
</tr>
<tr>
<td>Council Echo</td>
<td>I was at another council, everything was manual</td>
<td>Assuming they use the tools and template – follow the bouncing ball (manual – sic)</td>
<td>Smarter, not harder, efficiency gains compared to manual systems</td>
<td>Question - Is in what an Excel spreadsheet – Yeah (</td>
<td>I get it – imperatives are totally different. Commercial imperatives are very different</td>
</tr>
<tr>
<td>Council Foxtrot</td>
<td>TMP – 6/7 years</td>
<td>Use yellow pages - history</td>
<td>No data</td>
<td>Department not stable</td>
<td>Whole working life in this department – waiting retirement</td>
</tr>
<tr>
<td>Council Golf</td>
<td>The Procurement Department is 1 administrative officer and it was deemed by Golf 3 this person was not appropriate to be interviewed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participant council</td>
<td>Trigger for adoption</td>
<td>Degree of assimilation</td>
<td>Comment</td>
<td>business unit users</td>
<td>Barrier to full assimilation</td>
</tr>
<tr>
<td>---------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Council Alpha</td>
<td>Alpha 1&amp;2 were stretched way too thin to get to the scoring and selection in Vendor Panel</td>
<td>I would come back and do the scoring and selection in Vendor Panel</td>
<td>Vendor Panel is basically in our heads when with online tender</td>
<td>To be honest, most just hand over stuff to Alpha 1 &amp; 2</td>
<td>Computers, IT, second nature to me – others definitely not</td>
</tr>
<tr>
<td>Council Bravo</td>
<td>A business unit user was not made available for interview</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Council Charlie</td>
<td>Historically real trust with contractors, now auditing</td>
<td>An evaluation through Vendor Panel. We put our own weighting into Vendor Panel</td>
<td>New system far more effective – assured of right process, ticked all the boxes</td>
<td>Rely heavily on procurement team member for advice</td>
<td>Using online tendering gives us real ability to get savings</td>
</tr>
<tr>
<td>Council Delta</td>
<td>A business unit user was not made available for interview</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Council Echo</td>
<td>A business unit user was made available, however due to maternity leave aspects, a suitable date could not be determined</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Council Foxtrot</td>
<td>A business unit user was not made available for interview</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Council Golf (1)</td>
<td>People are going out electronically although I do not know how they meet the intent of the Act</td>
<td>The majority of panels used would not be our own (SD293). Not rocket science, the matrix thing is pretty good</td>
<td>It’s not a procurement section (SD296). Question – thresholds, does that work – NO</td>
<td>Routine procurement – panel perhaps.. &gt;$150k statutory process</td>
<td>I would still buy it and stick it in, that’s what I would do. People sleep at night, happy, that’s what were here for</td>
</tr>
<tr>
<td>Council Golf (2)</td>
<td>In process of setting up Vendor Panel – we don’t have a procurement section</td>
<td>We do our own assessment – same as we have always done it – spreadsheets (</td>
<td>We close on TenderLink auto – and the two tender boxes (manual)</td>
<td>Comes down to what people are used to (SD333). Subject matter experts - engineering space</td>
<td>Going to tender is so hard and it’s not a hard process</td>
</tr>
</tbody>
</table>
### Table 18 - Outcomes of adoption of e-Tender

<table>
<thead>
<tr>
<th>Outcome of adoption</th>
<th>Facilitation</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>The council’s inability to re-engineer it’s tender process</td>
<td>Refocus on effectiveness</td>
<td>Belief the statutes do not provide flexibility</td>
</tr>
<tr>
<td>The presence/absence of the appropriate competencies among staff</td>
<td>Diffusion of e-Tender through a TMP process to all business unit users across the council</td>
<td>Reliance on council Procurement Department</td>
</tr>
<tr>
<td>The appropriateness or inappropriateness of the council’s culture</td>
<td>Move away from the paradigm of adoption will enable effectiveness</td>
<td>No understanding of technology integration into e-Tender and the TMP</td>
</tr>
<tr>
<td>The non-availability of appropriate standards</td>
<td>Opportunity for recognition of the need for specific council domain procurement policies and procedures</td>
<td>Entrenched within the original adoption purpose</td>
</tr>
</tbody>
</table>

Bold is the summarised outcome – the themes that fall naturally into explanation

#### 6.5.2 Assimilation

The degree of assimilation of e-Tender through a TMP across all participant councils is summed up by Alpha 3 commenting on the executive’s e-Procurement & e-Tender knowledge as ‘most guys are over 50 … not very electronic savvy.. 3 or 4 out of 10 for IT competency… wouldn’t say much about digital because they’d probably embarrass themselves’. To a similar question on the executives feeling of effectiveness of e-Tender, Echo 2 states ‘I don’t think they would know, they’d not have a clue - frankly’. These two comments show a high degree of inertia relating to assimilation, a factor not limited to these councils but rather existing across the seven councils (Table 15, Table 16 & Table 17).

The early research leading to the understanding of assimilation of innovative technology centred around Meyer & Goes’ (1988, p.897) full acceptance, utilisation and institutionalisation. A contemporary version of public authority e-Procurement adoption and assimilation using the early concepts by Vaidya & Campbell’s (2014, p.229 & 230) provides both a definition (Refer 3.2.4 Public authority e-Procurement adoption and assimilation) and framework (Figure 16 - Adapted e-Tender adoption & assimilation framework) adapted to e-Tender through a TMP for this research project. The Vaidya & Campbell’s (2014) assimilation framework will be tested against the data from the seven councils of this research project. Adoption in the previous section was a test of the statutes for influence and is extended through intention and evaluation in this framework.
Intention (analogy to adoption) - plans to investigate and implement an e-Tender application. All seven councils have implemented at least one e-Tender TMP application. The intention is not singularly aligned to the initial implementation or adoption decision, the intention is an action to meet a tactical, operational or strategic requirement.

Evaluation – in 2012 the SA LGAP obtained a licence for Vendor Panel and conducted a pilot evaluation of this specialised council e-Tender TMP. This pilot evaluation has resulted in Vendor Panel becoming a cornerstone e-Tender TMP across SA. None of the Victorian and NSW councils mentioned any evaluative processes underway for other e-Tender TMPs.

Commitment – the specific strategies leading to the full acceptance, utilisation and institutionalisation of e-Tender through a TMP. An e-Tender TMP has no commonality: it is a market mechanism of service provision or what Neumann et al (2007, p.144) sees as no single best solution for all sourcing activities. All TMPs are individually unique in the service applications and how they provide compliance methods, if at all, to the various state statutes. Commitment is deeply ingrained into the individual council’s procurement policy and procedures. What is missing is the council executive strategy leading to how the e-Tender TMP will be utilised across the business units and their impact on community services. This could lead to a statement, policies and procedures are delegated authorities from the executive; it is the quality and intention of the policies and procedures which impact
effectiveness. Neumann et al (2007, p.144) saw policies and procedures as market mechanisms comprising of a set of rules, process which govern the operations and the allowable practice.

Deployment and/or Limited Deployment – All seven councils have deployed one or more forms of e-Tender TMP into its operations. A TMP whether commercial or government consists of complex applications and reasoning for usage, relates to the individual domain of councils. Council Golf have deployed seven TMP applications and these are used to depict the business unit user requirements (Table 19). Another way of viewing deployment is cognitive to the tender thresholds and open tender, either by compliance to statutory requirements or the self-determination of individual councils (Table 14). Deployment usage of TMPs by the seven councils could also be considered limited deployment due to the non-consideration of all TMP applications.

Table 19 - Council Golf TMP deployment usage

<table>
<thead>
<tr>
<th>Council Golf TMPs</th>
<th>Description of use</th>
</tr>
</thead>
<tbody>
<tr>
<td>TenderLink</td>
<td>Open Tender – statutory compliance</td>
</tr>
<tr>
<td>Vendor Panel</td>
<td>Development opportunity – limited deployment</td>
</tr>
<tr>
<td>CBRJO</td>
<td>No longer operational</td>
</tr>
<tr>
<td>RMS</td>
<td>Reduce transaction costs</td>
</tr>
<tr>
<td>LGP</td>
<td>Potential for cost saving</td>
</tr>
<tr>
<td>Regional Procurement</td>
<td>Maverick spend</td>
</tr>
<tr>
<td>Public works</td>
<td>Statutory compliance</td>
</tr>
</tbody>
</table>

Rejection – evaluation and rejection. Council Echo provides an example of evaluation and rejection of a TMP as an additive application to their internal data management system. Echo 1 comments ‘so in the last year we looked at their e-Tender module which they have only developed in the last few years, it’s fairly much in its infancy, it’s a bit basic’. Another aspect to evaluation and rejection is provided by council Golf through Golf 1’s attitude to panels. To the question of usage of RFQ/RFTs through Vendor Panel, Golf 1 stated ‘i don’t put all them through - no’. On the surface this is rejection of a tried and proven process, however the rejection dives deeper into institutional pressures and the absence of procurement policy and procedures.
The common element in determining the degree of assimilation across the seven councils and a test of the Vaidya & Campbell (2014) definition, hinges around the key words of strategy, diffusion, operational and transactional (Refer 3.2.2). The seven councils all have degrees of difference to these key words and therefore consolidating the empirical data into an outcomes framework for consideration of resistance to effectiveness is an outcome requirement of this research project (Table 20). In consequence, collectively TMPs do not actively facilitate conditions to create effectiveness for councils, although individually TMPs provide applications to enhance council’s effectiveness. Effectiveness as a measurement is a consideration for inclusion into the Vaidya & Campbell (2014) adapted (Figure 16) adoption and assimilation framework.

**Table 20 - The outcomes of Assimilation of a TMP**

<table>
<thead>
<tr>
<th>Assimilation</th>
<th>Facilitation</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>Extending the statutory and/or policy and procedures for higher levels of measured value</td>
<td>Influence from non-operational organisations and legal interpretation</td>
</tr>
<tr>
<td>Diffusion and utilisation</td>
<td>TMP selection as an opportunity for implementation of quality processes across the e-Tender operations</td>
<td>Policy and procedures not operationalised</td>
</tr>
<tr>
<td>Operations</td>
<td>Development of standards to facilitate unique council requirements</td>
<td>No recognition of a need to re-structuring procurement from an administrative service to a strategic element</td>
</tr>
<tr>
<td>Transactional</td>
<td>Implement performance measurement through TMP</td>
<td>Procurement (including tender) is more than an approved budget</td>
</tr>
</tbody>
</table>

Bold is the summarised outcome – the themes that fall naturally into explanation

**6.5.3 Is the ‘e’ prefix to council Tender institutionalised?**

E-Tender combines’ traditional tender methodologies re-intermediated with technology to realise an electronic tender process inclusive of the TMP. According to Wang, Y et al (2015, p.2/20) the intensive labour requirement of tender means the electronisation of government tender is inevitable including a requirement for significant technology functionality. This finding supports Doherty, McConnell & Ellis-Chadwick (2013, p.506) regarding the adequacy of the public authorities IT infrastructure. This is a subject for further empirical investigation and outside the parameters of this research project.
So what is council e-Tender in relation to this research project? To answer this question requires returning to the original tender definition (Refer 2.2.6). Tender and e-Tender will stand alone in definition as: *tender is a once only single sealed bid offer by the potential supplier to the buyer’s specification where the value of the offer is unknown to other potential suppliers* (Bergman & Sofia 2013, p.74; Raventos & Zolezzi 2015, p.2; Runeson & Skitmore 1999, p.289; Vickrey 1961, p.20). This is a definition originating through bidding theory (Freidman 1955), evolving into auction theory (Klemperer 1999; McAfee & McMillan 1987) and arriving in tender theory.

The commonality factor in the definitions of traditional and e-Tender is the once only sealed bid offer. The traditional tender required the sealed bid offer to be delivered into a tender box (Figure 17) positioned in the public space of a council building.

![Figure 17 - Traditional tender box](image)

(Image from Bing online pictures)

The tender box still sits within the requirements of the NSW LGAct where a council must ‘provide a secure tender box’ (NSW LGA 1993, p.95 S174 (171) (a) ). This research project has determined councils use a market mechanism: an interaction with suppliers and the selection of a winner (Raventos & Zolezzi 2015, p.2). Inclusive in this market mechanism can be added the role of the TMP including methods of open tender, panels and categories of suppliers. In tender, the buyer (councils) and the seller (supplier) and every aspect evolves around the sealed bid process.

Should the ‘e’ prefix be used with tender? This question is answered by undertaking a simple query text search in NVivo with the results recorded in Table 21. The language of the participants was tender with the ‘e’ prefix used by interviewees in relation to discussion around electronic process originated by the researcher. Interviewees also used the word portal to describe e-Tender and the TMP (Table 22).
Table 21 - e-Tender word search

<table>
<thead>
<tr>
<th>Word search</th>
<th>Sources</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Tender</td>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>e-Tender</td>
<td>11</td>
<td>37</td>
</tr>
<tr>
<td>Tender</td>
<td>21*</td>
<td>166</td>
</tr>
<tr>
<td>Tender (stemmed *ing, ed)</td>
<td>21*</td>
<td>1502</td>
</tr>
</tbody>
</table>

(* 19 interviewees plus 2 second interviews)

The ‘e’ prefix is a convenience for academics to distinguish traditional tender process from the re-intermediated e-Tender (Doherty, McConnell & Ellis-Chadwick 2013; Raventos & Zolezzi 2015), a process adopted for this research project.

Table 22 - e-Tender to portal

<table>
<thead>
<tr>
<th>Council</th>
<th>Tender box in context</th>
<th>Tender box inclusion in response</th>
</tr>
</thead>
</table>
| Alpha   | Alpha 1 - We would issue the documents, would advertise publicly the press. We would receive tenders or offers and hard copy, a tender box a physical tender box in the customer service area  
Alpha 2 - We would get hardcopy tenders delivered into our tender box. | With the introduction of electronic we didn't use, we don't use the physical tender box. We use a portal.  
So the standard process hasn’t altered as far as giving out your plan and all that stuff |
| Charlie | Charlie 2 - What I like about electronic systems is that once the time for tenders close, no one can possibly upload whereas an old system sometimes you’d be there at two o’clock waiting on the tender box. There’s nothing stopping someone from putting a late tender after it closes | Advantage to using Vendor Panel is that you can do all your notifications automatically, keeps a record of that process as well |
| Echo    | Echo 1 - When we implemented TenderLink, we shut the, we shut down all hardcopy processes so, we used to have a Tender box which is actually just out there in reception | We went all electronic back in 2011. Absolutely fully electronic (fully electronic means 50% email – sic). The idea was to do everything over 15000 through the e-Tender system |
| Golf    | Golf 2 - For Portal to me means. An electronic tender box or a, this we use as a central port of communication for our tenders | Discussing the word Portal as it relates to e-Tender |

An extensive report by Price Waterhouse Coopers for the European Union referred to electronic mechanisms, e-Procurement and tender without the ‘e’ prefix (PWC 2013). The response to removing the ‘e’ prefix (Table 23) clearly shows the applied attitude of the council interviewees to using the descriptive tender.
The applied terminology of tender has now been adopted, assimilated and institutionalised. The test of institutionalised falls on the readiness to use major volumes through e-Tender (Tran et al. 2014, pp.95 - 96). Foxtrot 1 positions e-Tender as a method with tender as the process aligned to the NSW LGAct. The NSW LGAct cross references to another NSW statute regarding electronic transactions, a direction not deemed necessary to follow for the purposes of this research project. Both the Vic LGAct and SA LGAct refer to tender (and procurement) without mention to electronic process. It appears convenient for academics to use e-Tender for research emphasis.

Table 23 - Position on ‘e’ prefix

<table>
<thead>
<tr>
<th>Council</th>
<th>Use of the ‘e’ prefix</th>
<th>Response to removing the ‘e’ prefix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha 1</td>
<td>An offer received electronically. An electronic file.</td>
<td>I don’t see any difference. No I don’t see any difference.</td>
</tr>
<tr>
<td>Bravo 1</td>
<td>Procuring is the process involved and tendering is the vehicle or the mechanism.</td>
<td>Tender is just one of the ways to get to the end result.</td>
</tr>
<tr>
<td>Charlie 2</td>
<td>The rules are still all the same. Just procurement. Just we do it electronically now, so whether there’s a need to have the e in front of it doesn’t really matter.</td>
<td>We are still going to use it the same way.</td>
</tr>
<tr>
<td>Echo 2</td>
<td>There’s a misnomer here when you are calling it decentralised electronic tendering. The electronic is only the vehicle.</td>
<td>Responding to the CEO’s call for electronic decentralisation</td>
</tr>
<tr>
<td>Foxtrot 1</td>
<td>The prefix E’s just a process. The tendering. Also it is a method, tendering is the process. So tendering is the all-inclusive, e-Tendering is a subset. Tendering is a method for procurement of a value over 150.</td>
<td>No I wouldn’t use e-Tendering when giving advice to council.</td>
</tr>
</tbody>
</table>

Tender is the institutionalised usage without adding an ‘e’ prefix. This research project has the continuing requirement to refer to both traditional tender, e-Tender and tender (as a collective descriptive), therefore to avoid confusion, both traditional and ‘e’ tender will continue through this DBA Dissertation.
6.5.4 Community

Local governments or councils in Australia is the third tier of government behind the state, territory and federal government. Councils are administered through a myriad of non-federal statutes. Australian councils are established as democratically elected representatives of a defined area or region, purposed to representative and make responsible decisions in the interests of communities. The elected members and council officers are required to meet standards of accountability for public sector administration including the management of public funds (Dollery, Kortt & Drew 2016). The interviewee’s comments on community is a cross sectional description of the interaction between the two elements of council: the front end being the community and the back end being the council as an organisation (Table 24). The collective descriptions of these comments ranges from feedback, service delivery and causation inhibitors to effective procurement process. The community is the service aspect of council: the customer.

The feedback is a recognition of service delivery across the total services of a council, which amount to 118 in one individual council. Describing the services offered through the sewerage and water responsibility, Golf 1 comments, ‘don’t want people thinking about sewer and water … to go on about their lives … comes (water – sic) out clean and they’re happy with it … go out with the rubbish and it goes on time’. Golf 1 is operating on the premise of no feedback from the community is positive feedback in itself. Charlie 4 understands ‘value for money for the community’. While Golf 1 and Charlie 4 are business unit users of procurement delivering services to the community, the executive thinking on delivery changes with Charlie 3 to a collective delivery of expectation of ‘community would expect … would spend it in full knowledge of all of the procurement requirements, the probity’.

Foxtrot 1 speaks of ‘reactive to community requests, as opposed to being strategic, and responsible with public purse, happens all the time’. The lines of expectation between business unit and executive level are blurring between delivery at a transactional and/or operational level and a potential strategic council view. The inhibitors are a factor of procurement strategy, not being interspersed into the executive strategy.
<table>
<thead>
<tr>
<th>Council</th>
<th>Participants comments on community</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>Alpha 3 - We could also use it for procurement at the moment, it's like messaging across to the community and get some feedback, a bit about the community, about our services. But there's been no discussion about let's use this medium.</td>
</tr>
<tr>
<td>Bravo</td>
<td>Bravo 2 - For delivering our capital works and delivering all the services that we do deliver, which amounts to about 118 services for the city of Bravo community.</td>
</tr>
<tr>
<td>Charlie</td>
<td>Charlie 1 - It's all about the community and what the community see. It's all about the things that get opened and the red tape, it's just the nature of government. Charlie 1 - the elected members are completely on the community side without any question. We are struggling. Our elected members are definitely on the community side. Charlie 3 – We don’t have a corporate strategy in this organisation that says this division for seven hundred people and the organisation that is council. Now that’s crazy to me because this from this community plan is so - nebulous. It doesn’t offer any method of making decisions. Charlie 3 - I would think that the community would expect that, anybody who spends money in this organisation would spend it in full knowledge of all of the procurement requirements, the probity. Charlie 4 - Test the marketplace easily and in and in very short time frames to put stuff out and get stuff back to I guess get value for money for the community in terms of procuring products or services from commercial operators.</td>
</tr>
<tr>
<td>Delta</td>
<td>Delta 1 - However the flip side of that is, in government you can't fail. Even though we do quite well, at least that's what’s seen out in the community. It’s not like private industry where they almost encourage you to fail a little bit to learn from it. Delta 2 - So from an executive perspective there is a strong focus on you know through the budgeting process? We land on a capital program where we go out to the community, we're going to our councillors saying here’s the funds required and this is the capital program that we want to deliver.</td>
</tr>
<tr>
<td>Echo</td>
<td>Echo 1 - We need another, and we need another reporting mechanism to actually uncover this wastage. That’s what’s happening here. That's what gets really pissed off because the community is not getting 19 million dollars’ worth of work. And their getting 15 or something.</td>
</tr>
<tr>
<td>Foxtrot</td>
<td>Foxtrot 1 - How many, I do not know how many times you have seen council officers being helpful, it’s a loaded term, or reactive to community requests, as opposed to being strategic, and responsible with public purse, happens all the time. Foxtrot 1 - the 1 year plan is supposed to be more organizational strategy to meet your community desires, so they are meant to be fed at both different ends and so do not meet in the middle, not done so well, very poorly understood.</td>
</tr>
<tr>
<td>Golf</td>
<td>Golf 1 - Well the community. The shareholders, they are shareholders in the water and sewer infrastructure. It's just that they're captive. They can't go. No, I don't like you, will go to somebody else. So that's another thing we've got to be mindful of. Golf 3 - But I mean I suppose it goes back to our policy and our policy has this very, not only is it just as equal value for money. It has an equal weight. It has an equal amount of space on policy I guess to being how we deliver economic benefit to the local community.</td>
</tr>
</tbody>
</table>
An assumption would be an expectation all seven councils have an executive strategy: this assumption is not correct (Table 24), Charlie 3 – ‘we don't have a corporate strategy … that's crazy to me because, this community plan is so - nebulous. It doesn't offer any method of making decisions’, Foxtrot 1 - ‘the 1 year plan is supposed to be more organisational strategy to meet your community desires … not done so well, very poorly understood’, Echo 1 – ‘an electronic procurement decentralised model - the decentralised model will not work in this environment – ever’, Delta 1 comments ‘in government you can’t fail. Even though we do quite well, at least that’s what’s seen out in the community’.

The inhibitors are perceived as an impact from the front end, the external stakeholders of the council, rather than back end, the internal practice. All seven councils have procurement policies and procedures, documents required for compliance to the respective LGAct. These are not documents providing operational detail to overcome the inhibitors referred (Table 24) and are not inhibitors requiring a decision on a localised transactional and/or operational basis: they are structural inhibitors requiring transformation of the barriers and institutional pressures at an executive strategy level.

<table>
<thead>
<tr>
<th>Community</th>
<th>Facilitation</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>External stakeholders</td>
<td>A community strategy supplemented by an executive strategy as the driver of corporate direction</td>
<td>No penalty</td>
</tr>
<tr>
<td>Service delivery</td>
<td><strong>Expectation of value from every individual transaction/operation</strong></td>
<td><strong>Procurement not presented as a community service</strong></td>
</tr>
<tr>
<td>Rhetoric of ‘their’ problem</td>
<td>Change the rhetoric to business partnering and a holistic approach</td>
<td>Devoid of executive direction</td>
</tr>
</tbody>
</table>

6.5.5 Influence

According to institutional theory, structures, norms and rules and how practices become resilient and legitimised as guidelines for acceptance of the organisation by its environment, are factors seen as critical to success and survival, than a desire for efficiency and effectiveness. Organisational processes are institutionalised through influence by individuals or institutions, leading organisations to adopt similar structures,
strategies and practices. Collectively these pressures are referred as isomorphic pressures due to different organisations engaging in similar behaviours to achieve legitimacy, thereby becoming more similar over time or adopting similar structures, strategies and practices (DeVaujany et al. 2014; Doherty, McConnell & Ellis-Chadwick 2013; Kauppi 2013; Krell, Matook & Rohde 2016; Meehan, Ludbrook & Mason 2016).

The influences on the seven councils can be considered to be impactful from four different sources: (i) The state LGActs and the prescribed actions, (ii) State local government associations, (iii) Other councils in the respective state and (iv) Community stakeholders. The research has shown no interconnection of councils across states, rather an isolation position in their respective state.

(i) The NSW and Victorian LGActs prescribe actions of open tender being above a specified monetary threshold. There is limited guidance outside these prescriptions. The SA Act has no threshold value and councils are left to self-determine tender process.

(ii) The local government associations (LGA) relative to each state provide advocacy processes on a membership fee basis. The NSW and SA LGAs and MAV in Victoria all provide procurement best practice and documentation templates inclusive in the membership fee. A contradiction exists between advocacy and commercial activities through provision of procurement consultancy (fee-for-service): Golf 3 – ‘why we’re bringing in LGP to undergo a consultation consultative approach’. In addition, the NSW, SA LGAs and the MAV all operate shared services (Refer 6.6.4) for volume tender requiring a commission up to 2% of invoice value. ‘There is a commission to be paid ranging somewhere from half to about 2 percent depending on what it is’. The contradiction aside, all seven councils use shared service volume tenders. The SA LGA was very influential in the adoption and assimilation of Vendor Panel as a specialised council e-Tender TMP (Table 14 - Adoption of e-Tender through a TMP). A question of continuing influence can be raised in the current commercial activity of

36 In Victoria there are three LGA organisations
the SA LGA, ‘can’t engage the LGA. The LGA doesn’t want to know about procurement’ (outside the commercial activity – sic). The contemporary degree of influence from the LGAs on the seven councils within procurement is a variant from minimal to no influence (Table 26). A distinction is made between influence as a process of advocacy and consultancy being a commercial activity.

(iii) Partnerships or collective of regional councils - Councils operate in a singular environment across the three states. The boundary between a council association for the purpose of shared services and as a collective for enhancing procurement professionalism is unclear (Refer 6.6.4). Delta 2 refers to discussions with neighbouring councils, ‘looking across the sector in various conversations and discussions’.

<table>
<thead>
<tr>
<th>Council</th>
<th>Executive comments on LGA influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>Alpha 3-3, can’t engage the LGA. The LGA doesn’t want to know about procurement. (Outside the commercial activity – sic).</td>
</tr>
<tr>
<td>Bravo</td>
<td>Bravo 3 - No not really. I mean we work closely with the LGA procurement group (for shared services – sic) but there’s really no pressure as such imposed.</td>
</tr>
<tr>
<td>Charlie</td>
<td>Charlie 3 – LGA will do research on behalf of local government (collective – sic).</td>
</tr>
<tr>
<td>Delta</td>
<td>Delta 2 - It is looking across the sector in various conversations and discussions. Did not mention the MAV (one of the 3 LGAs in Victoria – sic) as an influence.</td>
</tr>
<tr>
<td>Echo</td>
<td>What impact or influence does the MAV have on your thinking? Any? Echo 1 – No.</td>
</tr>
<tr>
<td>Foxtrot</td>
<td>Foxtrot 1 – Did not mention the LGP as an influence.</td>
</tr>
<tr>
<td>Golf</td>
<td>Golf 3 – Engaging LGP to come in and tidy up our procedures from amalgamation (Consulting – sic).</td>
</tr>
</tbody>
</table>

Alfa 1-2 saw a requirement to develop a network of procurement professionals from interested councils, not necessarily neighbouring councils and comments:

“We’ve talked generally about procurement. It blew me away. How well off we are here. Some people have half a person. And, I actually asked what about your waste contract, haven’t got one”.

Table 26 - Executive comments on LGA influence
This network has been in place for only a short period of time and no reflections of influence are available. Echo 2 refers to the regional procurement excellence networks (RPENS\textsuperscript{37}) ‘absolute waste of space really’. Discussing associations of council with Delta 1 ‘There is several council groups. The best one I’ve seen in Victoria by far is the southeast and they’re all working together really well as shared procurement. There are at least five years ahead of us’. The council association Delta 1 was referring to is the same council association referred by Echo 2 (Table 27).

Table 27 - Council influence through associations

<table>
<thead>
<tr>
<th>Council</th>
<th>Council influence through associations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>Alpha 1-3 - The Network procurement professionals, that’s the meeting I went to last week. They are quite progressive. And. Some of their aims is to well it’s obviously to help all the councils and they’re developing their own website so that all councils can access aide materials. Alpha 3-3 - you’ve got Council Solutions. LGAP, LGAA all these groups you've got Procurement Australia it is all too many of them and they get confusing.</td>
</tr>
<tr>
<td>Delta</td>
<td>Delta 2 - we actively engaging in conversation with other sort of neighbouring councils. Delta 2 – How do you really get serious about it?</td>
</tr>
<tr>
<td>Echo</td>
<td>Echo 2-2 - They call them RPENs regional procurement excellence networks. And we happened to be in the southern region ... it’s supposed to be procurement excellence, sharing ideas ... a new life to be breathed into it. There have been a few retirements. In the last few months. So. Those people were fairly influential and fairly insular at the same time</td>
</tr>
<tr>
<td>Foxtrot</td>
<td>Foxtrot 1 - with the ROCs you have bulk buying power, more services so these suppliers tend to sharpen their pencil in order to secure more councils rather than just the one ... I understand there are benefits, again my experience is with (named), with a region of councils actually do better if they group together and say we are going to need.</td>
</tr>
</tbody>
</table>

(iv) The community impact on interviewees is detailed in section 6.5.4. External stakeholders are not within the boundaries of this research project.

Influence can be summed up through a section of the interview with Golf 3 who has an administrative officer as the sole incumbent in the procurement department. Golf 3 has a budget to engage consultants, ‘if I need procurement specialists I’ve got a budget to bring

\textsuperscript{37} RPENS and Special Interest Groups (SIGS) are a products of LGPro, an incorporated public company and one of the three LGAs in Victoria.
in’ (consultants – sic). This is not influence, it is consultancy, a commercial action. Discussing the competitive position of the LGP, Golf 3 admitted ‘your right to some degree’ and went on to say:

“We have to make the decision (to engage consultants – sic) that whilst we don’t want to have a procurement professional on staff at the moment and that’s, this is just right at this very moment, we can bring in that expertise that have a very broad range across NSW councils as a whole”.

While councils have a logic of provision of community services within prevailing financial constraints, this would lead to an assumption procurement would have a similar resemblance, which is not the contemporary position. In NSW and Victoria the statutes have prescribed positions requiring compliance and not determined as an influence. The LGA’s principal role is advocacy for council’s relationship to government while conducting commercial activities. Professional procurement through LGAs is a commercial activity and unless councils engage consultancy, the contemporary influence is nonexistent. While the SA LGA held a strong position of influence during the year of procurement in 2012 resulting in the pilot program for Vendor Panel with subsequent adoption and part assimilation, this influence role has diminished (Table 27). The two Victorian councils take no influence from the three LGAs. While associations of councils exist in disparate forms, there does not appear to be any influence on procurement professionalism leading to increasing effectiveness (Table 28).

6.5.6 Procurement Professionalism at a staff level
Charlie 3 sums up the characteristic of procurement professionalism ‘I don’t think that everybody in the business needs to be, a procurement specialist. They just need to understand their high level responsibilities’. This is a positioning statement for influence from the procurement department to the business units: the tools of procurement and a cultural understanding of the council’s executive strategy are the higher level responsibilities.
<table>
<thead>
<tr>
<th>Council</th>
<th>Interviewee comments on influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>Alpha 3 - I tend to try to read white papers and when they do research on LGA I kind of go with this paper and I go your weird, reading things like that. But it does promote change.</td>
</tr>
<tr>
<td>Bravo</td>
<td>Bravo 1 - I'm not aware of any external influences that coming on to council no. And I'd say more of a drive internally I'd say ... I mean we work closely with the LGA procurement group but there's really no pressure as such imposed.</td>
</tr>
<tr>
<td>Charlie</td>
<td>Charlie 2 - Well I'll be perfectly honest probably don't have anyone for inspiration. Most of our procedures that we have now, have been based on my 30 years doing tendering. Charlie 3 - We do research into the UK, into New Zealand what they're doing what they're achieving. We look at those influences you look at even the commercial sector and how they go about their work.</td>
</tr>
</tbody>
</table>
| Delta   | Delta 1 – I can see there’s a real gap and lack of investment, good touch points back in to say seeing a BHP Rio Tinto, Banking environed NAB. So I’m using some of the influences there and looking at that and how would you work that in this type of environment without making it more of what we call window-missing it, as you get fit for suit.  
Delta 2 - the visibility that I’ve had of the process is the procurement policy document and the requirements under the Local Government Act are the guiding influences, if you like.  
Delta 2 - It is looking across the sector in various conversations and discussions around process improvement. So we've got a strong focus on driving that continuous improvement ... particularly procurement where there’s strong feedback internally of not delivering an optimal result. |
| Echo    | Echo 1 – Question about influence from MAV – NO. Question about influence other councils - No not so much. Not Councils no. I consider that we're pretty advanced.  
Echo 2 - Nowhere to the extend I used to. Local governments are quite insular. I sometimes jokingly say to Echo 1 I have had to un-learn so much since I came into local government procurement. Just have to un-learn. I just had to close my eyes, grit my teeth and just, try and get that wave moving a bit closer a bit closer but. Yeah. And, that's why we've been trying to build capability. It's totally different. |
| Foxtrot | Foxtrot 1 did not provide any detail on influence, other than the comment 'as a creature of statute’. |
| Golf    | Golf 1 - So what influences me is the past like, it's not so much anything here at the moment because I am still developing relationships, but you know. Previous engineers I've had previous classes, I've had previous general manager I've had about values and it's about. You know it's about, I want to get things done. I want to be output driven.  
Golf 2 - I would have told you no it didn't. Well it does mean that you know those guys have a great framework as the RMS do in delivering.  
Golf 3 - Twofold. My general manager is quite a visionary. He thinks outside the box. So I report it to (named) there’s no one in between. He's quite visionary and sees procurement as an area that we can transform. That's where I get that philosophy, I try and get involved in the region joint organisation procurement. |
This is explained by Golf 3:

“Rolling out a training program not about how to raise a requisition or how to go to tender. But what is the purpose of going out to tender, why? What sort of thoughts should you have when engaging in you know procuring items? What's the concept of value for money? What's the concept of local economic benefit? Why is that important? And so training, more about the mindset rather than saying this is what you must do”.

This response is a descriptive of business partnering (Refer 6.6.2), a process implemented by council Alpha (called Project Management Teams) and council Bravo. Council Charlie has recently appointed a new manager, a qualified lawyer, to the procurement department:

“I sort of see her as a bit of a savior of this organisation. I'll tell you what she brings, passion and hope that we can really educate this business to really understand the importance of stuff”.

The new managers task is to remove the ‘dysfunctional, complexity and confusion’ (Table 40) of the procurement department. This is an indicator council Charlie is moving in the direction of procurement professionalism. Procurement professionalism is described by Golf 3 as ‘someone that has a solid experience in dealing with procurement in a council of NSW’. This statement is not aligning with any academic, industry or professional procurement body (CIPS 2018): it is a statement of resistance to moving outside the council realm, as Golf 3 explains:

“Council is very specialised in that it has 32 different businesses, all have very different requirements. Some of our business units you know they purchase Coca-Cola and water and chlorine. Other ones are procuring you know eighty five million dollar roads. And we also have procurements for IT, we have procurements for theatre performances”.

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The discussion moved on to the complexity of industry and the transformation of the procurement department Golf 3 wishes to undertake leading to the question of why not engage a competent industry person, to which the response was not being able to afford an industry person.

Golf 3 comments:

“But you know, if I've got a budget of sixty thousand sixty to seventy thousand dollars for a staff member ... You don't get that sort of expertise that we'd be looking for ...I just haven’t got the resources to be able to put to the qualified person that we need at the moment”.

This is a confusing statement as Golf 3 has justified the position of engaging two with a possible third consulting organisation, but cannot justify expenditure on a professional procurement person.

This aligns with Bravo 2 and the engagement of a procurement analyst and Echo 1’s comments relating to staffing resources, ‘one of the main reasons why he (CEO – sic) believes in a fully decentralised model is that because he’s attracted to the lack of resourcing that it requires, very attractive’.

From a council perspective, procurement professionalism is a nebulous discipline, the barriers (Table 29) to undertaking procurement professionalism are many and varied.
Table 29 - The barriers to procurement professionalism

<table>
<thead>
<tr>
<th>Council</th>
<th>Procurement professionalism</th>
<th>Barrier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bravo</td>
<td>Bravo 1 - I'm not, I'm a bit rusty on the Vendor Panel as in the system because the other bloke that was here before and he was the Vendor Panel guru in the system&lt;br&gt;Bravo 2 - Procurement analyst position advertised (level 7 of an 8 level structure, salary less than $100k AU) – position not filled&lt;br&gt;Procurement Business Partner position advertised (level 5, salary less than $75k AU) – position filled</td>
<td>No competent operator for the principal TMP application&lt;br&gt;Value of procurement not recognised&lt;br&gt;No recognition of the value of higher level procurement professionalism</td>
</tr>
<tr>
<td>Charlie</td>
<td>Charlie 1 – based on my 30 years of experience in local government doing tendering for 30 years</td>
<td>No vision for the new re-intermediated e-Tender</td>
</tr>
<tr>
<td>Delta</td>
<td>Delta 1 – Acting manager overseeing this going forward ... I believe she is, so I believe a management accountant.&lt;br&gt;Delta 1 - function. So in a way I look at it I actually get a bit irritated at that because I would have loved to have the opportunity to propose options for shared procurement.</td>
<td>No recognition of the value of higher level procurement professionalism&lt;br&gt;Four years in the role without any strategic plan or outlook</td>
</tr>
<tr>
<td>Echo</td>
<td>Echo 2-2 - It was explained to me that they, each council picked a couple of admin people. And, Sheep dipped them into some intensive training. And suddenly your procurement people. And I thought God, now I get it now I understand</td>
<td>Council procurement departments positioned in status quo</td>
</tr>
<tr>
<td>Foxtrot</td>
<td>Foxtrot 1 - we are fundamentally reviewing how we do our procurement and we are going to look into strategic procurement, we have identified a big skills gap here, we are very reactive, most councils are reactive.</td>
<td>The rhetoric of strategic procurement</td>
</tr>
<tr>
<td>Golf</td>
<td>Golf 3 - I don't have any procurement, prefer trained procurement professional sitting in procurement. What I have is a procurement administrator that just handles all the paperwork.</td>
<td>No recognition of the value of higher level procurement professionalism</td>
</tr>
</tbody>
</table>

Table 30 - Outcomes of influence & professionalism

<table>
<thead>
<tr>
<th>Influence &amp; professionalism</th>
<th>Facilitation</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Uniqueness of individual councils</strong></td>
<td>Control own destiny</td>
<td>The council style</td>
</tr>
<tr>
<td>Global discipline</td>
<td>Engage staff for capability</td>
<td>Budgetary requirements of staff numbers</td>
</tr>
<tr>
<td>Council structure</td>
<td><strong>Position procurement as a discipline of importance</strong></td>
<td>Recognition of procurement as major percentage of income</td>
</tr>
</tbody>
</table>

Bold is the summarised outcome – the themes that fall naturally into explanation
6.6 The operationalisation of council e-Tender and the TMP

The TMP is the researcher’s acronym and used during the interviews as a descriptive of the portal to avoid any misconception with other internet based portal activities. None of the interviewees used the word TMP, the interviewees referred to either the government or commercial TMP by name or the word portal. None of the seven councils use their own ‘in house’ TMP as explained by Bravo 2.

“Yeah. Absolutely we could (use an in house TMP – sic). But given the cost benefit of it for us, both TMPs are relatively inexpensive. And for us to invest the time, money, cover off on the risks, the records management side of it, it just seems more viable for us to just outsource. SA Tenders and Vendor Panel already have an established base”.

The initial and subsequent adoptions and assimilation for all seven councils was a government or commercial TMP (Table 14) with no mention or consideration of an ‘in house’ TMP.

6.6.1 Components of council e-Tender through a TMP

The number of TMPs available for council usage across Australia are too numerous to determine considering the governments, government departments who operate TMPs and commercial operators. The roles adopted by Australian TMPs (both government and commercial) are distinct. A review of all Australian TMPs is outside the scope of this research project and therefore the inclusive element is the principal five TMPs in use by the seven councils. The government department TMPs mentioned by Golf 1 and 2 are not included. The current services and the degree of penetration of TMPs into council e-Tender is shown in Table 31. A description of the TMP services has been collated from the council interviewees as responses to semi-structured or follow on questions to describe the distinctive characteristics. This is contemporary detail of the council user interface with the TMP.

The researcher has not located any literature with a relationship to the services of a TMP other than the original Liao, Wang & Tserng (2002, p.732) reference to a network centre.
This research has had no follow through in relation to e-Tender and the role of the TMP. The literature provides some componentry detail (PWC 2013, 2015) and historical material (Johnson 2010, 2012), both citations having no impact on this research project due to consultancy and not contemporary tender.

Table 31 - TMP services for Councils

<table>
<thead>
<tr>
<th>TMP Services</th>
<th>SA T&amp;C</th>
<th>Vendor Panel</th>
<th>TenderLink</th>
<th>Tender Solutions</th>
<th>Procurement Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open tender</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Pre-qualified Panels</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>National categories</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Specialised council TMP</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>e-Notification</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>e-Access for tender docs</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>e-Evaluation</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>e-QA(Forum)</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>e-audit records</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Prescribed organisation</td>
<td>No</td>
<td>No *</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

* All LGA (P)s by state are prescribed organisations under the respective statutes and provide panel operations through Vendor Panel

Descriptions of TMP services:

Open tender – an open distribution to categories or publicly advertised to invite potential suppliers to tender for a nominated specification from the buyer.

Pre-qualified Panels – potential suppliers are either invited by open tender or selected to participate on pre-qualified panels. Potential suppliers are evaluated for experience, product and statutory requirements (insurance, work health & safety policies, etc) for inclusion on a panel. Councils have the ability to either seek tenders, quotations, prices or information from the pre-qualified suppliers.

Notes: The pre-qualified panel operation for councils is through Vendor Panel. Councils holding a Vendor Panel licence can develop their own panels or access other council or LGA (P) panels. The benefit to suppliers is a once only registration on the Vendor Panel data base with this data transferrable to all licence holders. In
NSW panel suppliers are required to have undergone tender meaning the monetary value of council specifications will be greater than $150k, below this figure councils self-determine.

National categories – government and commercial TMPs all operate a national category of products with suppliers who have either registered free of charge (government) or have paid a membership fee to commercial TMPs. Product tenders are distributed to category members.

Notes: The categories are a simplification process for members whether registered or fee paying through a supplier vetting process to eliminate not required tenders.

Commercial TMPs data mine all public access media for tenders, vet and distribute to their categories including links to the tender. Alpha 2 ‘those other tender organisations, they roll everything and flick it on to people, so we still know they get it’, this comment confirmed by Golf 2 ‘TenderLink searches the web and also passes on anything that is advertised’.

Specialised council TMP – a TMP with pre-qualified panel applications for potential suppliers to product sub disciplines at a local or regional geographic area.

Notes: Across the seven councils of this research project, only Vendor Panel has the capacity to meet the pre-qualified panel requirements.

E-Notification – the distribution of notice documents by electronic applications.

Notes: All TMPs nominated in this research project use e-Notification in the form of email for notices as the principal form of communication.

E-Access for tender documents – on receipt of a notice by either registered or membership of a TMP, potential suppliers can download tender documents electronically.

Notes: Government TMPs provide an open access process to tenders without limitations. Commercial TMPs use validated electronic access to tenders as a membership value.

E-Evaluation – the TMP provides and electronic evaluation for licence holders to add individual tender weighting criteria to produce an exclusive score to a nominated tender.

Notes: Both Alpha 4 and Charlie 4 being business unit users have assimilated the Vendor Panel e-Evaluation application.

E-Q&A (Forum) – the ability of the registered and members to post questions and receive responses via the TMP application.
Notes: The questions and answers via the application provides a probity and fairness audit trail.

E-Audit records – data storage of all transactions relating to a specific tender to be retained for audit requirements.

Notes: without e-Q&A within the TMP, this valuable probity and fairness audit process cannot be conducted.

Prescribed organisation – an instrument nominating an organisation under a specific statute.

Following on from the distinctive characteristics of TMP services, is the interoperability between the business unit project management teams and the procurement department’s policies and procedures enabling specific TMP usage (Figure 18). The interoperability detail is generalised and collated from all seven councils regardless of government or commercial TMP. This is a complicated process of rationalising policy and procedures, compliance to statutes, the distinctive characteristics offered by the respective TMPs and the structure of the Procurement Department. Applied variance to an individual tender will impact the steps and sequence. The individual council structure of the procurement process, whether centralised, decentralised or centre-led will also impact each step.

This section clarifies the distinctive characteristics and the operationalisation of TMP services, a contribution to gaining complete understanding of council e-Tender through a
TMP. A complete understanding is not a context of councils, a problem exists, as Golf 2 states ‘going to tender is so hard and it’s not a hard process’.

Table 32 - Outcomes of components of a TMP

<table>
<thead>
<tr>
<th>Operationalisation</th>
<th>Facilitation</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distinctive characteristics of a TMP</td>
<td>Full assimilation of electronic process enabling procurement to be a technology driven council value</td>
<td>A journey too far for existing procurement capability</td>
</tr>
<tr>
<td>Interoperability between the participants</td>
<td>Integration of electronic applications</td>
<td>Operating within a no penalty environment</td>
</tr>
<tr>
<td>Move away from initial adoption decisions</td>
<td>Investigate and evaluate the opportunities for procurement value</td>
<td>Executive strategy to drive operational performance</td>
</tr>
<tr>
<td><strong>Bold is the summarised outcome – the themes that fall naturally into explanation</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6.6.2 The structure of council procurement

The procurement process within councils is embodied within a structural rhetoric that is sitting as a barrier to effectiveness of e-Tender within the procurement department, the business unit user level and financial accountability at executive level. Rhetoric is considered the constant verbal activity to develop shared understandings through the persuasion of individuals to contribute to collective purposes, the type and sequence underpinning framing strategies (Barrett, Heracleous & Walsham 2013; Green, J & Sandy 2004, p.654). The structural rhetoric is a debate aimed at justification for the rhetorical position of the procurement department as a centralised, centre-led or decentralised structure. The structure of the procurement department is a control mechanism over the procurement process, principally through the regulation of both statutory requirements and the provision of procurement policy and procedures of the individual council.

The case studies provide two examples of business unit users, Alpha 4 and Charlie 4 who have assimilated a TMP at a decentralised level while at the same time reliant on the procurement department for professional advice, a centre-led model. Council Alpha has contemporary policies and procedures available to business units and the general public (published on the council web site) as required by the SA LGAct, a centralised action. Council Charlie has a rhetorical position of procurement policy and procedures which provides legitimacy for the council and the executive, documents that could not be
produced. A summary of the structural rhetoric of each participant council is provided in Table 33 with full detail in Table 34.

**Table 33 - summary of structural rhetoric of procurement department**

<table>
<thead>
<tr>
<th>Council</th>
<th>Structure</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>Centre-led and centralised</td>
<td>Co-ordinating rather than actually doing it (procurement – sic)</td>
</tr>
<tr>
<td>Bravo</td>
<td>Centre-led</td>
<td>Clear lines of responsibility, clear segregation of duty</td>
</tr>
<tr>
<td>Charlie</td>
<td>Decentralised</td>
<td>Probably doesn’t quite make it decentralised</td>
</tr>
<tr>
<td>Delta</td>
<td>Centre-led</td>
<td>Sort of landed on centre-led</td>
</tr>
<tr>
<td>Echo</td>
<td>Decentralised</td>
<td>Fully decentralised but will not work in this environment - ever</td>
</tr>
<tr>
<td>Foxtrot</td>
<td>Centralised</td>
<td>Bulk of procurement centralised, some are co-ordinated next and parallel</td>
</tr>
<tr>
<td>Golf</td>
<td>Not distinguishable</td>
<td>The three golf interviewees commented on structure in this order – decentralised, centralised, centralised, centre-led, may seem decentralised</td>
</tr>
</tbody>
</table>

The structural rhetoric as a barrier to any form of effectiveness in council Echo is demonstrated by the executive requirement for decentralised electronic procurement resulting in two failed attempts and a third attempt at implementation not gaining any traction. In the words of Echo 1, ‘decentralisation will not work in this environment – ever’. Development of a procurement structure and process as a one-model-fits-all paradigm, is unlikely to work (Uyarra & Flanagan 2010, p.123) and is not an aim of this research project.

The LGA in each of the three states provide draft policy and procedures templates for consideration by councils. This research project recognises the individualism of each council and is using a generalised approach to understanding council e-Tender through a TMP. The structural rhetoric needs to change to an open structure where all elements of the council procurement process can interact to achieve the value of community expectation. Charlie 3-2 states ‘the community would expect anybody who spends money in this organisation would spend it in full knowledge of all the procurement requirements, the probity’. The need for structural rhetoric is recognised by councils Bravo, Charlie and Delta through the introduction of the concept of business partnering. This concept is already assimilated into council Alpha and referred to as a project management framework, ‘a process undertaken by a project team and the procurement group is involved in the procurement process of the project’.
<table>
<thead>
<tr>
<th>Council</th>
<th>Structure</th>
<th>Preferred or reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>Alpha 1 - We have now gone as a result of the year of procurement to a centre-led and the centralised model</td>
<td>We are responsible for policy, development processes, maintenance of templates, maintenance of pre-qualified – basically a co-ordinating rather than actually doing it</td>
</tr>
<tr>
<td>Bravo</td>
<td>Bravo 2 - Initially it used to be a decentralised model. We moved to a centre-led model and merged the function with the finance team</td>
<td>The centre-led model we have now, it's very clear lines of responsibility, we ensure very clear segregation of duty – clear lines of responsibility and clear lines of control</td>
</tr>
<tr>
<td>Charlie</td>
<td>Charlie 1 - We decentralised here really. The Business Units own the spend and they own what they require</td>
<td>Charlie 2 - At the moment we have to tick the box which says that if you’re requesting quotes before you actually approach the market, before you can release it to the suppliers, it comes to someone like me who then has a look at it and I say Yeah, I think it's okay and it goes back. Then they send it out. So that quite probably doesn't quite make it fully decentralized</td>
</tr>
<tr>
<td>Delta</td>
<td>Delta 2 - I think at the moment we sort of landed on the terminology of centre-led, but we are still sort of working through it</td>
<td>Centre-led. And that's sort of an undefined term if you like - it's been understood more in terms of where is the policy and the principles are driven by vs. enabling the organisation to get on with the business. I think what's happened is it's been far removed. So you've potentially got people who are then, it's about the Act, it's about the control, it's about the governance without acknowledging what the business has got to run. So it's that enabling the business partnering side of it it's probably been the missing piece.</td>
</tr>
<tr>
<td>Echo</td>
<td>Echo 1 - The model is fully decentralised – we are charged with providing the tools, the policy and framework for the officers to then go out and do the procurement or tendering themselves</td>
<td>It's a fully decentralised model, it shouldn't be coming through a centralised unit such as it's doing now. The decentralised model will not work in this environment - ever</td>
</tr>
<tr>
<td>Foxtrot</td>
<td>Foxtrot 1 - I see it as centralised, to an extent, the bulk of procurement is centralised, there are some major projects, usually infrastructure, that are co-ordinated, next to and parallel to the central model</td>
<td>We are actually reviewing the model that exists at the moment to see if we can make improvement – the one council is potentially delivering two messages to industry, centralised to a vast extent and major projects</td>
</tr>
</tbody>
</table>
| Golf    | Golf 1 – Decentralised is my favourite, it encourages, a broader professionalism, my idea is for engineers to be responsible – I am ok with centralised procurement as long as it’s there to provide a service and not a bloody hindrance  
Golf 2 - You have to be centralised if you are going to have multiple panels. We are centre-led from our finance department – the historic subject matter experts all sit in the engineering area – other areas maybe centre-led, but because of the expertise all sits in a project’s base, it may seem decentralised  
Golf 3 – centre-led approach so we don’t tell people how we’re not the police, we’re there as an enabler, we provide tools and knowledge on how to procure things better so each staff member is responsible for their own procurement or business unit | |
Business partnering is a strategic action, a framework for council procurement, transformation from structural rhetoric and does sound like a one-model-fits all paradigm.

The current structural rhetoric exhibited through the seven councils displays a number of weaknesses, barriers to the effectiveness of the procurement process to which meaningful strategic guidance can have an impact. Business partnering is a framework in operation at council Alpha and Bravo and is a proposal for generalisation into Australian councils.

**Table 35 - The outcomes of current structures**

<table>
<thead>
<tr>
<th>Operationalisation</th>
<th>Facilitation</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural rhetoric</td>
<td>Business partnering as a collaboration</td>
<td>An executive strategy to understand the value of procurement</td>
</tr>
<tr>
<td>Higher level of responsibility</td>
<td>Procurement to provide quality policy and procedures across the e-Tender operations</td>
<td>Council experience as the professionalism factor</td>
</tr>
<tr>
<td>Procurement as a financially accountable discipline</td>
<td>Obligation to deliver value to community</td>
<td>Legitimacy is sitting behind the rhetoric – in council you cannot fail</td>
</tr>
</tbody>
</table>

**6.6.3 The role of the threshold**

The tender threshold is both a form of control and a barrier to effectiveness. Tender thresholds are either self-determination (whole or part) or a statutory requirement for open tender above a specified monetary value. The statutory monetary value for open tender is the compliance rhetoric used by NSW and Victorian councils with the rhetoric meaning changing in SA to self-determined council policy and procedures. Six councils have upper threshold values incorporated into their policies and procedures with council Golf using the NSW LGAct as compliance. Below this open tender threshold, councils self-determine (Figure 19).

**Figure 19 - Open tender threshold monetary values**
The role and formation of thresholds in relation to business partnering and risk is detailed by Bravo 2.

“The team is quite small. It can’t get involved in everything that goes on and we have compensating controls which sort of cover up on the risk. So at the moment zero to 30000 procurement involvement is not mandatory”.

This description provides two important aspects to the procurement process, an indicator of the procurement department’s role and introduction to risk. There is no one-model-fits-all in regard to thresholds or the degree of risk, as shown in Table 36, every council has their own determination. Thresholds are not a risk management tool, rather an indicator only, as Foxtrot 1 states:

“Purely having financial thresholds does not address a risk assessment of a contract, you can have an agreement that will cost you 20,000 dollars and there has been no requirement for a request for quote, there has been no requirement to test the market, the financial thresholds are designed as a method of measuring risk, but it is not sufficient “.

Table 36 - Diversity in lower level thresholds

<table>
<thead>
<tr>
<th>Council</th>
<th>Lowest threshold monetary value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>Alpha 1 – ‘anything under a 1000 dollars is a huge problem – We don’t have a rigorous process for procurement – anything over a 1000 we’ve got a policy, processes</td>
</tr>
<tr>
<td>Bravo</td>
<td>Bravo 1 – ‘So (to – sic) 30k requires a couple of written quotes</td>
</tr>
<tr>
<td>Charlie</td>
<td>Question – under 20000 its one quote and a purchase order. Charlie 2 – ‘Yes’</td>
</tr>
<tr>
<td>Delta</td>
<td>Policy – zero to $5000 – one quote and a purchase order Delta 2 – ‘What is the right tender process for the right piece of work?’</td>
</tr>
<tr>
<td>Echo</td>
<td>‘Between 500 and 15000 is a purchase order’</td>
</tr>
<tr>
<td>Foxtrot</td>
<td>No detail below the statutory threshold of &gt;$150k</td>
</tr>
<tr>
<td>Golf</td>
<td>Question – on the web site it provides a breakdown of expenditure less than 1500 dollars – one verbal quote. Golf 1 – ‘that’s ridiculous’</td>
</tr>
</tbody>
</table>

While thresholds are an initial risk indicator with a wide range of reasoning, the lower level threshold is a procurement difficulty to councils: ‘huge problem’, ‘zero to 5 sounds silly to a small amount of money but look at the volume and you’re getting verbal quotes and
you’ve got to make a note within the finance system’, ‘basically because of the high administrative cost of purchasing (lower threshold – sic).

Councils cannot avoid the lower level of threshold spend for every day transactional items that are not covered by either an RFQ or RFT. Councils confuse the interpretation of thresholds with the respective LGAct, risk and procurement process, as shown in Table 37.

Table 37 - Executive level comments on threshold and risk

<table>
<thead>
<tr>
<th>Council</th>
<th>Threshold and risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>Alpha 3 – the procurement process at the minute is going okay. Low risk that people aren’t doing the wrong thing – compared to a couple of years ago</td>
</tr>
<tr>
<td>Bravo</td>
<td>Bravo 1 - I think even though you have a risk strategy and risk management, a lot of the times in organisations especially in local government risk is not given the status that it should be given because really it is one of the most important things</td>
</tr>
<tr>
<td>Charlie</td>
<td>Charlie 3 - A debate and as to whether the 200000 is an appropriate level certainly from the financial risk side of things, more not from the property side but more from the financial exposure. 200 is not a bad number and certainly in our research you will see that. That's tolerable, a moderate level of risk. But as to whether we're achieving the best procurement outcomes with that I don't think that we know. I don't honestly believe that we have the data that would tell us whether or not, if we had said it is 100, whatever it was instead of the 200, would we achieve substantially more? We don’t track our cost of orders through procurement process, don't do any to that. So I would just say to you I guess from a financial exposure point of view to 200,000 is a lot of risk, then we can accept that</td>
</tr>
<tr>
<td>Delta</td>
<td>Delta 2 - So it's really the enablement, the tendering to enable the business to deliver to having a risk layer put on it to make sure that the processes align with risk and some contracts are going to be riskier than others, some projects that would be risky than others</td>
</tr>
<tr>
<td>Echo</td>
<td>Echo 1 - Two basic questions is what process do I go through and what contract conditions am I looking to put in place? And it's a combination of dollars and it's a combination of dollars and a sort of a very simplified risk assessment</td>
</tr>
<tr>
<td>Foxtrot</td>
<td>Foxtrot 1 - Financial thresholds should be identified and recognized as being one measure of risk or one measure of exposure to the council and the public but the guidelines or the tendering guidelines that are published by the office of local government are well overdue for review</td>
</tr>
<tr>
<td>Golf</td>
<td>Golf 3 - It takes nothing to break to go over 150000. And it's restrictive. I mean it may well be better off doing a risk based approach. I don't know. I'm just kind of thinking. But you know if you look at the Act I think the Act actually specifies 100000 and then you go to the regulations and that's modified to 150, but it's been 150, you know I've been in local government for 30 some 35 years or something like that and it's been a 150 for I can't remember the last time it's changed.</td>
</tr>
</tbody>
</table>
Thresholds are an integral part of practice policy and procedures and not limited to the procurement department, but rather across the business units as a guidance for whatever procurement action is to occur. Any price obtained for a council transaction is a seal bid offer from the supplier and therefore requires compliance to the practice policy and procedures.

Table 38 - Outcomes of e-Tender thresholds

<table>
<thead>
<tr>
<th>Thresholds</th>
<th>Facilitation</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory requirements</td>
<td>Compliance</td>
<td>No extension or analysis of the benefit of tender initiated panels</td>
</tr>
<tr>
<td>Question of risk</td>
<td>A indicator only</td>
<td>Procurement and risk management seen as administrative tools without value</td>
</tr>
<tr>
<td>Strategy of self-determined levels</td>
<td>Contemporary tender provides the opportunity to develop unique procurement process</td>
<td>None of the seven councils have procurement or tender data</td>
</tr>
<tr>
<td>Flexibility</td>
<td>Seek sources of influence</td>
<td>Rigid within their own domain</td>
</tr>
</tbody>
</table>

**Bold is the summarised outcome – the themes that fall naturally into explanation**

6.6.4 Shared Service

Shared services and other forms of collaborative inter-council endeavours exist in public authorities or local government across the world. They typically exist as some form of institutional mechanism for addressing disjointed problems in local government systems, or more simply separating production from provision (Dollery, Kortt & Drew 2016, p.229). The literature is showing shared services fits into a common form of more than one council with specified requirements of which service and aims are mutually shared with the community. While this form meets all council requirements within the wording of specified service, it is commonly representative of advocacy processes particularly with government. Associations of Australian councils, locally known as local government associations (LGAs) are positioned in the literature with procurement mentioned as a fee for service (Dollery, Grant & Kortt 2012; Dollery, Kortt & Drew 2016). However there is no evidence of enhancing procurement professionalism.
This research project has determined there are three specific shared service council institutional arrangements for procurement: those provided by an LGA, commercial aggregators and partnerships between councils. The LGAs are a form distinction raised by Doolery, Grant & Kortt (2012, p.5) regarding ‘for-profit’ as possessing individualities apart from efficiency enhancing and this distinction includes commercial aggregators. The authors determined the LGA shared services as a ‘vertical shared service model’ involving the requisite LGA with councils on a ‘fee-for-service’ basis (p.65). The findings of this research project is ‘for profit’ existing with the LGA vertical shared service model and with commercial aggregators, both being collators of council volume requirements for collective tender. This research project, will use the terminology of LGA vertical shared services, aggregators and partnerships between councils.

It is not the purpose of this research project to enter a literature review or discussion on the taxonomy of shared services, a subject very adequately covered including Australian council shared services (Dollery, Grant & Kortt 2012; Dollery, Kortt & Drew 2016; Paagman et al. 2015; Richter & Bruhl 2017; Tammel 2017). A recent finding by Tammel (2017, p.792) that routine back-office functions including procurement can be standardised and offered as shared services by a dedicated provider. This research project has found standardised and commercial aggregation as unobtainable within Australian councils. This research project will address the barriers preventing a relationship between council e-Tender and executive strategy from a shared services perspective within the research data.

(i) Partnerships between councils – Four of the councils within this research project use a form of partnership being council Alpha, council Delta, council Echo and council Foxtrot (Refer Table 25, Table 26 & Table 27). All four councils could not provide any substantiated benefit from procurement shared services within these partnerships. This is contrary to the findings of (Dollery, Kortt & Drew 2016, p.230) using extant empirical evidence, aged in the 1990s and early 2000s. One study of particular interest is the Riverina Region of Councils (REROC) (Dollery, Grant & Kortt 2012, pp.178-181) which has quantified savings of the 5 years period through to 2003 of $4.6m AU from a wide variety of council procurement tenders. This is an expected indicator of savings from partnerships, as Foxtrot 1 states ‘bulk
buying power’. A barrier to this expectation is provided by Delta 2, ‘how do you really get serious about it? Surely there is a way to do this better’?

An impacting response to Delta 2 is provided by Echo 2, ‘New life to be breathed into it, there have been a few retirements in the last few months. So, those people were fairly influential and fairly insular at the same time’. There is a distinction between LGA shared service, commercial aggregators and partnership between councils as explained by Foxtrot 1, ‘the methodology of the two (shared service and partnerships – sic) is different. LGP cannot promise or guarantee buy in from individual councils ... where as a Region of Councils (ROC), first of all gets agreement or buy in, a commitment ... before they try and negotiate and bind a supplier to a deal’.

(ii) LGA shared services – All seven councils stated participation within the respective state LGA shared service parameter of collation of volume for collective tender. All seven councils provided details of energy as a major saving from LGA shared services. Delta 1 commenting on the value of energy through the LGA shared service, ‘electricity utilities. You know pretty good pricing to be honest with you’. Council Charlie has a different view on competitiveness of the energy collective tender, ‘we actually had an energy consultant coming in, his conclusion was that going through LGAP and the amount of electricity we spend gave us no competitive advantage whatsoever’. A rhetorical standard exists with LGA shared services collation of volume for tender of a commission to be paid as a fee for service up to 2% of the invoiced value of the contract. Alpha 3 comments, ‘where LGAP trying to get that 1 or 2% to be viable (referring to their commercial operations – sic). This commission appears as a set fee and lucrative to the LGAs, particularly considering the energy contract is multiples of $100m AU.

(iii) Commercial Aggregators – These organisations mirror LGAs in collating volume council requirements for tender. There is no barrier to entry by any organisation or company with the capacity or intention to undertake aggregation services as a product line within a commercial environment.
Aggregators range from joint ventures by councils to form a ‘for profit’ aggregator and commercial companies with a business purpose of aggregation. The payment of a commission as a fee for service does not appear to be a barrier to council’s use of aggregators. Generalised aggregators provide councils with choice, as Bravo 2 states ‘... we tap into Procurement Australia ... we do look outside, we tap into Council Solutions ... even look interstate’. Although Bravo may provide volume to the aggregators to collate pre tender, Bravo does not contract until a full evaluation of the selected tenderer occurs, in the words of Bravo 2 ‘if it doesn’t commercially seem viable to us then we do have the option to not to be going with them’. The ability to opt in or out may appear as awkward to both the aggregator and the potential supplier (who quotes on a volume but the volume may not eventuate): the risk factor to Bravo contracting before a confirmed cost is known is a breach of the council procurement governance framework.

Council Solutions is a joint venture by six councils, one of which is council Charlie, operating as a commercial company and a prescribed organisation under the SA LGAct requiring publication of an annual report inclusive of financial data. This is a fee for service operation using Vendor Panel pre-qualified panels and aggregation where a commission on both activities is paid. The commercial strategy of Council Solutions is now in question after the ACCC issued letters regarding the impact of aggregation on market forces as uncompetitive.

The shared services used by the seven councils all have distinctive barriers to effectiveness with impacts on the relationship between council e-Tender and executive strategy. In the case of Council Solutions and this is just one of many mirrored organisations across Australia, it was a strategic decision by council Charlie to be an original investor, now with an obligation for support, provision of revenue for commercial viability. Considering all shared services, councils are struggling with the impact of commercial services and the

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39 It is not the purpose of this research project to financially analyse Council Solutions.
40 Australian Competition and Consumer Commission.
effectiveness is summed up by Delta 2, ‘how do you really get serious about it? Surely there is a way to do this better’?

Table 39 - Outcomes of shared services

<table>
<thead>
<tr>
<th>Shared services</th>
<th>Facilitation</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do you do it better?</td>
<td>Executive strategy recognising procurement value</td>
<td>Drive to find the most appropriate outcome</td>
</tr>
<tr>
<td>Procurement professionalism</td>
<td>Procurement to provide quality policy and procedures across the e-Tender operations</td>
<td>Council experience as the professionalism factor</td>
</tr>
<tr>
<td>Financial value of procurement through shared services</td>
<td>Assessment of value at both monetary and service levels</td>
<td>Acceptance of what is - no motivation to investigate improved financial outcomes</td>
</tr>
</tbody>
</table>

6.6.5 Effectiveness: measurement & a journey towards strategy

The measurement of assimilation and institutionalisation is a factor of performance: through efficiency as a measure of how economically a council’s resources are utilised and effectiveness being the level of customer satisfaction achieved (Doherty, McConnell & Ellis-Chadwick 2013; Gardenal 2013; Kassim & Hussin 2013; Neely, Gregory & Platts 1995). Early procurement research by Ellram & Carr (1994) introduced strategy into procurement thereby changing purchasing as a transactional efficiency factor to a strategic process encompassing effectiveness and strategic positioning. This is what Vaidya & Campbell (2014, p.28) see as a change in focus from transaction to strategy, thereby allowing the procurement professional to concentrate on strategy.

A later study by Patrucco, Luzzini & Ronchi (2016, p.752 & 753) into four Italian municipalities and four UK councils found performance metrics insufficient to identify potential areas of improvement and the coherence between strategy and performance measures being the main cause of poor performance. This is a position confirmed in a recent study into an Australian council adoption of e-Procurement by Ilhan & Rahim (2017, p.284) who found the council has experienced tactical and operational benefits and not reported experiencing any strategic benefit.
Inherent in the research questions is an assumption council e-Tender, leaving the TMP aside as it is not recognised in any form as an essential element other than an operational process or method, is an enabler of value to the community, a council service. It is therefore important to ascertain the executive interviewee’s interpretation of effectiveness in regard to council e-Tender through a TMP (Table 40).

If this assumption is correct, then a positive response from the seven council executive members would be expected. The researcher’s reflexivity is now exposed with interpretation as there is no quantifiable measurement to support effectiveness. Foxtrot 1’s comment to the researcher’s provision of a 93% inside 120 days tender turnaround statistic was ‘fantastic, there you go’ indicating a surprise, not an acknowledgement of performance management. This statistic fits the mandatory metric as described by Patrucco, Luzzini & Ronchi (2016, p.753) as a specific procurement objective but not sufficient to diagnose problems or improvement. Alpha 3’s satisfaction of procurement is shown as, ‘it’s survived, you know legal tests – it would be pretty good based on all that’. This is an inference of compliance although council Alpha has no performance metric including compliance measurement; but compliance to what?

In SA there are no regulatory instruments from corruption commissions or like organisations as with other states. Bravo 2 has a rhetorical response, ‘achieve value … probity, risk covered off … efficient, transparent’ and adds ‘we currently don’t do any reporting in procurement’. Delta 2 has an ‘on time and on budget type scenario’ an indicator of compliance (to the councils contract with the supplier to deliver) and cost while admitting being unaware of any performance measurement. Alpha 3, Bravo 2 and to a lesser degree Delta 2 have a personal feeling and belief of effectiveness of e-Tender through a TMP, but sit within a barrier of no performance metrics to clarify their position.

A collection of descriptors by the remaining four council executives is a further indicator of the rhetorical degree of effectiveness: believing that they are extremely effective, dysfunctional, complexity, confusion, minimally effective, wastage, unprofessionalism and contractors taking advantage.
<table>
<thead>
<tr>
<th>Council</th>
<th>Position on effectiveness</th>
<th>Position on measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>Alpha 3 - Well I think it’s worked very well indeed. Any time we’ve had reviews, complaints, Ombudsman’s in terms of effectiveness and with us policies or procedures we’ve benchmarked, it’s survived you know legal tests. I would think it’d be pretty good based on all that</td>
<td>Alpha 3 - But I don't have a measurement as to say, well is it more cost effective, a more efficient process, and haven't had a benchmark from other places, we share a lot of our information to other councils</td>
</tr>
<tr>
<td>Bravo</td>
<td>Bravo 2 - The Bravo procurement function in itself has undergone a lot of change over the past four years.... my understanding of us to the Bravo tendering activities is basically to achieve value for money make sure we ensure all the probity and risk aspects are covered off and to make sure we have a very efficient and transparent procurement process and procurement procuring the services and goods that we require. For delivering our capital works and delivering all the services that we do deliver which amounts to about 118 services for the city of Bravo community</td>
<td>Bravo 2 - We currently don't do any reporting in procurement pretty much. But those are the things that we're looking at to develop and we've just put in a category field within our accounting system software</td>
</tr>
<tr>
<td>Charlie</td>
<td>Charlie 1 - I've come in here with the existing team believing that they are extremely effective Charlie 3 - Dysfunctional. Question - what are you achieving? Charlie 3 - Not a lot, complexity, confusion</td>
<td>Question - Do you use any reporting from Vendor Panel? Charlie 2 – Not at the moment. No</td>
</tr>
<tr>
<td>Delta</td>
<td>Delta 2 - whether it’s effective or not I mean I sort of looked at the on time on budget type scenario. If the tendering is effective then in my mind it's been a smooth process. It’s delivered a supplier that can deliver the services and I’ve been able to project plan on the back of that and deliver a product</td>
<td>Question - do you keep any measurement indicators as to performance of tendering? Delta 2 - Look I'm not aware of any of this I guess</td>
</tr>
<tr>
<td>Echo</td>
<td>Echo 1 - It's minimally effective. Tick the box compliance effective. It’s not getting any value in fact it’s wastage, there’s a lot of inefficiency there's, sloppiness, there's unprofessionalism, there's a hands off approach, there’s contractors that are actively taking advantage of that and we are losing money at a rate of knots just walking out the door</td>
<td>Question - any form of measurement that indicates effectiveness or efficiency with regard to tendering for management? Echo 2 - No</td>
</tr>
<tr>
<td>Foxtrot</td>
<td>Foxtrot 1 - Well that's a loaded question because as a creature of statute we must tender. And there's a recent legislation change, giving authority to the general manager to award tenders. Tenders are effective and they are designed to test the market to ensure probity and commercial value</td>
<td>Question - your published turnaround time is 93% inside of 120 days on tenders that is on the website. Foxtrot 1 - Fantastic, there you go</td>
</tr>
<tr>
<td>Golf</td>
<td>Golf 3 - We get quite a - bit. Of a lot of tenders get a substantial amount of interest so therefore it increases the market. Drawcard I suppose</td>
<td>Question do you use any of the measurement data? Golf 3 - Not typically. We don't use a lot of detail</td>
</tr>
</tbody>
</table>
Patrucco, Luzzini & Ronchi (2016, p.754) found performance measurement by their four Italian and UK councils is being developed with room for improvement. This is a contradiction to the seven Australian councils of this research project where performance measurement is not under development.

Ilhan & Rahim (2017, p.284) found no strategic benefit through the introduction of e-Procurement in one Australian council. Bravo 2 (a finance and strategy executive) states, ‘we don’t have at the moment, which we have for a lot of other areas, is a procurement strategy’. This is a finding of Patrucco, Luzzini & Ronchi (2016) who saw increasing attention to the linkage between public procurement and strategy goals. Echo 2, a procurement officer now positioned in a second council after an extensive period in industry, comments on council procurement, ‘local government in my view treats procurement like an administrative exercise … the imperatives are totally different. There is an opportunity for procurement professionalism at a strategic level which Bravo 2 is very conversant, ‘you have to sell the concept, you have to sell that procurement needs a strategy, it’s not just a function that just sits inside and you fill in paperwork’. Meehan, Ludbrook & Mason (2016, p.168) called this administrative and paperwork process a tick box approach, Patrucco et al. (2017, p.269) sees it as an organisational servant and Pemer & Skjolsvik (2016, p.5) a clerical function. This research project is leading to the fundamental question of the practice barriers, the structural and cultural actions which prevent a relationship between council e-Tender and executive strategy.

<table>
<thead>
<tr>
<th>Effectiveness</th>
<th>Facilitation</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rhetoric of effectiveness</td>
<td>Development measurement capability</td>
<td>Belief in current procurement process</td>
</tr>
<tr>
<td>Unknown degree of effectiveness</td>
<td>Understand critical responsibilities</td>
<td>Avoiding responsibility as no penalty applies</td>
</tr>
<tr>
<td>Effectiveness as an essential element</td>
<td>Implement procurement professionalism across the council</td>
<td>Procurement not positioned within hierarchical structure</td>
</tr>
</tbody>
</table>

Bold is the summarised outcome – the themes that fall naturally into explanation
6.6.6 Tender spend as a percentage of council income

None of the seven councils have any form of performance metrics to measure procurement within any context. Without any performance metrics for procurement, (Table 40) the researcher reverted to perusal of the participant council’s annual financial reports, published individually or inclusive in other annual reports and available on council web sites. This was a process undertaken by Patrucco, Luzzini & Ronci (2016, p.474) to obtain financial data, a clear focus for data collection in a systematic manner (Barratt, Choi & Li 2011, p.330), a process Meehan, Ludbrook & Mason (2016, p.163) used with a researcher implanted within the public authorities. The intention was to obtain a tender spend figure as a percentage of income and therefore have a performance metric for each council, expressed as a tender spend/income ratio. The profit and loss and balance sheet cash flow statements do not provide specific procurement or tender expense lines in the chart of accounts and therefore the researcher had to make an assumption as to where these expenses were allocated and then find them. This approach was piloted with Charlie 3 (Chief Financial Officer) by the researcher quoting $60-$63m AU in the profit and loss expense line of Materials, Contract and Other expenses as tender spend, being approximately 40% of income, noting this figure did not include the balance sheet cash flow statements. The assumptions were confirmed and explained by Charlie 3:

“It's even worse than that, it's actually, and so if you look at the capital program we're spending, our total expenditure per annum is about 190 million dollars. And if you take out of that loans and principal and take out the staff cost, you actually get down to about 110 million dollars of capital which is going on the balance sheet maintenance and things that we procure. So it's about 60 percent of the business has been running believe it or not”.

This response was confirmation of the availability of a validated (audited and certified financial reports) performance metric directly related to the monetary volume of tender spend. Validation of this confirmation was obtained through mirroring this process with a second interview of Alpha 3 (Chief Financial Officer). This validation became the tender/income ratio for all seven councils and is shown in Table 42.
Table 42 - Procurement spend as percentage of income

<table>
<thead>
<tr>
<th>Council</th>
<th>Income</th>
<th>Procurement spend</th>
<th>% spend to income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>$44m AU</td>
<td>$28m</td>
<td>63%</td>
</tr>
<tr>
<td>Bravo</td>
<td>$43m AU</td>
<td>$34m</td>
<td>77%</td>
</tr>
<tr>
<td>Charlie</td>
<td>$161m AU</td>
<td>$108m</td>
<td>67%</td>
</tr>
<tr>
<td>Delta</td>
<td>$548m AU</td>
<td>$297</td>
<td>54%</td>
</tr>
<tr>
<td>Echo</td>
<td>$122m AU</td>
<td>$63m</td>
<td>52%</td>
</tr>
<tr>
<td>Foxtrot</td>
<td>$329m AU</td>
<td>$154m</td>
<td>47%</td>
</tr>
<tr>
<td>Golf *</td>
<td>$141m AU</td>
<td>$101m</td>
<td>72%</td>
</tr>
</tbody>
</table>

Note * - The amalgamated council could not provide consolidated figures. These figures were derived from the last financial reports pre-amalgamation (Refer Chapter 5 council Golf).

The calculation of exact income to be used as a percentage is outside the ability of this research project due to not having access to all financial account material and therefore unable to calculate the impact of grants/donations and/or misallocations. The researcher is not saying or implying in anyway the seven councils do not account for tender spend in accordance with Australian accounting standards. The financial reports are audited and certified. The sole aim is to understand tender spend and the relationship to executive strategy (Figure 20). This will open a strategy for what Dollery, Kortt & Drew (2016, p.234) researching Australian councils states ‘all transactions must be transparent with full accountability to local rate-payers’.

Figure 20 - An integrative model of the relationship of procurement spend to executive strategy

The value of tender spend is not an isolated position with Australian councils, it is a gap identified by Meehan, Ludbrook & Mason (2016, p.169) who found public authority spend data needs urgent attention, as emphasised by Meehan, Michaelides & Menzies (2016,
Table 1 quoting the Nuffield Trust 2015, ‘Greater Manchester announces plans to become the first English region to get full control of its health spending’.

6.6.7 Is Tender/Income ratio worthwhile?

It is not within the aim of this research project to analyse the financial performance of tender spend collectively or individual tender contracts for all or any of the seven councils. A number of financial experiences were provided by the interviewees, being another layer to the practice barriers preventing a relationship of tender with executive strategy (Table 43). Alpha 3, Charlie 3, and Golf 3 are all Chief Financial Officers with full knowledge of all financial reporting including tender within their respective councils.

Using Table 43 as a guide, financial accountability for tender spend is a far reaching problem, as Foxtrot 1 comments using words of ‘reactive to community requests, as opposed to being strategic, responsible with the public’. Table 43 are all indicators of the inertia within the seven councils, or more succinctly put, difficulties with financial accountability. While analysis of the wastage is outside this research project, the commencing position of procurement professionalism is to understand the value of tender spend and position this with a relationship to executive strategy.

The tender/income ratio is not a performance metric for the reason it has no continuity of variables. Income and tender spend can raise or fall on a wide spectrum of reasoning. It is an indicator with a sole function of bringing the value of tender spend into the reality of the executive with a flow on to the community. Visibility of this indicator would provide the opportunity for the community to question the value of tender spend, creating exposure to the executive, an action capable of commencing a journey to effectiveness.

This research project has determined there are four processes of spend within thresholds, council credit card, purchase order, RFQ and/or RFT. The lowest level threshold, in some councils being credit card transactions (Refer Table 36) remains vague and is not further detailed in this research project. A purchase order (also referred to as a RFQ), RFQ and RFT are all sealed bid offers and therefore meet the definition of tender (Refer 2.2.6). Open tender, pre-qualified panels, TMP categories and quotations are all mechanisms of
tender. Shared services (also referred as collaborations), commercial aggregators and partnerships between councils are all sources of tender⁴¹.

<table>
<thead>
<tr>
<th>Council</th>
<th>Commentary on Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>Alpha 3 - I know that bridge will cost 100 grand but if I put in 200 grand that will cover me for my mistakes. There’s not a lot of analysis.</td>
</tr>
<tr>
<td>Bravo</td>
<td>Bravo 1 - Another thing that I like to do is and it’s started is linking purchasers to agreements assuming there’s an agreement in place. So we actually know that if we raise the contract for a 100000 and we’ve spent one hundred fifty thousand.</td>
</tr>
<tr>
<td>Charlie</td>
<td>Charlie 3 - We have a chart of account structure in general as a structure that just isn’t able to analyze data appropriately. We do not have any good spend analysis that you would use from a procurement side.</td>
</tr>
<tr>
<td>Delta</td>
<td>Delta 1 - The reason why I say that is the simplest way to pay for more staff if your revenue or your cost base is limited, is to attribute your procurement people who look after capital to the capital works bucket of money, because it’s off the OPEX. Your bottom line. That’s the easiest way to pay for things.</td>
</tr>
<tr>
<td>Echo</td>
<td>Echo 1 - Capital works budget is 38 million. They never spend 38 million, they only spend 19 million. Did you spend it wisely in affect? Now the answer to that question is absolutely not. The reason is because that 19 million doesn’t represent 19 million of construction works. It represents something like 15 million with four million going on wastage. So the community is actually not getting 19 million, it is 15 million. Which is why the budget and the finances are useless.</td>
</tr>
<tr>
<td>Foxtrot</td>
<td>Foxtrot 1 - I do not know how many times you have seen council officers being helpful, it’s a loaded term, or reactive to community requests, as opposed to being strategic, and responsible with public purse, happens all the time.</td>
</tr>
<tr>
<td>Golf</td>
<td>A question on projected income. Golf 3 - I should know that. To be honest. I just don’t know that right at the very moment.</td>
</tr>
</tbody>
</table>

No allocations or isolation of spend volume across thresholds is available from any of the seven councils. There is no literature basis for procurement or tender spend within the confines of this research project or the conceptualisation of e-Tender through a TMP. Visibility of the tender spend/income ratio is an important aspect of community value and therefore warrants inclusion in executive strategy.

⁴¹ The NSW LGAct prescribes pre-qualified panels above open tender thresholds to first be tendered.
<table>
<thead>
<tr>
<th>Tender spend</th>
<th>Facilitation</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement</td>
<td>Institutionalise reporting</td>
<td>No penalty</td>
</tr>
<tr>
<td>Cost allocation</td>
<td>Adoption of capable technology applications</td>
<td>Competency to know this contemporary management tool</td>
</tr>
<tr>
<td>Procurement strategy</td>
<td>Convince the executive procurement has value</td>
<td>Avoid the difficult decisions</td>
</tr>
<tr>
<td>Global influence</td>
<td>Recognise the uniqueness of a single council</td>
<td>Position procurement within the hierarchical structure</td>
</tr>
<tr>
<td>Tender spend allocated to expense lines in chart of accounts</td>
<td>Distribute to business partners and use this data</td>
<td>Avoiding the responsibility as no penalty applies for ineffective practice</td>
</tr>
</tbody>
</table>

Bold is the summarised outcome – the themes that fall naturally into explanation

### 6.7 Case studies of Australian council e-Tender through a TMP

In Chapter 5, the case studies of seven Australian council’s tender mechanisms were developed as a lead to answering the research questions. This chapter has shown tender as a dysfunctional environment with the necessity to be inclusive in council executive strategy for any transformative proposals. Councils are individual and diverse in practice, although seemingly homogenous, with the analysis showing influence from government, statutory regulation, local government associations, other councils and the community not impacting tender spend and the relationship to executive strategy.

#### 6.7.1 The ‘case’ of councils

The case studies (Chapter 5) depict the practice environment of Australian council e-Tender through a TMP: a compliant process of taken-for-granted norms and obeying invisible rules. The case studies and sections 6.2, 6.4 & 6.5 of this Chapter show procurement is not a valued process and is not positioned within the structural hierarchy of councils. Reflexivity of the researcher sits across the case studies and the degree of influence on the finding of the three themes (Refer 6.2). These themes were not expected: they evolved as dominant themes towards which everything seemed to be pointing. These three themes from the category analysis of the case studies needed to be tested through searching for variations or how they are expressed.
The first stage of testing consisted of analysis of theory and the researcher’s interpretation of tender subjects (Refer 6.4 and 6.5 of this Chapter). As the analysis developed, key themes and dimensions started to emerge from the original transcription data, rather than the case studies. Although the researcher was aware of the themes from the case study analysis, reverting to the original transcripts for interpretation within this testing regime was an alternate method of acknowledging reflexivity from a different perspective. The analysis in this stage occurred using verbatim quotes from the original transcriptions and presented as the researcher’s description. Interpretation was then applied to determine qualitative statements for inclusion in the outcome tables of the respective theory and researcher’s interpretation of tender practice.

A second stage of testing occurred through a Literature & Practice Based Matrix (adapted from Akerlind 2008, p.25). The matrix consists of a vertical axis relating to theory and the researcher’s interpretation of tender practice, expressed as Dimensions. The horizontal axis consists of three qualitative categories as the method of drawing the data towards responding to the research questions. This matrix became the lens for the findings (Table 45). The data inclusion in the matrix is taken from the outcome tables (Refer 6.4 & 6.5) as a summary of the themes that fall naturally together. The horizontal axis are described:

(i) Practice barriers – in this category, the analysis is identifying a council tender subject with a practice problem and a relationship to the theoretical dimension. The institutional barrier description is used to explain practice barriers.

(ii) Facilitation – with the problem identified, an option for transformative thinking within the context of the research questions is provided. Transformative process is not an outcome of this research project per say, however the questions of how a relationship can exist between tender spend and executive strategy needs to be identified. This relationship will impact the mechanisms of tender, not for the sake of the mechanisms, but rather the standing inside the tender spend. This enables the institutional barriers to be teased out.
<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Practice Barriers</th>
<th>Facilitation</th>
<th>Institutional Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption of innovative technology</td>
<td>Adoption - The council’s inability to re-engineer its tender process</td>
<td>Diffusion of e-Tender through a TMP process to all business unit users across the council</td>
<td>Entrenched within the original adoption purpose</td>
</tr>
<tr>
<td>Assimilation of innovative technology</td>
<td>Assimilation - Diffusion and utilisation</td>
<td>Development of standards to facilitate unique council requirements</td>
<td>No recognition of need to re-structure procurement from an administrative function to a strategic element</td>
</tr>
<tr>
<td></td>
<td>Components of TMP - Move away from initial adoption decisions and utilise applications of TMP</td>
<td>Full assimilation of electronic process enabling procurement to be a technology driven council value</td>
<td>Executive strategy not driving operational performance through technology No recognition of value</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>Rhetoric of effectiveness</td>
<td>Understand critical responsibilities</td>
<td>Movement beyond status quo is a journey too far Status quo</td>
</tr>
<tr>
<td>Executive strategy</td>
<td>Community as an external stakeholder</td>
<td>Expectation of value from every individual procurement transaction/operation</td>
<td>Procurement not presented as an enabler for provision of community services</td>
</tr>
<tr>
<td></td>
<td>Uniqueness of individual councils</td>
<td>Position procurement as a discipline of importance</td>
<td>Tender policies and procedures marginalised by perceived external influence and belief in statute complexity</td>
</tr>
<tr>
<td></td>
<td>Structural rhetoric</td>
<td>Business partnering as a collaboration across council</td>
<td>Procurement not positioned within the hierarchical structure</td>
</tr>
<tr>
<td></td>
<td>Strategy of self-determined levels for tender thresholds</td>
<td>Contemporary e-Tender provides the opportunity to develop unique procurement processes</td>
<td>Procurement and risk management seen as administrative tools without value Hierarchical structure not driving procurement</td>
</tr>
<tr>
<td>Financial accountability</td>
<td>Procurement spend allocated to expense lines in the chart of accounts and balance sheet</td>
<td>Distribute to business partners as management data</td>
<td>Acceptance of what is – no motivation to investigate improved financial outcomes</td>
</tr>
<tr>
<td></td>
<td>Financial value of procurement through shared services</td>
<td>Assessment of value at both monetary and service levels</td>
<td>Avoiding responsibility as no penalty applies for ineffective practice Silo mentality</td>
</tr>
</tbody>
</table>
Institutional Barriers – this category has an intrinsic focus on the barriers preventing a relationship between the value of council tender spend and executive strategy. A summative key word is added to each dimension for inclusion in Chapter 7 analysis. The institutional barriers are not a product of direct statements from the interviewees, but rather an interpretation by the researcher of the discussions in a holistic sense of all seven councils, not an individual council. This interpretation builds on the practice barriers and facilitation categories to capture the strategic, cultural and practical aspects that are influencing the institutional barriers.

6.7.2 The practice aspects: barriers

This ‘case’ of council e-Tender through a TMP is one step in the process of creating a better understanding of tender as an essential process in the provision of community services. E-Tender is the mechanism of procurement and the TMP is the integrating process of bringing the buyer (council) together with suppliers (sellers) in a technology environment. The remnants of traditional tender exist within statutes, the historic rhetoric of personnel and even symbolic tender boxes. TMP technology is advancing into areas of operations of forums and evaluation, re-intermediating process and creating opportunity for the drive to assimilation and effectiveness.

The barriers are discussed in two forms: the consolidated practice barriers are named with the descriptive from the institutional barriers as an integrating step to institutional pressures and resistance in the next chapter.

(i) Adoption - entrenched within the original adoption purpose. The TMP created its own space with a step from hard copy paper to the opportunity for full e-Tender. The TMPs non-threatening nature allowed an easy initial adoption decision as a follow on from industry assimilation. This widespread appeal of simplicity of TMP operation and the political push of e-Government allowed the TMP to emerge as the application of choice. All seven councils have adopted at least one TMP, three councils adopting two and one council adopting seven. There is no evidence of continuing
review for consideration of further adoption of TMPs within a wider degree of assimilation.

(ii) Assimilation 1 – No recognition of a need to re-structure procurement from an administrative function to a strategic element. The capability of the TMPs used by the seven councils range from basic functionality through to contemporary edge technology. The most striking point of assimilation is two business unit users who have fully assimilated a TMP to electronic evaluation level. This is an indication of a practitioner’s wider breadth of understanding and intention to advance technology within their own responsibilities. The resulting pattern from the executive interviewees displays a confused position with tender ranging from retaining status quo to some aspect of consideration towards a higher level of responsibility.

(iii) Assimilation 2 – Executive strategy not driving operational performance through technology. All councils reported numerous systems with varying degrees of interoperability with some councils extending their thinking to adoption of expansive ERP systems, a number of years into the future. Tender is not a futuristic process: it is a today process, a requirement to match buyers and sellers within a project management or business partnering authority. The monetary cost of tender is positioned in the profit and loss/balance sheet cash flow statements. TMP advanced technology is available. Two business unit users in different councils have initiated a pathway to operational effectiveness through this technology. None of the councils have a procurement or tender strategy.

(iv) Effectiveness – Movement beyond status quo is a journey too far. The rhetoric around tender is ‘out there’, someone else’s responsibility. Tender is a continuous process across councils ranging in monetary spend from near zero through to tens or even hundreds of millions of dollars. The monetary value of the transaction has no bearing on council personnel understanding their higher level responsibilities. Effectiveness is a measure of satisfaction: the community’s appreciation of council services. No council has any procurement or tender performance metric.

(v) Executive strategy 1 – Procurement not presented as an enabler for provision of community services. The community has an expectation of
value from tender spend, a value not extended in community annual reports outside vague statements such as purchasing local; sixteen years after statutory promulgation. The monetary value is sitting in the profit and loss/balance sheet cash flow statements and the community value is extended to the region of the council, or maybe a far wider community.

(vi) Executive strategy 2 – Tender policies and procedures marginalised by perceived external influence and belief in statute complexity. A statement by one executive interviewee was behind every statute is a problem and the problem identified was corruption. Across the three states of the research project, there are volumes of statutes (applicable to a specific jurisdiction), commission reports, guidelines, LGA intention with a question of advocacy or commercial practice, the implications of new personnel and the rhetoric from within and external of council. Cognition of the influence outside satisfying compliance to the actual prescribed requirements of a statute, appears as a journey too far.

(vii) Executive Strategy 3 – Procurement not positioned within the hierarchical structure. The monetary value of tender spend is buried within the profit and loss/balance sheet cash flow statements of councils, transparent only within the perception of finance executives. The procurement department of the seven councils sits within a diversity of structures ranging from direct report to finance, indirect report to finance through one or more layers and to legal counsel sitting as floating executives. Tender is somewhere in-between an administrative function and advisory to those who cannot meet their higher level responsibilities. Recognition of procurement as a discipline of value and importance will be an enabler to positioning with the hierarchical structure.

(viii) Executive strategy 4 – Procurement and risk management seen as administrative tools without value. The tender monetary thresholds across all seven councils are aligned to statutory compliance and risk management, although the use of the word management is a misnomer recognised across the executive interviewees. A simple statement of a monetary value between x and y being a factor of risk is an injustice to the discipline of risk management and does not account for the diversity of
operational requirements or the actual or perceived degree of risk. Councils without a prescribed statutory requirement self-determine all thresholds. Risk management of thresholds adds to the rhetoric.

(ix) Financial accountability 1 – Acceptance of what is: no motivation to investigate improved financial outcomes. Budgets for projects and approval authorities all exist within councils, independent of the procurement department. The role of the procurement department is business partnering: the provision of the tools for business unit users to undertake tender as a value to the community. The research data has provided numerous irregularities across the tender spectrum including discussion on waste: a different matter to corruption. Factors of cost and personnel numbers impact discussion on investigating improved financial outcomes. The tender/income ratio as an average of all seven councils monetary value of tender spend sits at 57%42. As a generalised ratio, this ought to be sufficient motivation for all councils to position tender spend to a relationship with executive strategy, across Australia.

(x) Financial accountability 2 – Avoiding responsibility due to no penalty for ineffective practice. The value of tender spend across a council is not hidden, it is not implied, it is not lost in the machinations of accounting; it is sitting in the published financial reports, reports available on the council web site and reports provided to the statutory authority in the respective states. The financial executives interviewed know the data exists, it is not used as any form of indicator. Using this data is an enabler to position tender as a discipline of importance.

6.8 Reflecting on the practice barrier analysis

To date, tender has been able to successfully negotiate a position within the sub-stream of councils at a practice level: but not elevated to a position of importance. Some user practitioners have productively advanced to a degree of effectiveness and assimilation of

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42 This figure was obtained from adding the income and the profit and loss/balance sheet flow chart statement expense lines of all seven councils and expressing tender spend as a percentage of income (Refer Table 42).
e-Tender through a TMP for their own individual areas of operational responsibility. The practice barriers (Table 45) are specific observations that can be advanced about council e-Tender through a TMP from the empirical data collected for this research project. To the participants, these barriers form part of their everyday functions with seemingly no ambition to transform to higher levels of assimilation or effectiveness. The identification of the practice barriers has cognizance to the three themes (findings from the case studies), summarised using key words as structural factors, financial accountability and influence. These themes align to the dimensions (Table 45) of executive strategy and financial accountability. The themes, the practice and institutional barriers are all explicit and implicit actions by all seven councils to position the monetary value of tender spend invisible to executive strategy and the community. This invisibility is explored in Chapter 7 through institutional pressures and resistance.
Chapter 7 – The ‘case’: an institutional theory analysis

7.1 Introduction

The practice barriers presented in the findings from Chapter 6 are the commencing point for this Chapter: purposed to develop a theoretical understanding about the nexus of council e-Tender, the TMP and executive strategy. The analysis from the previous chapter combined interviewee transcriptions and participant council public data from web sites to provide a synthesis of meta-codes, categories and themes from the case studies leading to global themes, a Literature & Practitioner Based Matrix, all enabling cultivation of practice, institutional barriers and resistance techniques.

The practice perspective is particularly suitable for connecting individual, organisational and institutional levels of analysis (Smets, Morris & Greenwood 2012, p.880). The aim of this chapter is to offer a detailed examination of the institutional pressures and resistance techniques, leading to the tender relationship questions and executive strategy. Thus, this chapter is situated at the intersections of institutional pressures (Deephouse 1996; Haunschild & Miner 1997; Mutiganda 2014), strategic resistance (Oliver 1991), institutional logics (Greenwood, Hinings & Whetten 2014; Thornton & Ocasio 1999, 2008; Thornton, Ocasio & Lounsbury 2012), institutional variants (Haunschild & Miner 1997; Kauppi 2013), the practice barriers of council e-Tender spend (Meehan, Ludbrook & Mason 2016) and executive strategy (Patrucco, Luzzini & Ronchi 2016). This intersection is displayed in Figure 21, the basis of this chapter.

Figure 21 - Intersection of barriers, resistance and institutional pressures

(Model adapted from Meehan, Ludbrook & Mason 2016, p.165)
Taking note of Pache Essec & Insead’s (2010, p.456) position on competing institutional models providing a degree of strategic choice, the walk-through commencing point of description and analysis will be institutional pressures.

7.2 Institutional pressures

Institutional theory through viewing organisations as ‘multifaceted, durable, social structures and made up of symbolic elements, social activities and material resources’ (Scott, W 2014, p.48), the how of rules and routines (policies and procedures) applying in practice regardless of resistance to change (Mutiganda 2014, p.132). Institutional theory examines the causes of isomorphism: factors leading organisations to adopt similar structures, strategies and processes (Deephouse 1996, p.1024).

An organisation is characteristically bound by a set of social, political, economic and legal contexts, as the foundation for the operating rules (DeVaujany et al. 2014, p.282). Institutional theory shows this foundation evolving around requirements of conformity in pursuance of acceptance and legitimacy, the desire to be accepted (Deephous & Suchman 2008; Krell, Matook & Rohde 2016; Suchman 1995). Institutional pressures are a resemblance of a focal organisation to other organisations in its environment, or a structure being a similarity among a set of organisations at a given point of time. That is the link with legitimacy, a status conferred by social actors or those who conform to strategies used by other organisations and recognised by regulators and the public as being more legitimate than those who deviate from normal behaviour (Deephouse 1996, pp.1024-1033). Legitimacy is gained by responding to institutional and environment pressures creating isomorphism (practices and structures) through coercive, normative and mimetic pressures. The organisation is the unit of analysis of the institutional environment being both the external and internal institutions. Partnering with institutional actors is seen as important for legitimacy. Collectively these pressures are referred as isomorphic pressures due to different organisations engaging in similar behaviours to achieve legitimacy thereby becoming more similar over time or adopting similar structures, strategies and processes (DeVaujany et al. 2014; Kauppi 2013; Krell, Matook & Rohde 2016; Mignerat & Rivard 2009). This is what (DiMaggio & Powell 1983, pp.147-148) see as organisations being structured into a field (at this stage noted as local government
and further discussed in 8.3.3) by the state (government statutes) whereby powerful forces emerge to lead them to become more similar to one another, leading to homogeneity in structure, culture and output without necessarily making them more efficient.

The NSW councils could be classified as legitimised through coercive pressures: the impact of the NSW LGAct (inclusive of the collective regulations) where councils are required to engage in certain actions with the regulatory bodies powerful enough to sanction or reward compliance. This is what Krell, Matook & Rohde (2016, p.684) call complying with regulations defined by government. While coercive pressure appears in this one example as appropriately categorised, an alternative is normative pressure where institutions, in this example being the NSW LGA, define and promote norms being procurement best practice, but cannot sanction compliance or non-compliance. The NSW LGA is both powerful and prescribed (under the NSW LGAct), although neither council Foxtrot nor Golf determined any explicit influence (Table 26). The NSW LGA is a professional association and therefore meets the determined qualities of influence through normative pressure (Krell, Matook & Rohde 2016, p.684; Meehan, Ludbrook & Mason 2016). Both coercive and normative are behaviours and actions which councils follow as taken-for-granted, formal or informal rules of how to conduct tender. Using the examples of NSW and adding Victorian councils with their confusing statutory requirements including three ineffectual LGAs and SA with their principal based statute, coercive and normative pressures do not appear to adequately explain legitimacy pressures sufficient for this research project.

The LGAs in the three states produce procurement best practice documents which create a form of institutional regulation with an implication of conformity, the institutionalised practice, therefore legitimacy regardless of economic benefit and irrespective as to whether councils intend to implement the documents and procedures or not. The argument is tender being a commercial practice and therefore the institutional social variant of economic is better able to explain council e-Tender and executive strategy. This follows the thinking of Ketokivi & Schroeder (2004, p.66) of being unable to make a clear distinction between normative and coercive pressures in functional operations. The third DiMaggio & Powell (1983) mechanism leading organisations to resemble each other is mimetic isomorphism and analysed using the institutional variant social mimicry through
the trait, outcome and frequency elements (Refer 7.2.3). Therefore the institutional theories of choice, continuing the own agenda theme of this DBA Dissertation will be strategic resistance (Oliver 1991), institutional logics (Greenwood, Hinings & Whetten 2014; Thornton & Ocasio 1999, 2008) and institutional variants (Haunschild & Miner 1997; Kauppi 2013). This is a direction supported by Ashworth, Boyne & Delbridge (2009, p.166) who see empirical studies of isomorphism usually only examine one organisational characteristic. In practice for this analysis, it is difficult to isolate theories into select boxes due to cross-pollination, or when facing conflicting institutional demands (Pache Essec & Insead 2010, p.462). For the purpose of analysis and description, the institutional pressures and resistance elements will be reviewed individually.

7.2.1 Acquiescence

A more appropriate classification of the institutional pressures (Figure 21) is the strategic resistance of acquiescence (Oliver 1991, p.152), displayed in Table 46. Institutional theory draws attention to organisational behaviours as causal impacts to legitimacy (Deephouse 1996, p.1035), as opposed to market and resource forces and how strategic resistance can contribute to validity and survival of an organisation, particularly through passive acquiescence.

<table>
<thead>
<tr>
<th>Strategies (Passive)</th>
<th>Tactics</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquiescence</td>
<td>Habit</td>
<td>Following invisible, take-for-granted norms</td>
</tr>
<tr>
<td></td>
<td>Imitate</td>
<td>Mimicking institutional models</td>
</tr>
<tr>
<td></td>
<td>Comply</td>
<td>obeying rules and accepting norms</td>
</tr>
<tr>
<td>Compromise</td>
<td>Balance</td>
<td>Balancing the expectations of multiple constituents</td>
</tr>
<tr>
<td></td>
<td>Pacify</td>
<td>Placating and accommodating institutional elements</td>
</tr>
<tr>
<td></td>
<td>Bargain</td>
<td>negotiating with institutional stakeholders</td>
</tr>
<tr>
<td>Avoidance</td>
<td>Conceal</td>
<td>disguising non-conformity</td>
</tr>
<tr>
<td></td>
<td>Buffer</td>
<td>loosening institutional attachments</td>
</tr>
<tr>
<td></td>
<td>Escape</td>
<td>changing goals, activities or domains</td>
</tr>
<tr>
<td>Defiance</td>
<td>Dismiss</td>
<td>ignoring explicit norms and values</td>
</tr>
<tr>
<td></td>
<td>Challenge</td>
<td>Contesting rules and retirements</td>
</tr>
<tr>
<td></td>
<td>Attack</td>
<td>assaulting the sources of institutional pressures</td>
</tr>
<tr>
<td>Manipulate</td>
<td>Co-opt</td>
<td>importing influential constituents</td>
</tr>
<tr>
<td></td>
<td>Influence</td>
<td>shaping values and criteria</td>
</tr>
<tr>
<td></td>
<td>Control</td>
<td>dominating institutional constituents and processes</td>
</tr>
</tbody>
</table>

Acquiescence sits at the start of the passive-active scale followed by compromise, with avoidance positioned mid-way, through to defiance and manipulation at the active scale.
(Meehan, Ludbrook & Mason 2016; Oliver 1991; Pache Essec & Insead 2010). The active scale is a pressure where councils (can) attempt to change or exercise power over content articulated or demanded of them.

This research project found no evidence of the active scale, a position contrasting with Pache Essec & Insead (2010, p.463) who quotes and supports Oliver’s (1991) theory as organisations unlikely to simply acquiesce and more likely to resort to active scales. The active scales are similar to conflicting demands in the organisational arrangements (Pache Essec & Insead 2010, p.457), of which there are many in the seven councils procurement environment ranging from strategy, ‘Strategic procurement. We don’t do a lot of it. There’s been opportunities for it’, to structure, ‘The decentralised model will not work in this environment ever, so why would you say that I’m going to roll it out. Will roll it out, because I’m going to order’. Conflicting demands have a sense of active scales of resistance, although these two quotes do not show any outright resistance, rather a low-level form of resistance towards tender effectiveness. This is a similar position found by Meehan, Ludbrook & Mason (2016, p.167) with infused suspicion of collaborative procurement.

Acquiescence is more than councils acceding to institutional pressures, it is the actions or non-actions in alternative forms: habit being the unconscious adherence to taken-for-granted norms, conscious or unconscious imitation of what other councils or LGAs are doing and the voluntary compliance to statutory requirements. Acquiescence is displayed by councils acceding to institutional pressure of statutory prescription through the LGActs of all three states requiring publication of procurement policy and procedure documents: all seven councils meet this compliance requirement.43 These documents are available for rhetorical compliance, not strategic or practice reasoning, an action of imitation noting the respective LGAs in each state all supply template documents. Whether this compliance requirement is ever tested is unknown.

Only one council has an ambition for strategic procurement at some time in the future, although facing adoption difficulties, ‘I don’t think procurement gets the importance that it

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43 Council Golf provides a pre-amalgamation document, therefore compliant.
deserves and it can be, you know quite often forgotten’. The practice documents exist in other forms and were regularly referred by interviewees. To a question on reporting to government, Charlie 3 stated ‘what we report is they get a copy of the financial statements under the Act, what they choose to do with those, pass, we don’t get any feedback’. There is no evidence of compromise or negotiation with stakeholders (government and community) as to what may be needed or deemed useful. This includes any form of avoidance to preclude conformity to stakeholder demands or compliance, indicating councils are not in any position of conflict, rather habitual reporting and compliance. This is an approbation action to enhance legitimacy of conducting procurement activity in good faith.

7.2.2 Institutional Social Variant

There is recognition Institutional Variants exist within different disciplines (Ketokivi & Schroeder 2004), can be adapted for O&SCM activities (Kauppi 2013) and procurement through supplier integration (Turkulainen, Kauppi & Nermes 2017). The Institutional Variants model has two domains: the economic variant developed from the research of Haunschild & Miner (1997) and the sociological argument drawing from DiMaggio & Powell (1983).

7.2.3 Institutional Economic Variant

The economic variant is rooted in the purpose of organisational routines being economically valuable and therefore mimickers are economically motivated, leading to creating economic effectiveness (Ketokivi & Schroeder 2004, p.66). The authors provide an example of manufacturers coercing suppliers into benchmarking, a process where mimickers seek economic benefits. An analogy to benchmarking is the LGA (in each state) procurement best practice or standardisation through documentation templates. There is no evidence in this research project of this process providing any economic benefit or indeed improved economic effectiveness for councils. Although the procurement best practice templates are not fee-for-service actions, the seven councils do not see the LGAs as a form of external influence (Table 26).
The position of council tender financial accounting points to other than effectiveness: ‘wastage … budgetary and finances are useless’, ‘put in 200 grand that will cover me for my mistakes’ and ‘I should know that. To be honest. I just don’t know that right at the very moment’. The value of tender monetary spend is not recognised within the financial departments or executive strategy and the financial irregularities (Table 43) point in a direction of the vestiges of economic rationalisation in councils as an institutionalised principal, may indeed be de-institutionalised. Deinstitutionalisation is the process of which an institutionalised practice is eroded or discontinued (Oliver 1992, p.564), institutionalised practice is challenged (Ashworth, Boyne & Delbridge 2009, p.168), practice weakens or disappears (Scott, R, W 2001, p.182) and extinction is a rare event with the remnants often becoming instrumental in re-invention or re-emergence (Dacin & Dacin 2008, p.25).

The institutional pressures on councils of rate cutting and the general economic conditions provide an opportunity for re-invention or re-emergence of tender accountability. Council Bravo has made one step in this direction, ‘we've just put in a category field within our accounting system software, so hopefully from next year or this financial year, we will be reporting on categories, contracts. At the moment we don't do any reporting as such’. Acquiescence is a tactic of habit. According to Oliver (1991, p.152), habit refers to blind adherence to taken-for-granted rules and norms. This happens when rules and norms have become a social fact, the organisation being unaware of the institutional influences, becoming unable to respond strategically. This causes actions and practices to become repeated, customary, conventional and taken-for-granted. Across all seven councils, the monetary value of tender spend is not recognised outside individual project management. This is not an accounting standard with a compliance prescription, rather an institutional pressure of imitation: habit to maintain legitimacy in the collective union of councils.

The expectation of the economic variant is effectiveness. The monetary value of council e-Tender spend sits in expense lines of the chart of accounts and balance sheet cash flow statements known and unused by finance executives and not inclusive in executive strategy, with recognition only at budgetary project management level. The opportunity exists for economic effectiveness within the procurement environment of councils (Table 45): the inertia and accountability are actions for transformation with no evidence to show
councils are considering this opportunity. The economic variant and impact on the tender spend/income ratio is not an explicit or implicit institutional pressure, it is unseen, unrecognised and currently engaged within acquiescence and mimicry.

7.2.4 Social Variant - Mimicry

A key process of institutional theory is mimicry – imitation: organisations adopting structural or infrastructural process to either consciously or unconsciously imitate other organisations within their same industry. The institutional theory sociological variant suggests organisations are driven by legitimacy motives: perceptions of their process or actions being desirable, proper and appropriate (Haunschild & Miner 1997; Huang, Gattiker & Schroeder 2010; Kauppi 2013; Turkulainen, Kauppi & Nermes 2017). This occurs for best practice, statutory, professional or simply because councils respond to community expectations. With tender spend, the social variant of the theory emphasises legitimacy through imitation, the key theme being invisibility, even the name of the department enhances invisibility and becoming visible only within budgets of project management; disappearing into the chart of accounts and balance sheet cash flow statements. Breaches of probity, fairness and statutory compliance can cause reappearance through crisis. This research project did not find any breaches leading to reappearance.

The tender process is implicitly considered by council executive as best practice, institutionalised within the wider context of community services provision, legitimised through rhetoric and statutory compliance (Table 40 - Councils position on effectiveness and measurement). This is what guides councils to meet the expectation to imitate other councils: their industry (Haunschild & Miner 1997; Huang, Gattiker & Schroeder 2010; Kauppi 2013; Ketokivi & Schroeder 2004; Turkulainen, Kauppi & Nermes 2017). The focus of this research project is on the three types of imitation being traits, outcomes and frequency as they have the potential to explain the practice barriers and resistance of tender having a relationship to executive strategy. An alternative to the social variant is mimetic isomorphism, a reaction to uncertainty; explained as the degree of uncertainty increases, the greater the extent to model on organisations perceived to be successful and thus opportunity to transplant their methods (Kauppi 2013, p.1321; Zsidisin, Melnyk &
Ragatz 2005, p.3410). Tender does not appear to be in an uncertain environment, prescribed compliance is absolute and the business units conduct tender within an institutional logic of status quo. The social variant mimicry has a wider explanatory value for the purposes of this research project.

Trait based imitation provides organisations with the action to imitate ‘sub-sets of other organisations’ within the same industry (Haunschild & Miner 1997, pp.475-476), in this research project being councils within a state and exposed to similar practices. Organisations within the same industry and region tend to be more salient with each other including a likelihood of exposure to industry associations (Huang, Gattiker & Schroeder 2010, p.60). All seven councils have exposure to their state LGAs and although influence is not a consideration at a conscious level (Table 26), procurement best practice through provision of documentation templates and non-fee-for-service advice is the exposed imitative practice. ‘We did it to try and align with the thresholds that the state government at the time were pushing for through the industry participation people’. On a state by state basis, there is an inclination for councils to standardise their tender processes, shown through the almost exclusive usage of the specialised council TMP Vendor Panel in SA and TenderLink as an open tender industry category application in NSW. In Victoria where the Vic LGAct is not determinable to tender process, the three LGAs being competitive to each other, the tender process of councils Delta and Echo is in confusion.

Turbkulainen, Kauppi & Nermes (2017, p.1121) argue trait based imitation occurs with organisations of the same size, particularly as an implicit control variable. Ketokivi & Schroeder (2004, p.69) found size as a proxy for similarity, a size effect mimicking those that are similar. This finding is supported by this research project: the councils determined as being the closest to assimilation of a TMP and effectiveness are Alpha and Bravo, being the two smallest councils (Table 42) and located in SA. The three largest councils, Charlie, Delta and Foxtrot, although in three different states have difficulties with assimilation of a TMP and effectiveness of tender. If the test of technology imitation is efficiency, being valuable outcomes achieved (Haunschild & Miner 1997, p.473), then the imitation of adoption and assimilation of TMP Vendor Panel by councils Alpha and Bravo could be considered a valuable economic return. Whether this is an economic variant, trait based
imitation or an outcome imitation, or indeed a combination of all three, is a matter of debate.

The second type of imitation is referred as outcome based imitation where organisations imitate practices that appear to have good outcomes achieved by other organisations and to avoid practices with bad outcomes (Haunschild & Miner 1997, p.472). As an example, benchmarking is viewed as an imitation consisting of analysis of other organisations, an institutionalising force due to imitating or adopting other’s processes (Huang, Gattiker & Schroeder 2010, p.61). If best-in-class is the guiding imitation action of benchmarking (Kauppi 2013, p.1321), the results from the analysis of LGA influence (Table 26) and their provision of procurement best practice template documents are not encouraging to support outcome as an imitation. It is proposed by Ketokivi & Schroeder (2004, p.67) imitation can occur through books, networks, associations and consultancy, consultancy being a process adopted by council Golf ‘I want them to come up with suggestions about whether our procedures are right or wrong. LGP will then come back and tidy up our procedures and tidy up our templates’. This statement contrasts imitation, ‘can’t engage the LGA. The LGA doesn’t want to know about procurement (outside the commercial activity – sic)’. This contrast is a consultancy on a fee-for-service basis versus a service provided equitable to the overall membership fee.

Haunschild & Miner (1997, p.476) determine imitation occurs after other organisations use a practice or structure to determine if adoption should occur. The authors see doing practice X as not important, it is the outcomes of X that determines if X will be imitated. Using this outcomes determination as a guide, the only example from this research project of a successful explicit outcomes imitation is the SA LGAs year of procurement (2012) leading to the TMP Vendor Panel pilot and adoption by councils Alpha and Bravo and lately Charlie. This is an indication that outcome imitation due to not requiring a large number of adopters is more related to technical aspects, than social processes (Huang, Gattiker & Schroeder 2010, p.65).

The third type of imitation is frequency, based on the concept of imitation actions being taken up by large numbers of organisations, practices and structures on the basis of many enhances legitimacy. This occurs in the conscious sense of legitimacy leading to legitimate
practice and the unconscious adoption in the form of frequency being taken-for-granted without thinking. These are social influences as it is frequency itself that influences events (Haunschild & Miner 1997, p.474). If the test of frequency imitation is a critical mass (Huang, Gattiker & Schroeder 2010, p.65), (noting the authors used critical mass as a trait imitation), then there is a degree of concurrence with Turkulainen, Kauppi & Nermes (2017, p.1120) that limited empirical analysis does not support the characteristics of frequency imitation.

Although there is no mandatory requirement to adopt and assimilate council procurement best practice, e-Tender through a TMP effectiveness or even financial accounting exposing tender monetary spend, the impact of rate capping and the general economic environment, is an encouragement for councils to review these processes. The institutional pressures impacting on the seven councils leading to resistance and barriers, are considered influential with an effect on the continuing provision of community services in the face of economic uncertainty. The seven councils on a whole have taken the acquiescence stance through compliance to the prescribed statute requirements and imitating other councils in a habitual and unchanging process. The prescribed requirements of the statues lead to compliance, there is no aspect of compromise to be negotiated and no direction or imposed strategic positioning to be avoided. The legitimacy of council e-Tender through a TMP as an essential action, sits within the implicit knowledge of the executive through the continuing provision of community services. The governance of tender and the associated monetary value in a singular or collective form, lacks any form of transparency for non-financial professionals and as a result - scrutiny: it is all internally retained.

7.3 Resistance techniques

Taking a pragmatic view of how e-Tender through a TMP operates in the participant councils, an abductive process of barrier analysis (Table 45) exposed the resistance techniques and how councils gain legitimacy. The practice barriers (Figure 21) is the how or rational actions of the interviewees, corresponding with Oliver’s (1991, p.146) active organisational behaviour responses to institutional pressures are not invariably passive. It is important to recognise the interviewees are not speaking of resistance, imitation, or
institutional pressures; rather the explicit practice barriers identified through the interviews. Willingness to conform to organisational control (Oliver 1991, p.159) and the practice barriers, morph into the resistance pressures faced by the council.

### 7.3.1 Institutional Logics

The question to be asked is why do these seven procurement departments look alike? On the surface, procurement departments all retain the same name, have the same logic; no connection of tender spend to executive strategy. This may lead to portraying all procurement departments as homogenous, a ‘community of organisations that partake a common meaning system’ (Greenwood, Hinings & Whetten 2014, p.1215). While appearance appears homogenous, using comparison analysis (Chapter 6) exposed many differences. The institutional logic prevalent here is the status quo of tender having no relationship to executive strategy, no probing process to ascertain a higher level of tender effectiveness or tender accountability, therefore no penalty. The why of this logic sits within the unit of analysis, council e-Tender through a TMP, an action delegated by the procurement department and espoused as effective by council executive (Table 40) and forms the basis of the significant conclusion, no connection of e-Tender spend to executive strategy. The basis of the central logic (Table 47 & Figure 21), central being constitutive of an organisations mission (Canales 2014, p.20) demonstrates acquiescence and imitation as the institutional pressures to conform and therefore obtain legitimacy in the eyes of the community. Institutional logic is defined as:

> “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton & Ocasio 1999, p.804; 2008, p.4).

Institutional logics are the acceptable goals, the organising principles within a field, the ideas and practices that guide councils as they strive for legitimacy. The value of tender spend as a strategic practice can be regarded as an arena where the council executive follow different institutional logics to those of other structures in council, the formal and informal norms and practices, the influences and the meeting point of logics, creating a
struggle to determine direction. As Echo 1 states, ‘the decentralized model will not work in this environment ever, so why would you say that I’m going to roll it out. Will roll it out because I’m going to order’. It is important to understand the influences of the logics to become seamlessly blended and therefore impact direction (Besharov & Smith 2014, p.365). The arena is the intersection of divergent logics: the community, council as a community funded service provider, commercialism of the service from external suppliers and government, all with potential conflicting social and commercial logics (Battilana et al. 2015; Besharov & Smith 2014; Ramus, Vaccaro & Brusoni 2017).

Councils appear to operate in an organisational field, characterised by long standing institutional logics (Ramus, Vaccaro & Brusoni 2017, p.1253) through the formal and informal rules of action and interpretation, guidance and constraint of organisational tasks to achieve social status, the legitimacy of the community, thereby obtaining a sense of order (Thornton & Ocasio 2008, p.10 & 22). An organisational field relates to a level of analysis where institutional logics are played out or emerge from the institutional orders of the institutional system, orders that may also get shaped or reshaped. For example, rate capping adds another layer to the existing central logic, an impact on the council’s community income. This is an illuminating example as rate capping already applies in NSW for councils Foxtrot and Golf and in Victoria for councils Delta and Echo: the logic has been shaped, but not reshaped in these four councils. The four councils are embedded within the legitimacy of the logics.

The theory of legitimacy suggests organisations make decisions on the desire to be accepted (to have legitimacy) within their specific environment being other councils and the community, where legitimacy seeking behaviours ensures long term survival (Krell, Matook & Rohde 2016; Ramus, Vaccaro & Brusoni 2017; Smets, Morris & Greenwood 2012; Thornton & Ocasio 2008). Although long term survival is an outcome of legitimacy, councils are also restrained by losing freedom to operate, therefore freedom has an overlaying impact on legitimacy. Early literature conceptualised legitimacy as the presence or absence of questioning (Burns & Scapens 2000; Meyer, J, W & Scott 1983). Recently Deephouse & Suchman (2008, p.4/32) see legitimate organisations have unquestioned freedom to pursue its activities. This point was extended by Pache & Insead (2013, p.994) with more freedom for the highly legitimate organisations through being
protected from this perceived position and not losing support. More recently Krell, Matook & Rohde (2016, p.683) discussed the institutional motive of ‘desire to be accepted’, a legitimacy seeking behaviour and constraining freedom. This mixed position in the theory raises the question as to whether councils are free to determine success factors: what motivates council Charlie to continue their ownership (1/6th shareholding with five other councils) of Council Solutions through a substantial payment for an ineffective service. The logic of tender spend not valued or positioned in executive strategy appears to constrain freedom across the seven councils and with no performance metrics, no questions are posed.

It is assumed the procurement and finance departments operate within the council organisational field where institutional logics have a greater specificity in their material and symbolic appearance: the formal and informal rules of action and interpretation, guidance and constraint of organisational tasks to achieve social status, penalties, credits and rewards (Ocasio 1997; Thornton & Ocasio 1999). There is no evidence to show procurement departments have achieved any of these four legitimacy positions. The unit of analysis of this research project, council e-Tender through a TMP is a practice level study, similar in nature to the PSM research of Meehan, Ludbrook & Mason’s (2016) study of collaboration within public authorities and Pemer & Skjolsvik’s (2016) influence of institutional logics on purchasing formalisation. The realm of an organisational field is large (Greenwood, Hinings & Whetten 2014, p.1215), therefore these two studies and this research project could be considered within the developing theory of micro-foundation in organisational institutionalism to integrate action, the role of individuals and structures into institutional research (Brandl et al. 2014; Elg et al. 2017; Powell & Colyvas 2008; Thornton, Ocasio & Lounsbury 2012). The introduction of micro-foundation maybe an indicator organisational field is not the appropriate theoretical value and is discussed further in the next chapter (Refer 8.3.3). For theoretical continuity, organisational field will remain as the source for explanation of institutions.

This research project is about the collective organisational effort, how the procurement department is actually designed and managed within councils (Greenwood, Hinings & Whetten 2014, pp.1208-1210). That is, the practice disciplines leading to the Literature & Practice Based Matrix (Table 45), how councils give legitimacy to their explicit or implicit.
decision process within institutional demands, the shared practical understanding that provides meaning and robustness (Smets, Morris & Greenwood 2012, p.880).

Returning to the question of why all procurement departments look alike - homogeneous, is to misunderstand institutional logics of procurement departments, e-Tender through a TMP and maybe the monetary value and presentation of tender spend. Organisations will (emphasis in original) exhibit differences (Greenwood, Hinings & Whetten 2014, p.1212), therefore the analysis framework of Chapter 6 & Chapter 7 is comparison to determine the differences, how organisations work – the institutional logics (Binder 2007, p.554). The analysis of institutional pressures and resistance is within the council organisational field, as exampled with the compliance of statutory requirements and the acquiescence and imitation of e-Tender through a TMP. This organisational field has two in particular logics (Table 47), overlapping realms where actors confront across and within institutions (Besharov & Smith 2014, p.366).

Both of these logics have consistency being applicable to all seven councils and an assumption on a generalisation basis, they may be applicable on a national level across the whole sector. Are (i) and (ii) (Table 47) indeed logics? Thornton & Ocasio (2008, p.10) calling on historical literature determined ‘institutional logics are more than strategies or logics of actions, they are sources of legitimacy and provide a sense of order’. On the development of logics, Thornton, Ocasio & Lounsbury (2012, p.85) state:

“Situated practices are selected and retained through processes of cultural evolution: from these evolutionary processes, institutional logics emerge at the levels of society, institutional field and organisation”.

Both these logics have emerged within the field of council and are institutionalised across the seven councils, they are not included in strategy and are much more than an action, they are ingrained, customised practices of the institutionalised form (Green, S, Edward, Li & Nohria 2009, p.12).
Table 47 - Institutional Logics of the seven councils

<table>
<thead>
<tr>
<th>Institutional Logics of the seven Australian Councils</th>
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<tbody>
<tr>
<td>(i) Central logic of provision of community services within prevailing financial constraints</td>
</tr>
<tr>
<td>(ii) Peripheral logic of tender not valued as an enabler for provision of community services</td>
</tr>
</tbody>
</table>

As a further explanation and using the theory of logic multiplicity from Besharov & Smith, (2014, pp.371, 373-374), the perceived positioning of the council logic of tender (ii) is a no conflict environment enabling a prevailing dominant logic (i) to emerge from the organisations mission, strategy, structure, identity and core work principles. This is the position with the two logics, where the actors, the procurement environment including the business units within the council structure, controlled by the executive and CEO, can work with each other relatively undisturbed and within a peaceful co-existence. The alternative is a position of conflict within values and norms where power struggles occur over which logic should be dominant and perceived as legitimate (Pemer & Skjolsvik 2016, p.7). The literature abounds around conflict of competing logics with limited literature on logic multiplicity in a harmonious environment.

In summary, institutional logics guide the behaviour of organisations; the procurement and finance departments and council. There is no position on transformation across the seven councils although council Golf has vision of transformation through three consultancies. The multiple logics exist in the seven councils, validity for analysis within the realm of this research project.

7.3.2 Logic - Tender not valued as an enabler for provision of community services

The procurement departments have no financial accountability for tender monetary spend: spend is consolidated into project management operational and infrastructure budgets. The tender monetary trail is then lost to diverse entries in the chart of accounts and balance sheet cash flow statements: the imitated method of all seven councils. This
may appear as an action of avoidance and this may be the case if occurring at a lesser number of councils than the collective seven. With all seven councils inclusive, it would not appear as an active resistance, rather a low level persistent action (Meehan, Ludbrook & Mason 2016, p.167), an interpretation of passive not inclusive in Oliver’s (1991) passive-active scale. It is more appropriately aligned with acquiescence and imitation, not limited to states, rather across the three states and possibly generalised to all councils across Australia. If generalisation occurs, then consideration as a frequency imitation may also be appropriate.

7.3.3 Performance metric

There is evidence no performance metric exists in relation to tender, procurement or tender/procurement inclusive of project management infrastructure and/or operations (Table 40) and the seven councils have no system capability to implement measurement in any form (Table 36 &Table 37). The only example of a tender metric was a surprise to the legal executive responsible for procurement ‘fantastic, there you go’ and six months after the interview, the metric had been removed from the council web site. Councils Charlie and Delta are both in the initial adoption evaluative stage of a new accounting system inclusive of a procurement module, ‘better procurement because of the aggregate, the better understanding of the profile of spend’, a reference to category management. Delta 1 has a different view to system modules, ‘the entire system includes your policy and framework, predicated around your delegations, your financial management. You can go in and use it like an eBay’. Council Golf is reliant on consultants and procurement best practice templates. All seven councils have no strategy for any degree of tender performance metric. This contrasts with Patrucco, Luzzini & Ronchi’s (2016, p.750) study of four municipalities in Italy and four councils in Wales who provided KPI detail in varying volume from all participants.

7.3.4 No penalty

Performance management metrics are aimed at greater transparency of council transactions providing clearer lines of accountability for the community. Any form of objective measure of council action would be a degree of assurance to the community. That is, executives or council personnel with a mandate to act on the communities behalf,
doing their best to carry out their duties (Akbar, Pilcher & Perrin 2015, p.4) and council transactions must be transparent with accountability to rate-payers (Dollery, Kortt & Drew 2016, p.234). Meehan, Ludbrook & Mason (2016, p.169) found the evidence and spend data in public procurement demands urgent attention.

Enhanced accountability requires performance metrics that are comparable, relevant and useful for decision making. Council accountability is more than the buyer-supplier or principal-agent (one-to-one) existing in the transaction of tender, the relationship is much wider consisting of different stakeholders both internally and externally with operational/spend accountabilities, economic and political interest’s overlapping. Accountability in councils as the tier of government closest to the people are seen as important, the front line of service delivery and thus needs to be seen as performing to the highest standards (Akbar, Pilcher & Perrin 2015, p.7). In a study of Australian council accountability, bottom-line was perceived to be the most important standard and essential for future strategies (Pilcher & Dean 2009, p.735). The seven councils of this research project all produce various annual reports, financial reports and community visions, although Pilcher & Dean (2009, p.728) see there is evidence they are not actually used by the public. Charlie 3, a chief financial officer responding to a question of reporting to government stated, ‘So what we report is they get a copy of our annual financial statements under the Act, what they choose to do with those, pass, because we don’t really get the feedback. We do report’. To a question of the statements being the same as provided on the web site, the response was ‘yes’ and to the question of provision of additional detail, ‘not for statements’.

The institutional pressures (Figure 21) and specifically acquiescence and mimicry explains why councils respond to external forces in relation to tender monetary spend and the relationship to executive strategy. The research has identified across the seven councils, the tender and procurement environment has remained stable with the councils all having electronic financial accounting systems for at least the last decade. The technical applications for production of tender metrics are available for at least partial if not whole production within the seven councils: imitation is displaying no desire.
Institutional pressures are evident through mimicry and acquiescence of no measurement and compliance where required in NSW and Victoria, therefore positioning within the habitual environment; what all seven councils do. There are no accountability goals in relation to tender or procurement across the individual and collective seven councils. Performance metrics are a role for the executive, as found in a recent PMS study where status is a link to authority (Patrucco, Luzzini & Ronchi 2016, p.752) and mid-range and lower personnel were not motivated to implement performance metrics as there was not enough support from the top (Akbar, Pilcher & Perrin 2015, p.20). Without accountability, there can be no penalty imposed.

7.3.5 Status Quo

The question remains unanswered as to why the seven procurement departments look alike. The status quo bias perspective impacts on this question and the role of e-Tender through a TMP by providing explanations as to why councils and individuals disproportionately make decisions to continue an incumbent direction or course of action, rather than adoption of an alternative and potentially more effective direction. Adoption in any form is a decision process where one alternative invariably carries the label of status quo, that is doing nothing or maintaining previous decisions or non-decisions, staying with the current situation (Kim & Kankanhalli 2009; Li, Liu & Liu 2016; Samuelson & Zeckhauser 1988).

Considering the social institution of council and the particular relationship to e-Tender through a TMP, there is a strong affinity for status quo. The experience of SA councils offers a tried and proven alternative for pre-qualified panels in the open and self-determined tender environment, a process rejected by Victorian and NSW councils, an indicator status quo bias is operating as a resistance mechanism to change. The TMP selection is imitated across Victorian and NSW councils (Table 14) to one historical application from initial adoption. The SA experience is positive, a position able to be replicated with availability of pre-qualified panels through the LGA in NSW and the MAV in Victoria. To transform tender process using pre-qualified panels for both open and self-determined tender thresholds is the next sequential decision, a decision with low transition costs, reduced operating cost, increased effectiveness and compliance to statute.
(NSW only), adding to the community logic. Bravo 1 confirms the low transition costs ‘both TMPs (SAT&C & Vendor Panel – sic) are relatively inexpensive’.

Status quo is an element of the institutional logics and sits comfortably within the resistance mechanisms of the sameness metaphor. Councils have no barrier to strive for effectiveness of the tender environment, but are inhibited by the legitimacy of the tender logic within community.

7.3.6 Probing process

The combination of the practice barriers (Table 45), the institutional pressures leading to resistance, are all enshrined institutionalised practice by the seven councils. The SA year of procurement introduced a pilot program for Vendor Panel: adopted by council Alpha and Bravo and five years later as described by Charlie 2 ‘we’ve actually had it in place, it’s roughly the beginning of (the – sic) year. We started looking at it mid last year and up to that it was entirely up to the individual requesting units to go out and get their three written quotes’. The Victorian and NSW councils are remaining with their initial adoption choices, being an individual imposed choice and at the time a seemingly appropriate choice as Vendor Panel with its pre-qualified panel application was not available in the market. This comment is supported by Delta 1 ‘I think three four five years ago it would have been pretty good. But then technology has moved forward and (they being TenderLink – sic) haven’t moved with it, so it is quite, it’s not easy to use and it’s not nice to look at’. Remaining with the initial adoption is the status quo bias process of unbroken chain, year-to-year and becoming firmly entrenched (Samuelson & Zeckhauser 1988, p.42).

Councils Charlie, Delta and Golf are all showing initial adoption strategies towards procurement best practice. The wider question is the ability of councils to engender transformative process (Table 20) within the whole organisational field and without reliance on the social institution of the state amending the codification of the respective LGActs. As found by Meehan, Ludbrook & Mason (Meehan, Ludbrook & Mason 2016, p.167) procurement teams may have relevant business qualifications, but none have backgrounds in frontline operations.
7.4 Reflecting on institutional analysis

The practice how and why of council e-Tender through a TMP has been teased out from the data. The practice meaning and significance enabled the barriers to be extracted (Chapter 6) and the pervasiveness of the barriers, institutional pressures and resistance of the council procurement environment was tied very closely to the emergent theme from the data: no connection of tender spend to executive strategy. While this was addressed and traversed in different ways, depending on the contextual factors of the barriers and the institutional pressures and resistance; the invisibility of the importance of the tender spend/income ratio; the acquiescence of habitual practice; the absolutism of compliance to statutory requirements (where applicable) and compliance directed policy and procedures; imitation of the council environment; all functioned as the core philosophy underpinning council activities and delivery of community services. The striking position was the norm of tender spend invisibility, central to the social worlds of the interviewed executives, procurement department and business unit personnel. This invisibility has channelled their behaviour across practitioner, competencies, capabilities and structural hierarchical positions, although revealed in different ways and based on the individual practitioner attitudes.

This research project originally set out to investigate Australian council e-Tender through a TMP. This has been the unit of analysis, tying this whole research project together. An unexpected finding occurred: no connection of Tender spend to executive strategy, a path not considered at commencement. This is what Bazeley (2013, p.372) calls a renewed vision changing more than the overall purpose. The data was collected and the analysis became a journey of discovery, leading to this unexpected finding, resulting in the research questions changing.

One goal was the development of theory across Australian council e-Tender through a TMP, using an institutional theory lens. This initial direction became the first layer, expanded to include variants, strategic and logics as the researcher’s theoretical epistemology developed and the institutional pressures and resistance emerged. An unresolved theory is institutional micro-foundation. The applicability of theory goes beyond the participant seven councils and this immediate context, to a wider question of what organisations, organisational functions and process does this theory apply? In other
words, what is able to be generalised or transferred (Bazeley 2013, p.410) from this case to other Australian councils, global councils and industry within the tender environment and maybe a wider context. A central theme in institutional research and institutional logics is the position of organisations presumed to be different. That is, taxonomies and typologies seeking to identify and classify and thus explain differences (Greenwood, Hinings & Whetten 2014, pp.1212-1213). This was the position in Chapter 6 through section 6.4 & 6.5. The contradiction is the two logics are not different.

Post the pilot study there was no presumption of similarity of practice. The questions of how the seven councils contributed to this research project investigation, how the individual interviewees perceive the importance and how they addressed the tender environment as individuals and as a council function, has been raised in both chapter 6 and 7. While the diversity of the councils varies, particularly the TMP impact on assimilation, effectiveness and statutory compliance; the one commonality impact is the imitation and invisibility of tender monetary spend. This is the why question, the qualities and attributes from a pragmatic perspective, what we do in relation to beliefs and actions on a changing universe rather than an unchanging one. This one commonality is more than the question of how and why a council will or will not adopt a council specialised TMP: it is the illogicality of the diffusion of the logics across all seven councils and their effect on the tender spend/income ratio and executive strategy.

The researcher must question whether or not councils would conceptualise these findings in the same terms as proffered. In validation of the analytical position, the transcription data was used twice, supplemented by council documents obtained from web sites in an effort to ensure at least surface reliability from the interpretations offered. An important consideration is the researcher’s industry and recent academic background and any perceived biases should be viewed within such limitations. At the end of the day, the best explanations of the practice of council e-Tender through a TMP will be found in the interviewee’s own stories. The barriers and institutional pressures and resistance are a conception of the researcher’s investigation and will be further discussed in the next chapter.
Chapter 8 – Conclusions and Implications

8.1 Introduction

In this final chapter the data and results of analysis for this DBA Dissertation are taken into consideration to offer some final comments on Australian council e-Tender through a TMP. Conclusions about the research questions are presented. Principally this research project has demonstrated the seven Australian council’s tender is the major procurement process with the monetary value of tender budgeted and visible at project management level; thereafter enacting a state of invisibility. The possible reasons for this invisibility and lack of relationship to executive strategy are provided in Chapters 5, 6 & 7. These empirical findings are the starting point from which to build a better theoretical understanding about the nexus of Australian council tender, the accountability for tender spend and relationship to executive strategy, all leading to the provision by council of services to the community. Additionally, the empirical findings commence a conversation towards a tender epistemology. In conclusion, this DBA Dissertation offers reflective comments and opportunities for further research.

8.2 DBA Dissertation propositions

As noted in the previous chapters, the research project data has revealed Australian council e-Tender through a TMP has not been fully assimilated nor reached levels of effectiveness. Using this revelation as a starting point it was found through further data analysis, no performance metrics were used to measure tender or indeed any form of the collective procurement environment. The research sought to understand the allocation of the monetary value of tender spend in the expense lines of the profit and loss and balance sheet cash flow statements, including the visibility. On establishing the visibility levels, the next step sought to determine if the data of tender expense allocations was used for any strategic purpose and in what form.

The motivation to pursue this line of research was a seemingly rational line of thought by the researcher. It was surmised Australian councils have a common denominator:
inefficiency and repetition. The limited literature relative to e-Tender through a TMP provided the means for what appeared as a stimulating topic with potential for an important contribution to knowledge. The identity of e-Tender is widely stated in the literature, but not examined. The TMP is not included in the literature of tender, a method needing investigation.

The reasons why councils are using e-Tender and specific TMPs had not been empirically explored. The conceptualisation of council e-Tender through a TMP shifted numerous times as the researcher came to fully appreciate the complex interrelationships and interconnectivity between council personnel, the statutes, the varying perceptions of the LGAs and expectations of community. The missing element of the conceptualisation was executive strategy. As a result, the research project refocused from the initial practice based emphasis to encompass the examination of the social behaviours restraining council executives. The executive interviewee’s experiences and narratives of how their responsibility for tender interacts with tender spend, how the tender structure is designed and managed, became the root of this DBA Dissertation.

This refocussing occurred during the initial data analysis of the early interviewees. The researcher’s business background with doctrination into performance management systems, culturally presented a natural coalescence with any form of performance measurement. However, as the interviews unfolded, it became increasingly clear no measurement was evident, a striking position due to the emerging importance of tender to councils purpose of community services. Hence, the analysis headed into a search for financial data and the implications.

Although this research project’s questions have been reconceptualised, the importance of the original research questions with their practice frame has not been discounted. Instead, this research has provided the groundwork needed to facilitate processes of transformation; namely the opportunity for councils to better understand the current tender environment and move strategically towards the potential 21% saving as determined by Raventos & Zolezzi (2015). The contribution of tender epistemology and the relationship to executive strategy have been articulated, enabling the opportunity for equity from tender to be realised.
8.3 Conclusions about the research

The research data was slowly revealing the level of tender spend and indicating the volume of tender as the substantial monetary value procurement process. Using this as a starting point, it was considered executive strategy was not taking this important performance metric into consideration and had no relationship to strategy, therefore marginalising tender resulting in exclusion of the procurement department from the hierarchical structure. ‘This behaviour is somewhat damaging, hiding the real functioning of procurement activities’ (Patrucco, Luzzini & Ronchi 2016, p.752). The research sought to establish what discourses enabled this positioning of tender and the procurement department and why this substantive volume of spend expressed as a tender spend/income ratio is marginalised or maybe even low-level avoided.

The research project objects were realised through an empirical investigation of the factors influencing Australian council e-Tender through a TMP by exploring the nature of council tender and most importantly providing the opportunity for the actors of tender to speak about their experience. A broad interpretation of tender and the TMP was employed to tease out the formal and informal behaviours and activities. While answers to the research questions (Table 48) form the key research contributions (Chapters 6, 7 & 8), other key contributions responding to gaps in the relevant literature and practice findings are noteworthy, requiring to be tabled and detailed in this section.

Table 48 – New Research questions

<table>
<thead>
<tr>
<th>New Research questions (Repeated from Table 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What are the barriers preventing a relationship between the monetary values of council e-Tender spend and executive strategy?</td>
</tr>
<tr>
<td>2. How is resistance to council e-Tender through a TMP effectiveness legitimised?</td>
</tr>
</tbody>
</table>

The analysis of both questions was embedded with an understanding the practice of tender is a social structure within council provision of community services. The limited literature does not validate this statement, however Meehan, Ludbrook & Mason (2016), Patrucco, Luzzini & Ronchi (2016) and Doherty, McConnell & Ellis-Chadwick (2013) refer to
procurement specifically and tender as a sub-set within this institutional context (Table 49). The emerging proposition about monetary value of tender defined this research project and the empirical investigation. The stories and interpretations of the interviewees became the central focus. The practice positioned the theory.

Table 49 - Practice of tender as a social structure

<table>
<thead>
<tr>
<th>Reference</th>
<th>Subject</th>
<th>Social structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Doherty, McConnell &amp; Ellis-Chadwick 2013, pp.510-511)</td>
<td>Insights into the common factors influencing behaviour of public sector organisations adoption of e-Procurement</td>
<td>Institutional theory and Inertia resisting change and generally limiting adoption of public authority e-Procurement</td>
</tr>
<tr>
<td>(Meehan, Ludbrook &amp; Mason 2016, pp.168-169)</td>
<td>The evidence and spend data (collaboration) used in public procurement demands urgent attention from policy makers and academics</td>
<td>Bringing public procurement into institutional theory (logics) debates though identifying the social processes embedded in procurement decision making</td>
</tr>
<tr>
<td>(Patrucco, Luzzini &amp; Ronchi 2016, pp.754-755)</td>
<td>Linkage between strategy, goals &amp; performance of procurement within Italian and UK councils</td>
<td>Build comprehensive performance management system for procurement to assess functionality and starting point to increase status of procurement</td>
</tr>
</tbody>
</table>

The findings of the investigations are presented as responses to the questions, including ancillary findings of specific tender elements leading to an emerging theme towards development of an epistemology of tender within Australian councils specifically and councils (public authorities) globally.

### 8.3.1 Barriers versus accountability for monetary value of council e-Tender spend: low-level avoidance?

Barriers and resistance are inexplicably intertwined: the barriers are the practice aspects and resistance the behaviour characteristics (Meehan, Ludbrook & Mason 2016; Walker et al. 2013). The first finding was different interviewees followed different institutional logics, dependant on position and responsibility within council. At a business unit user level, these are not the overarching or master logics but rather an adaptation where participants act more frequently (Greenwood, Hinings & Whetten 2014, p.1215) to the service provision aspect of council to the community.
Two of the business unit users (project managers) drive for effectiveness of tender, have assimilated the full functionality of a TMP and accept full financial accountability at a project level for tender spend. Two other business unit managers are torn between the pragmatic positions of the community ‘sleeping at night, the punters are happy, that’s what we’re here for’ and balancing between the institutional logic and the institutional pressure of acquiescence and maybe even low-level avoidance through circumventing the council’s intended transformation. Their motives are institutionally defined through the pragmatic requirement of getting the job done, ‘going to tender is so hard and it’s not a hard process’. Referring to institutional strategic responses, these actions are what Pache Essec & Insead (2010, p.471) call unitary actors developing optimal responses to exogenous institutional pressures. These two business unit managers are not concealing non-conformity, hiding behind facades, or escaping from institutional influence, all requirements of avoidance. They are public with their intentions, a factor stronger than acquiescence; there is no evidence of compromise and their desire to achieve community expectations borders on soft buffering, therefore a consideration for low level avoidance. This is what Meehan, Ludbrook & Mason (2016, p.167) see as not being an active avoidance, but rather a persistent action without any interpretation on Oliver’s (1991) passive-active scale. The four business unit users from three councils expos the rationale of structural levels in councils to the logics – whose logics are these? In a pragmatic sense, the four business unit users emphasise achievement of nominated goals, meeting community expectations, using tender as an enabler for provision of community services and complying with financial accountability. The wider field of tender spend/income ratio included in the logic, has no impact.

The second council structural and responsibility level is the procurement department. The question to be asked relates to evidence of procurement professionalism, tender effectiveness and the relationship to the logic – tender not valued as an enabler for provision of community services? Pemer & Skjolsvik (2016, p.15) provides a market logic for procurement departments as increasing efficiency in transactions, making the best commercial selection decisions and using quantifiable selection criteria. On a surface level comparison, this logic has no connection to the findings of this research project, however that is not the intention of using this citation. The value of this citation plus Meehan, Ludbrook & Mason (2016) is the antecedent theoretical connection of institutional logics
to the procurement department, validating the theory for this research project. The procurement department practice characteristics have been tested across the resistance logic. An assumption could be drawn, the procurement department interviewees have a responsibility for procurement professionalism through some form of appropriate hierarchal structure, an existing debate around centralised, centre-led or decentralised. This was not the case as the procurement department interviewees were all institutionally anchored in a no-choice behaviour within the institutional logic. Innovation was not a characteristic, the social variant of trait mimicry coupled with the acquiescence pressures of habit and compliance are the driving forces.

The third level of structure and responsibility impacting on the logics is the finance department. Why is the accountability for tender spend sitting only within the project management profile through budgets and actual spend? A section of the practice barrier analysis (Table 43 & Table 45) provides financial examples of waste as verbatim statements from the original transcriptions. Could these examples be exceptions? Yes they could, however there is at least one example from each of the seven councils and five of these examples are contributions by chief financial officers and two from legal counsels. This is confirmation of the overall context of this research project leading to the significant conclusion of no executive accountability for tender monetary spend.

Accountability within councils is a responsibility for community money: council transactions must be transparent with accountability to rate-payers (Dolley, Kortt & Drew 2016, p.234), accountability provides a degree of assurance to the community (Akbar, Pilcher & Perrin 2015, p.4) and prudent use of community money for delivery of expected outcomes (Russell & Meehan 2014, p.499). This research finds council monetary value of tender spend is only transparent under specific circumstances: (i) tenacity to locate expenses within the chart of accounts and balance sheet cash flow statements and (ii) competency to interpret financial documents. On transparency, Charlie 3 states, ‘that number can’t easily be obtained from a financial statement unless you are financially literate and can read financial statements’. A third option could be considered as in-depth financial analysis requiring access to all financial accounts. Meehan, Ludbrook & Mason (2016, p.169) found the evidence and spend data in public procurement demands urgent attention.
The overriding and master council logic is the provision of community services within the prevailing financial constraints. The provision method (in this context) is tender with no collective transparency through practice and financial accountability to either internal council or the community. Moving practice aside, tender provides a legitimacy for council acting in the best interests of the community by intimating conformance to norms, beliefs and compliance through prescribed probity and fairness in the statutes. The community understands the concept of tender, legitimising the action without question, with the council having no need to demonstrate compliance, whether the community desires validation or not. Charlie 3 states, ‘I think if, I don’t think they (the community – sic) actually care about the structures that we operate internally as long as we were all, we could say that we were following the right practices’. Legitimacy is a product of the hierarchal structure of councils where the CEO is the authority in both a formal and recognition form (Pache Essec & Insead 2010, p.458).

While the practice is tender, the other aspect is the question of tender process affecting the actual behavior of all the participants, not just the act of adoption of tender, but how this adoption affects the council overall (Greenwood, Hinings & Whetten 2014, p.1211). The seven councils are all different, they have their own spheres of authority, jurisdiction and methods of practice: however the central logic of provision of community services within the prevailing financial constraints and tender not valued as an enabler for provision of community services, sits with all seven councils. Pache Essec & Insead (2010) and Greenwood, Hinings & Whetten (2014) point to organisations having multiple logics. This statement is interpreted as within councils and a further interpretation is the logics apply to structural levels, for example finance and procurement, as discussed within this section (Refer 8.3.3 for this research project’s interpretation of structural levels).

Theorising institutional logics as the resistance barriers preventing a relationship between the tender spend/income ratio and executive strategy, raises the questions of how institutional logics move between institutional areas while maintaining institutionalisation, or even rejection. A summary of the literature position on theorising institutional logics is provided by Greenwood, Hinings & Whetten (2014, p.1215) as ‘...is in its infancy ... and remains an unsolved problem’. The researcher has endeavoured to interpret the diffusion of the two institutional logics across the council departments and business units, through
the logic elements of performance metrics, no penalty, status quo and probing process (Figure 21).

For all the reasoning expressed in analysis and description of practice leading to barriers (Chapter 6), analysis of institutional pressures and resistance (Chapter 7) and collated in this chapter; the only conclusion to be drawn on the first research question is there are many barriers preventing a relationship between the monetary values of e-Tender and executive strategy, with particular emphasis on invisibility. Tender effectiveness is not a recognised problem, therefore no challenge to the legitimacy of tender.

8.3.2 How is resistance to council e-Tender through a TMP effectiveness legitimised?

Using the theory of efficiency being the measure of how economically a councils resources are utilised and effectiveness referring to the extent to which customer satisfaction is achieved: the overriding principal of determination is measurement. Patrucco, Luzzini & Ronchi (2016, pp.753-754) found their sample of municipalities in Italy and councils in UK direct primary attention to cost and compliance indicators and forced metrics; not enough to ensure public procurement effectiveness. The legitimacy of the accountability authority invested in the seven councils of this research project has no requirement at this time for tender and/or procurement metrics, in any form. Patrucco, Luzzini & Ronchi’s (2016, p.750) indicate all participant municipalities and councils developed their own measured KPIs; therefore using the determination of measurement shows an intention by the Italian and UK councils, either explicit or implicit towards effectiveness. This postulates the uniqueness of the seven Australian councils with no intention for KPIs of tender and/or procurement metrics or using the tender spend/income ratio.

The Australian seven councils have overarching or master rules, the institutional logics, legitimising the tender environment in its current form and diffusing this legitimacy throughout the internal structures of council, creating resistance to tender effectiveness at an organisational level. If KPIs are considered some form of standardisation, then the seven councils are resisting implementing these standards even though they are voluntary, as no statutory compliance prescription exists in the three states. This may appear as a low-level avoidance, however without any prescription to conform, there does not appear
anything to avoid. The literature abounds with requirements for performance measurement generally (Akbar, Pilcher & Perrin 2015; Maestrini et al. 2017; Neely 2005; Neely, Gregory & Platts 1995; Patrucco, Luzzini & Ronchi 2016) and specifically Australian councils (Dollery, Kortt & Drew 2016; Drew & Dollery 2016). The tactic employed appears to disguise this non-conformity behind a façade of acquiescence, content to legitimise their position to external communities. The institutional norm for tender has attained a persistence status (Oliver 1991, p.152): the executive do not see the tender/income ratio percentage, see is not an element of performance or authority, rather a value for transparency, an outcome with the potential to create conflict with the legitimacy of the institutionalised community reality on tender.

8.3.3 Can institutional logics diffuse in organisational fields?

Neo-institutional theory was traditionally regarded as a theory on institutional structural effects, how institutions and organisation mutually influence each other (DiMaggio & Powell 1983; Meyer, R & Hollerer 2014) with limited role for the social actors. This research project takes an institutional logics perspective of the social actor, the individual combining with the organisation for organising core principals and interests, both explicit and implicit (McPherson & Saunder 2013; Scott, R 1987; Thornton, Ocasio & Lounsbury 2012).

Institutional logics as they apply to the seven Australian councils are discussed in 7.3.1 & 7.3.2 through the structure of multiple logics in organisational fields (Besharov & Smith 2014; Greenwood et al. 2010; Lounsbury 2007). The researcher determined two institutional logics (Table 47) within the organisational field are applicable to the seven Australian councils including the procurement and finance departments, but not the business unit users.

Besharov & Smith (2014, p.364) define institutional logics in a collated sense as ‘socially constructed sets of material practice, assumptions, values and beliefs that shape cognition and behaviours’. That is the formal and informal rules of action and interpretation, guidance and constraint of organisational tasks to achieve social status, penalties, credits and rewards (Ocasio 1997; Thornton & Ocasio 1999). Thornton & Ocasio (1999, p.804)
state ‘these rules constitute a set of assumptions and values, usually implicit, about how to interpret organisational reality, what constitutes appropriate behaviour and how to succeed’. These rules have application to council, however there is no evidence to show finance and procurement departments, the institutional actors, have legitimacy through these rules.

Institutional logic has two boundaries of study being organisational fields and social institutions: social institutions are positioned with institutional level categories of market, corporation, professions, family, the state and religion, all portraying large institutions with global scope. These are societal-level institutions determined as institutional infrastructures of institutions and occupations, with their own sphere jurisdiction or action; each has its own overarching logic providing criteria for acceptable behaviour, the cornerstone social institutions that govern areas of society and life (Greenwood et al. 2010; Greenwood, Hinings & Whetten 2014; Ramus, Vaccaro & Brusoni 2017; Thornton & Ocasio 1999, 2008).

The literature is pointing towards organisational fields being large institutional organisations and therefore unclear as to the boundary with social institutions. Greenwood, Hinings & Whetten’s (2014, p.1215) see size (quoting large) and geographic scope as determinants of organisational fields, without reference to the position of organisations in a smaller category. Others agree with organisational field having wide spectrums: social and commercial (Ramus, Vaccaro & Brusoni 2017), social welfare logic (Pache & Insead 2013), field of institutional change (Smets, Morris & Greenwood 2012). Thornton & Ocasio (2008, p.10) purposed industries as relevant boundaries for establishing institutional logics through common identity: a focus on the effect of behavioural shifts at an industry level. Recently Thornton, Ocasio & Lounsbury (2012, p.91) posit institutional logics have three levels of analysis: organisational, field and society. This leads the researcher to propose organisation is the council and the field is local government inclusive of collective councils. It is a journey too far to consider councils at a society level compared to religion or market.

Another direction to view organisational fields is to surface the question of how institutional logics move between arenas or diffuse across organisations, a question
limited by institutional logics being in a position of infancy (Greenwood, Hinings & Whetten 2014, p.1215) and not well developed (Thornton, Ocasio & Lounsbury 2012, p.76). Pemer & Skjolsvik (2016) use the social institution categories of professionalism, market and corporate, thereby positioning their study of PSM within social institutions and diffuse this study to procurement departments. Meehan, Ludbrook & Mason (2016) refer to the field as the layer of research with inclusion of institutional logics. Jarvinen (2016, p.862) studied accounting control systems through institutional logics in two not-for-profit organisations (similarity to councils) and called for the gaze to shift from large-scale (social institutions) to attend more closely to the organisational level and action. These studies are what Brandl et al (2014, p.314) call micro-foundations in organisational institutionalism by integrating action and individuals. This follows Thornton, Ocasio & Lounsbury’s (2012, p.102) individuals are culturally embedded in institutional logics and situated in organisational practices. Powell & Colyvas (2008, pp.2-3/26) see micro-level theory of institutionalisation as ‘scripts for meaning making’ through everyday activities, dilemmas and anomalies of work, problemising questions and answers to guide daily practice. Micro-foundation is not new as such and is summarised in Thornton, Ocasio & Lounsbury (2012) and is yet to be positioned in the mainstream, where volume of institutional research focusses on sectoral and global levels (Battilana et al. 2015; Greenwood, Hinings & Whetten 2014; Powell & Colyvas 2008; Ramus, Vaccaro & Brusoni 2017; Smets, Morris & Greenwood 2012; Thornton, Ocasio & Lounsbury 2012).

The link between institutional logics and practice is established (Greenwood et al. 2010; Lounsbury 2007; Powell & Colyvas 2008; Thornton & Ocasio 2008; Thornton, Ocasio & Lounsbury 2012). The practice of no performance metrics leads to the logics not being singular within one council, rather they apply across all seven councils. Greenwood et al (2010, p.522) states in summary, ‘logics underpin the appropriateness of organisational practice in given settings and at particular historical moments’. This position is leading towards a singular organisation (council as a micro-foundation) level, however it is then confused when ‘community of organisations’ (Greenwood, Hinings & Whetten 2014, p.1215) participating in a common meaning system is added. These statements appear to indorse the two defined logics impacting both single councils (organisation) as individual in practice and the seven councils as a community (organisational field) being compliant to the two logics, with the wider Australian community of councils being a factor that can
only be generalised. The researcher’s interpretation of the theory as it relates to organisational fields is shown in Table 50.

Table 50 - Organisational fields applicable to councils

<table>
<thead>
<tr>
<th>The Australian council tender environment</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organisational Field</strong></td>
<td>(Greenwood et al. 2010; Greenwood, Hinings &amp; Whetten 2014; Pache &amp; Insead 2013; Ramus, Vaccaro &amp; Brusoni 2017; Thornton &amp; Ocasio 2008; Thornton, Ocasio &amp; Lounsbury 2012)</td>
</tr>
<tr>
<td>- Organisation – singular councils</td>
<td>(Deephouse &amp; Suchman 2008; Greenwood, Hinings &amp; Whetten 2014; Lounsbury 2007; Meehan, Ludbrook &amp; Mason 2016; Oliver 1991; Pemer &amp; Skjolsvik 2016)</td>
</tr>
<tr>
<td>- Field – local government (LGAs, collective councils &amp; statutes)</td>
<td>(Doherty, McConnell &amp; Ellis-Chadwick 2013; Ilhan &amp; Rahim 2017; Meehan, Ludbrook &amp; Mason 2016; Pemer &amp; Skjolsvik 2016; Vaidya &amp; Campbell 2014)</td>
</tr>
<tr>
<td><strong>Social Institutions</strong></td>
<td>(Brandl et al. 2014; Elg et al. 2017; Jarvinen 2016; Pernkopf-Konhaisner 2014; Powell &amp; Colyvas 2008; Thornton, Ocasio &amp; Lounsbury 2012)</td>
</tr>
<tr>
<td>- Institutional level categories of market, corporation, professions, family, the state and religion, all portraying large institutions with global scope</td>
<td></td>
</tr>
<tr>
<td><strong>Institutional Logics, Institutional Pressures &amp; Practice Barriers</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Different Tender Practices</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Micro-foundations</strong></td>
<td></td>
</tr>
<tr>
<td>- Executive, Council Departments, Business Unit users (there does not appear a role for individuals within the social entity of councils)</td>
<td></td>
</tr>
</tbody>
</table>

This research project raises a question of the theory as to appropriateness of positioning councils in an organisational field, noting the implication of the literature towards large. As a tool of analysis, it appears far more effective to propose organisation as the council and the field as local government and collectives of councils. Micro-foundation appears as a more valuable interplay for the interpretation of how councils are actually designed and managed, the structural aspects of councils and the relationship to institutional theories. Although the micro-foundation theory is inclusive of individuals, the actors, deemed in this research project to be the executive, council departments and business unit users, there is no evidence of individualism below the CEO impacting the institutional logics within the seven councils. This research project determines the institutional logics appear as static structures and impervious to change, a contradiction to literature (Thornton, Ocasio &
Lounsbury 2012, p.77) and are diffused at an individual council level from the CEO through the micro-foundation structure of council.

In a pragmatic application, the researcher’s role was to establish the real logics on the ground and then explain their distinctions in practice. The individual is not important: the business unit users follow a pragmatic direction, the procurement department personnel are anchored in a no-choice behaviour within the institutional logic and the chief financial officers are anchored in a non-transparency paradigm of the tender spend/income ratio as a not required object. The CEOs are comfortable within the legitimacy of the community.

A limitation on further addressing this gap in the literature is the size and time requirements of this DBA Dissertation. The analysis and conclusions of this interpretation of institutional logic boundaries is generative and in no way is meant to be comprehensive. This determination of organisation and fields in relation to institutional logics and institutional theory generally is a significant contribution to this emerging micro-foundation layer of theory building and adds to the conversation of council tender epistemology.

8.3.4 Practice versus pragmatism

Essentially, pragmatism focuses on the practical consequences of what we think and do; making improvement in our lives. In a social context, this research project has found an avenue for a 21% reduction in procurement costs, a bearing on all community rate payers. Simpson (2009) and Elkjaer & Simpson (2011; 2009) see pragmatism is of little use without practical application, that is practice. Pragmatism relies on abduction for the creation of new insights, a new way of looking at problems, detecting what the problem really is and digging below the surface. The early assumption by the researcher of Australian councils was inefficiency and repetition: abduction and pragmatism created a refocussing after the pilot study, recognising practice patterns of e-Tender through a TMP. New theories explaining a collection of surprising or anomalous facts (Dew 2007, p.39).

Council Alpha established an e-Tender though a TMP practice pattern with adoption and varying degrees of assimilation and effectiveness (discounting the tender spend/income
Recognising the academic discussion of similarities and differences of organisations in institutional logic thinking, pragmatism would contend practice in one council would somehow be adaptable to another council. This research project has found councils differ depending on the contextual factors of the barriers, with a contrasting position to differ being the striking norm of tender spend invisibility, an action of imitation and acquiescence across all seven councils. Council Alpha’s e-Tender through a TMP practice pattern could be considered best practice, however a pragmatist’s paradigm is not simply applying best practice, but rather adapting practice patterns to current conditions. The pragmatic sense of this research project was getting things done, researching the institutional complexity through the levels of the interviewees, overlaying the practice patterns to the conditioned practice within the individual councils, thereby teasing out the differences and exposing the logics. The pragmatic endeavour was to understand how the council tender environment was formed, maintained and maybe changed through the researcher’s reflexive competences within a wider range than the limitations of the two logics.

8.3.5 What has not been answered?

The practice barriers across each council have been exposed (Chapter 6) and consolidated into the Literature & Practice Based Matrix (Table 45). The institutional pressures and resistance through institutional logics have been analysed (Chapter 7). Micro-foundations as a restructure of institutional logics boundaries have emerged out of the analysis as an unexpected domain, adding to theory building. The research questions have been answered through the varying degrees of diversity and consistency of structures and process existing across the seven councils.

Taking account of contemporary acceptance of performance metrics as a management process within the literature, industry, public authorities and councils, the one question not answered is why do the two logics apply across all seven councils? This was an unexpected consequence. The findings related to the research questions all impact on this unanswered question, however the answer appears deeper in the realm of the CEOs and how the unconscious influence of selective council management practice diffuse. This is a
question arising from the findings and as such the limitations of time and volume of this DBA Dissertation prevents exploration.

8.3.6 Final comment on the research questions
The inclusion of procurement and tender as strategically significant practices in executive strategy has recourse to the council executive. Explicit pressures from government or LGAs is considered insufficient to transform strategic inclusion of the tender environment. The impact of community criticism and demand for transparency may create a strong influential environment to encourage strategic change. The institutional pressures of acquiescence and mimicry coupled with the resistance logics are the legitimacy factors of council strategy. Extending this research into micro-foundations provides validation for the practice barriers and institutional pressures through the actions of the actors, the structures within the council and the council strategy, in a no-conflict logic environment. Abduction and pragmatism points towards a relationship between tender spend and executive strategy ought to exist: compliance to the tender spend/income ratio is not an institutional pressure and remains invisible.

8.4 Tender practice findings of importance
In pragmatic terms, this research project is the start of a conversation about principally Australian council tender and generally tender on a global basis. The following are questions raised through the relevant literature, now defined and appropriate to be inclusive in the developing tender epistemology.

8.4.1 Institutionalisation of tender
Traditional tender and e-Tender were descriptions used throughout the data collection phase as a direct response from the researcher’s experience in the literature. The use of the ‘e’ prefix served as a distinguishing element through the re-intermediation of traditional tender to electronic. The contemporary definitions of e-Tender evolved around the web or internet, denoting the electronic functionality and re-intermediation. The original definition evolved out of auction theory and remained unchanged until inception of the internet. Tender pre re-intermediation was the description, institutionalised to
everyday language and meaning, with the seven councils having no usage of the ‘e’ prefix; the new re-intermediated tender is still institutionalised as tender, electronic is the method. Green, Li & Nohria (2009, p.11) state to rationalise is to provide discursive reasoning and to legitimise or institutionalise is to take these reasons for granted. The definition of tender therefore has no reason to move away from the early determinants (Bergman & Sofia 2013, p.74; Raventos & Zolezzi 2015, p.2; Runeson & Skitmore 1999, p.289; Vickrey 1961, p.20) and will stand alone as:

‘A single sealed bid offer, a once only offer by the potential supplier to the buyer’s specification where the value of the offer is unknown to other potential suppliers’

This definition is the very essence of tender, the intention of the buyer (council) for probity, fairness and competition and the desire of the seller (supplier) for positioning their bid without transparency to other bidders.

8.4.2 The TMP
The original research of Liao, Wang & Tserng (2002, p.732) referred to network centre, a suitable determinant for early research into e-Tender with this research receiving no follow through in the literature. The seven councils referred to the TMP as portal. Portal is the institutionalised intermediary sitting between the council and the potential suppliers within tender, however it has a wide ranging intermediary meaning to any application using internet connectivity. The continuing usage of tender management portal (TMP) is in the realm of the original academic convenience to distinguish traditional tender from the re-intermediated e-Tender. TMP is distinguished in this research project as an academic convenience, a role for future research.

8.4.3 Potential for 21% saving
Raventos & Zolezzi (2015) have quantified a 21% saving in e-Procurement with a 9% saving of e-Tender (inclusive within the procurement figures). The question to be asked relates to whether the seven councils have the capability or the intention to transform tender to achieve this level of saving? This research project has determined there is no relationship between the monetary value of tender spend to executive strategy, a position supported
by Ilhan & Rahim (2017) who found no strategic benefits of e-Procurement, the cause identified as a lack of management motivation, a position found by Akbar, Pilcher & Perrin (2015, p.21) of no support from the top. There are no performance metrics for tender and the tender spend/income ratio is not recognised as an indicator. A 21% saving appears outside the scope of the seven councils at this time.

8.4.4 Tender/income ratio: A performance metric indicator

An antecedent of this research project, Patrucco, Luzzini & Ronchi (2016, p.750) study of four municipalities in Italy and four councils in Wales found limited government regulations for performance metrics and each local public authority developed their own way of measuring KPI’s. The statutory requirements for reporting financial data is referred in this research project. The legitimisation of performance metrics are seen as informational support to management decision making (Hourneaux Jr & Carneiro-da-Cunha 2017, p.159), a process with potential to draw executive strategy to identifying the importance of tender spend. The tender/income ratio is not a performance measure as such, it is an indicator to enable questioning of the value of tender spend as a percentage of income, a ratio that will readily change through a whole range of variables. It is not important for period on period comparison: it is important for the value of the community services contribution impacting executive strategy.

8.4.5 The practice element of Tender

The practice elements (Table 51) are all findings of this research project, either as antecedents or results of investigation of this research project.

Table 51 - The practice elements of tender

<table>
<thead>
<tr>
<th>Procurement sub-sets</th>
<th>Sources</th>
<th>Methods</th>
<th>Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>e-Tender</td>
<td>Shared services</td>
<td>Open Tender</td>
<td>Performance metrics</td>
</tr>
<tr>
<td></td>
<td>Aggregation</td>
<td>Selective Tender</td>
<td>Financial accountability</td>
</tr>
<tr>
<td></td>
<td>Council partnerships</td>
<td>Pre-Qualified Panels</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Collaboration</td>
<td>Commercial Categories</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quotations</td>
<td></td>
</tr>
<tr>
<td>e-Catalogue</td>
<td>Extensive literature – a</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>search mechanism for councils</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e-Market</td>
<td>Extensive literature –</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>use in low level threshold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e-Auction</td>
<td>No evidence of auction usage by the seven councils</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
These practice elements are only intended to elicit a discussion: the elements are not definitive and the list is in no way is meant to be exhaustive. E-Market and e-Catalogue are determined sub-sets of procurement, included in these elements as a practice application relating in particular to the lower level of thresholds requiring quotations, as Bravo 1 states, ‘as simple as going to Google and saying well who provides this particular goods and services or capital equipment’.

This lower threshold process using e-Catalogue and e-Market may indeed be a sealed bid process in a one-to-one environment, a direction unexplored in this research project and an opportunity for future research. The elements have emerged out of this research project and doubtless will be enriched through additional perspectives and debate.

8.5 Opportunities for further research

This research project forms the basis of an emerging theme towards the development of tender epistemology. In a theoretical context, the O&SCM discipline has a hierarchical descending structure of supply chain, procurement and sub-sets inclusive of tender. Tender has no epistemological base, even the definition is confused with auction theory. This research project has explored the intersection of tender practice, institutional pressures and resistance of Australian council e-Tender through a TMP and is positioned within the contemporary antecedent e-Procurement literature (Table 52). The emerging tender epistemology in a pragmatic view serves as a lens for how we perceive Australian council tender and in the process forms a language for the research community, thereby creating attention to specific features.

The methodology of this research project is qualitative case study, the methods are systematic combining, abduction and pragmatism, an own agenda, a process of the researchers pragmatic view of the world as an open system. Connecting the methodology, methods, practice and theory is the initial step to tender epistemological formation.
Table 52 - Contemporary council tender literature

<table>
<thead>
<tr>
<th>Reference</th>
<th>Subject</th>
<th>Theory</th>
<th>Finding</th>
<th>Relationship to this research project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patrucco, A, S, Luzzini, D &amp; Ronchi, S 2016, 'Evaluating the Effectiveness of Public Procurement Performance Management Systems in Local Governments', Local Government Studies, vol. 42, no. 5, pp. 739-761.</td>
<td>Architecture of public procurement performance metrics in local government</td>
<td>Empirical operations based case studies of four councils each in Italy and the UK</td>
<td>Performance dimensions to be extended beyond traditional cost measures</td>
<td>Performance metrics is a subject of this research project finding. Relational application to tender from a measurement perspective</td>
</tr>
<tr>
<td>This research project</td>
<td>Australian council e-Tender through a TMP</td>
<td>Institutional theory, strategic resistance, variance &amp; logics</td>
<td>The barriers preventing a relationship between tender monetary spend and executive strategy</td>
<td>Operations, tactical, infrastructure &amp; shared services are all outcomes of tender through a TMP, a process requiring strategic recognition with performance metrics supporting executive strategy</td>
</tr>
</tbody>
</table>
To this initial step, a number of theoretical contributions can be added being the frameworks presented; Theoretical framework of research design (Figure 7), Conceptual framework (Figure 13), Literature & Practice Based Matrix (Table 45), Intersection of barriers, resistance and institutional pressures (Figure 21), Organisational fields applicable to councils (Table 50).

The reasoning of this research project has larger implications for theory building. The positioning of institutional logics within the diffused organisation, field and micro-foundation shapes the method of theory building and how it can proceed including a commencing position of what evidence can be accepted. This is most evident with the introduction of abductive methods where little research exists as a reasoning specifically for theory building. At the heart of the conceptual framework is systematic combining, providing subjective transparency for the abductive back-and-forth process.

As a commencing position towards tender epistemology, it is for others to determine the degree of knowledge creation and indeed, the validity for the methodology and methods used in this research project in what could be considered as not the norm. This is an initial contribution and it is open to academia as an opportunity to engage in this developing tender epistemology through venturing into tender research projects and becoming more connected and comfortable with tender on its own terms.

### 8.6 Using Reflexivity

This DBA Dissertation recognises reflexivity as a salient principle in every aspect of the research: data collection, interpretation, analysis and writing construction. The researcher’s interpretation, the internal conversation, framed occurrences of the social interaction with the interviewees and therefore the data collection is more than a simple reflection of what exists. This is reflexivity and reflection, a fuzzy border that can shift from one to the other (Archer 2009, p.2).

In this research project the use of reflexivity, self-monitoring, self-awareness and self-conscious recognition (Hofer 2017, p.302) in a methodological sense has occurred in two ways. The first aspect was on the process involving a constant awareness, recognition and
acknowledgement of the researcher’s personal impact on the research. Included was the search for relevant literature, the interpretation of theory, development of the semi-structured questions and flow on discussions in the interviews. The second aspect relates to analysis and the representation of the research project findings. The researcher’s industry experience almost certainly has impacted on interpretation and this is exampled by the influence of the pilot study and the related change in the research project.

The pilot study and reflexivity guided the researcher’s repositioning towards the appropriate perspective and place in the research project. Bias is a powerful force and while every effort was taken by the researcher to neutralise impacts and explain with description, citations and reference to the original transcriptions, there may be complexities and examples well outside the researcher’s ability to recognise and interpret correctly. There are professed anomalies through the initial search for relevant literature, theoretical framework and what may appear as early interpretation by the researcher. The researcher took the lead from the literature generalising e-Tender through a TMP to e-Procurement, an anomaly, however it served an initial positioning in a pragmatic sense and leading to the appropriate antecedent literature (Table S2).

In this research project, reflexivity as a method had a constant pressure; the awareness of the researcher’s impact on every aspect of the research project requiring acknowledgement of any bias that may emerge. The potential for bias impact ranged through the research project including the researcher’s opinion of councils as a rate payer. Reflexivity suggests the individual look internally with a self-scrutinising attitude (Borjeson & Bostrom 2018, p.233), to avoid constructing the reality or ‘what we are talking about may become what we are saying it is’ (Wiley 2009, p.26).

It was not the intention of the researcher to define own values or views of society, but rather to stay inside the research and work with the data in an intentional unbiased direction. That said, the researcher also recognises the data, the interpretation and the findings may not be a complete response, critical data may be missing with the researcher not being aware of these potential gaps. Reflexivity is a method as well as an indispensable empirical obligation.
8.7 Ending

Academics and practitioners should not be satisfied with knowledge reproduction without knowing how it was produced and represented. This research project has been directed to interpretation of meaning, consequences and comprehensions about Australian council tender through a TMP and the relationship of tender spend to executive strategy. The pervasiveness of the popular assumptions of assimilation and effectiveness of tender being products of community funds and government grants is tied very closely to the important theme that emerged; the invisibility of tender spend within executive strategy. What was striking is the accepted norm of any intention to position tender spend within the transparency of executive strategy and as a consequence, the community.

This research project has advanced an own agenda empirical approach to arrive at the unexpected significant conclusion, no connection of e-Tender spend to executive strategy. The finding offers new insights into the role of Australian council tender and the relationship to executive strategy through a methodology and persistent approach in research to discover the unknown. A theme is emerging towards the development of an epistemology of council tender with a wider implication to public authority tender and maybe influence on industry.

Assimilation of e-Procurement has been quantified at 21% saving with 9% saving specific to tender (Raventos & Zolezzi 2015) and imitation of these outcomes would have substantial impact on council loss of income from rate capping and economic constraint. The principal limitation for considering a strategy encompassing this level of saving is the institutional logic burden, a process for cultural transformation.

The final comment is to return to the statement of Charlie 3, ‘I don’t think that everybody in the council needs to be a procurement specialist. They just need to understand their high level responsibilities’.
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