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## TRANSPARENCY OF PROCUREMENT MANAGEMENT VIA THE PROJECT MANAGEMENT TOOLS

### ABSTRACT

**Introduction.** From a procurement perspective, it is of great importance to both ensure the relevant application of the core principles (such as openness, accountability, fulfillment of the core, scope, budget and time, etc.) within the necessary efforts to introduce project management capacities, essential to boosting public administrations potentials in embedding transparency. In this view, it is necessary to study this concept from a perspective concerning key procedural managerial activities that affect outcomes in the public procurement process. Although the concept of transparency has been well introduced into the public procurement domain, the issue of employing the project management tools requires deeper investigations.

**Purpose.** The paper aims at analyzing the contemporary developments in the procurement process within the framework of project management from the point of view of possibilities to employ the project managements tools in the process of the public procurement, ensuring the provision for the additive impact of those additions on the supporting the underlying principle of transparency.

**Methodology.** The results presented in this paper are based on a literature survey, where the bibliographical research, both descriptive and analytical, was the main research method, following the elements of the thematic analysis.

**Results.** This paper aimed to explore ways to improve public procurement procedures adapting the elements of the project management approach at the different stages of the procurement. Results showed that, first, developing an appropriate set of project management tools is an effective method to improve public procurement activities, and ensuring transparency is the most critical factor of efficiency in this system. These results have provided several new insights in improving public procurement procedures via customization the project procurement procedure based on the scope and essence of projects, enhanced realignment of

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the roles and responsibilities of the procurement actors in planning, supervising, and controlling the activities, focusing on the critical controls to support the implementation of the procurement process by identifying the problems and taking immediate actions to realign activities taking into account the risks and uncertainties.

**Keywords:** transparency; public procurement; project management; sustainable procurement; public sector innovations; procurement strategy.

### Introduction

The organization of the public procurement procedures largely depends on the legal, administrative and accountability traditions of the certain country. The abovementioned traditions in the relation to the public procurement organization are increasingly influenced by the stakeholders (agencies, authorities, bodies, citizens, etc.), as well as the principles of administrative procedures (openness, independency, etc). Therefore, implications to enhance the public procurement practices, including the implementation of the project management agenda depend on the relevant institutions. For example, the modern procurement procedures are expected to focus on high degree of digitalization (ensuring transparency and openness) and control (ensuring accountability and public involvement).

The phenomena and concepts of the public procurement system and relevant procedures became the point of interest for numerous researches. Previous studies contributed to the extant body of knowledge by analyzing certain aspects of the methods of procurement selection, attributes of goods and services under the procurement, participants' experience, centralization or decentralization of purchases, transparency and accountability, efficiency, and ways to assess the procurement actions and policies.

Wang et al. [1, p. 171] considered the driving factors that improve the project management efficiency in centralized public procurement systems, stating that "countries place a very high demand on anti-corruption, transparency and the regulatory framework in a centralized public procurement system, which also demands more people-oriented ethical and moral qualities in organizational culture".

Keith et al. [2, p. 332] describe procurement as a mainstream administrative activity, where the managerial framework may be applied to public

procurement. Namely, the "managerial objectives are reflected in concerns for "best value", emphasis on contract performance (i. e., costs or prices, timeliness of deliveries, and the quality of delivered goods or services; and performance-based contracts". Since the "project management tools and techniques are increasingly employed in procurement, these managerial concerns lead to emphasis on topics such as process efficiency, strategic long-term buyer-seller relationships for low prices, determining optimal relationships in public-private arrangements, procurement official professionalism, and agency capacity".

The research attempts also to improve methods for selection of procurement procedure, contract model, and compensation formats (Lædre et al.) [3, p. 694], namely identifying "which procurement route that is most suitable in a building and construction project depends on the goals and requirements set for functionality, cost, time, and quality".

Yeow and Edler [4, p. 480] argue the need to use project management techniques for complex procurement of innovation.

Despite the vast research agenda [5-15] in the field of public procurement, we consider it necessary to study the key approaches and possibilities that arise in the area of project management to enhance the public procurement experience that should add on for a better understanding of the techniques and stimulate the interest of policymakers and other stakeholders in the innovations in the public administration system.

### Aim and tasks of the paper

The overall purpose of the paper of considering and analyzing the procurement process within the framework of project management can be broken in the two sets of tasks – on the one hand, to study the current trends and possibilities of application of the project managements tools in the process of the public procurement, on the other hand – to provide for the potential impact of those

elaborations on the supporting the underlying principle of transparency.

### Research results

First of all, it is necessary to assure that public procurement as it is (along the budgeting, financial management, and public administration), is one of the key administrative functions that is accomplished at all the levels (national and local) of public organizations.

In its broadest sense, the notion “public procurement” includes a variety of ways by which public bodies and institutions purchase goods, services and supplies from external sources. Procurement itself stands for the widest range of actions with the aim of acquisition, contracting, buying, renting, leasing, and purchasing, simultaneously performing the requirements during all the stages of the relative administrative functions and actions.

Therefore, we can define three fields of interest under the public procurement:

- 1). Functional field, corresponding to employed policies, planning actions, formation of contracts, requirements, administration, assessment, applied procurement methods, tools and techniques.

- 2). Field of scope, which includes all the relevant public procurement legal acts and regulations, qualitative features of the procurement procedure (compliance and efficacy, etc.).

- 3). Customization field, which covers the cutting edge issues, such as digitalization (digitization) in procurement, transparency and accountability, etc.

The research method applied in this paper represents the combination of the classical literature review (survey) method with elements of the thematic analysis.

First of all, a literature review methodology was utilized to ensure a theoretical understanding concerning the features of the procurement process under the changing environment, the project management approach and tools from a procurement perspective, transparency, openness and accountability requirements. The aim of this approach was to synthesize a rapidly growing area of knowledge and define the current requirements of public procurement from a theoretical viewpoint. The review included both qualitative

and quantitative research papers from the Scopus, Web of Science, and Google Scholar databases, using the keywords of “transparency”, “public procurement” and “project management” to retrieve the relevant papers.

As a result of the literature review method the possibilities for application of the project management tools under the public procurement process were identified by analyzing the findings of representative research. Main aspects and elements for achieving efficient management for procurement were identified accordingly.

The supplementary approach based on the thematic analysis was employed to study, consolidate, and interpret the suggestions elaborated under the literature review. Adopting this approach is beneficial in merging similar ideas in order to follow the similar patterns across the obtained sets of knowledge. Namely the bottom-up thematic analysis was used to find the original interconnections between the data without certain obligation to fulfill the requirements of the chosen theory.

The procurement process is made up of different steps (pre-procurement stage, tender process and contract award, contract and supplier management), each requiring a specific and careful design able to guarantee the best possible procurement outcomes (Baldi et al, 2016). The authors defined limitations, risks and dangers of the procurement procedures in Italy, where the issue of corruption and transparency is on the very day agenda the same as in Ukraine: “possible limits to contracting and enforcement linked to severe informative asymmetries can generate significant ex-post transaction costs associated to moral hazard and adverse selection issues, which in turn may lead to poor procurement outcomes. In such a framework, better communication between procurement actors may reduce contractual incompleteness and negotiations might become the preferred awarding mechanism by reducing the risk of ex post opportunistic haggling. On the other side, negotiated procedures might be more vulnerable to favoritism or corruption phenomena” [16].

Project management approach allows for combining all project objectives in a way to achieve a better general performance of a specific procedure or a process more efficiently. Let's consider the ways project management can be

connected to the public procurement procedure and its features. Classically, the good practices of project management allow for efficient performance of the threefold project aims (purposes): budget, time, and scope. Successful implementation of the abovementioned aims, along with its influence on the (public) organization, when taking into account the current demands, adds significant value to satisfaction of stakeholders' needs and the implementation of the project objectives, which in turn leads to efficient reaching of the tasks, where the project management was employed.

Moreover, transparency, anti-corruption efforts together with accountability are the mutually reinforcing contributors to both the project management practices and the public procurement procedures from the macro- and micro (organizational) perspectives. Since, evidently, the public sector worldwide is affected by corruption infiltrations in a more or less extent, ensuring the reduction of corruption manifestations has been considered to be at the core of the public procurement enhancement. At the same time, corruption impairs the project management efforts via the lower performance indicators regarding the cost, time and the quality in the financed public projects or during the public procurement actions.

At the same time transparency and accountability are critical accelerators to enhance the project management application in the public procurement system, since the stakeholders are interested in the high level of both factors under the implementation of the public policies or undergoing the changes. While, inability to demonstrate the high indicators for transparency and accountability can produce a variety of misleading project-management related information and poor project supervision.

In Ukraine, as in countries around the world, the significant attention is paid to citizens' participation in the public development projects as a way of improving transparency (in the sense of openness) and accountability, participation in the decision-making process, as a way to improve the processes. Especially in Ukraine, there has been ongoing efforts to bring the public participation into project management of processes of the public importance.

The public procurement system in Ukraine has undergone the stages of its evolution. Under the latest stage in Ukraine starting from 2022 until current times, under the action of martial law, the procurement procedure is constantly being undergoing changes. Public procurement professionals perform the monitoring of the current changes in legislation and attempt to figure out the ways to apply new requirements in practice, in particular in the field of security and defence procurement. The relevant changes in the legislation in the field of public procurement on the one hand are regarded as a convenient tool that simplifies the procurement processes, on the other hand - certain changes cause controversial outcomes and require appropriate revisions.

The Law of Ukraine "On Public Procurement" [17] establishes the procedure for public procurement, which is the purchase of goods, works and services by the customer in accordance with the abovementioned legislature. Nowadays, it is quite clear that such purchases should be made quickly, efficiently and with the minimized levels of relevant risks. At the same time the process of procurement implementation should be clear, controlled and meet the modern demands of society. As such, the procedure is regulated with the set of approved legal acts: Law of Ukraine "On defence procurement" [18], the Decree of the Cabinet of Ministers of Ukraine No169 "Some issues of defence procurement and public procurement of goods, works and services under martial law" [19], Decree of the Cabinet of Ministers of Ukraine No 1178 "On the approval of the specifics of public procurement of goods, works and services for customers provided for by the Law of Ukraine "On Public Procurement" for the period of the legal regime of martial law in Ukraine and within 90 days from the date of its termination or cancellation" [20].

Therefore, there has been a certain simplification of the procurement procedure in order to ensure the logistical and other needs of the population and territorial defence. The procurement algorithm has fallen mainly under the conclusion of direct contracts by customers. Instead of providing for the use of an electronic system. Nevertheless, later on, the procurement by customers returned its way to the electronic and therefore more transparent field in order to comply with the necessity to protect national

interests, support a competitive environment, prevent and combat the corruption in procurement, develop an as effective and transparent planning, implementation and control of procurement, etc.

The updated procurement management procedures should both simplify and speed up the work of purchasers, as well as stimulate the development of the country's business environment under the extremely complex conditions for Ukraine.

In the long term, the changes processes aimed at improving procedures and increasing the adaptive potential of the public procurement system are considered critically important.

Putting the abovementioned perspectives altogether, we can argue that appropriate project management practices can enhance outcomes in the public procurement process by strengthening and supporting the decision-making activities to achieve the transparency and accountability. In the other words, clear, direct and approved decision-making mechanisms of the project management approach may lead to the more accountable and transparent public sector procurements.

For example, the quality assurance scheme in the procurement procedure may demand that the project manager constructs the project management plan that includes a detailed execution scheme along with the estimates for time, cost, quality, and scope with related level of uncertainty. The project manager is responsible for describing the planned procurement steps and necessary updating the project management plan, so it becomes a tool.

All project activities consist of a series of actions with the purpose to achieve the relevant objectives within a certain time frame and with a certain budget. Successful implementation of each project depends highly on the good practices for the development and the involvement of all relevant interested parties, as in the planning and in the performance stage of the project. Necessary coordination and interaction between all involved project participants, and the support of management is core to successful implementation. After the contract is signed, each manager uses a unique project management system, relevant to the needs and scope of the project. Therefore, the collaboration of the

financial department and a project system allows for fulfilment of the project requirements for its successful execution and achievement of the project goals.

Project management plays multitasking roles, involving the management under each scheduled period, project activities coordination, supporting communication with the relevant authorities, assuring the quality control of the project outcomes, ensuring visibility and transparency of the project overall.

According to the Project management institute, the project management includes the following elements of knowledge: integration, cost, human resources, scope, quality, communications, time, procurement, and risk management (PMI, 2012) [21]. As it can be seen, procurement is one of the key knowledge areas that contribute to implementation of the project management. As such, the procurement activity is very well considered within a project context.

### **Conclusions and further research prospects**

The paper suggests that public procurement system being accountable for the widest range of products (from local goods and services to major weapon systems for national security and defence), provides for each of these items the techniques to determine the price, realization schedule and the performance assessment standards. Moreover, the quality and effectiveness of the public procurement operation determines the level of reaching the objectives by the underlying products and services. At the same time, the public procurement is simultaneously an institutional tool to perform the relevant policy aims via a set of individual procurement decisions.

Public procurement is a very specific area featured by a significant volume of activities and transactions, including the complexity of roles of all the stakeholders, risks and limitations. Namely, one of the most important general risks is non(under) execution of the contract, particularly in terms of its quality, price and service, where the very detailed control system from the side of the public authorities and the project management approach can amend the situation.

Important implications of implementing the project management tools in the public procurement processes include the possibility of customization the project procurement procedure

based on the scope and essence of projects with necessary adjustments due to requirements, specifications and standards; enhanced realignment of the roles and responsibilities of the procurement actors in planning, supervising, and controlling the activities; following the specific quality issues; wider variety of countermeasures to manage the possible risks and uncertainties; ensuring critical controls to support the implementation of the procurement process by identifying the problems and taking immediate actions to realign activities.

Embedding the project management principles in the public procurement process adds to its complexities and is more challenging for participants that are dealing with challenges in today's global realities, and under the realities of the Ukrainian economy in particular. Although participants are extremely concerned with the timely delivery of their projects with a constrained budget and schedule, they should consider the importance of project management tools in their routine procurement activities, which can become a significant advantage in the long run.

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#### ПРОЗОРИСТЬ УПРАВЛІННЯ ЗАКУПІВЛЯМИ ЧЕРЕЗ ІНСТРУМЕНТИ УПРАВЛІННЯ ПРОЕКТАМИ

##### АНОТАЦІЯ

**Вступ.** З точки зору закупівель дуже важливо забезпечити відповідне застосування основних принципів (таких як відкритість, підзвітність, виконання основних, обсяг, бюджет і час тощо) у рамках необхідних зусиль для запровадження потенціалу управління проектами, що має важливе значення для підвищення потенціалу державних адміністрацій у забезпеченні прозорості. З цієї точки зору, необхідно вивчити цю концепцію з точки зору ключових процедурних управлінських дій, які впливають на результати в процесі державних закупівель. Незважаючи

на те, що концепція прозорості була добре запроваджена у сферу державних закупівель, питання використання інструментів управління проектами потребує глибшого дослідження.

**Мета статті.** Стаття спрямована на аналіз сучасних розробок у процесі закупівель у рамках управління проектами з точки зору можливостей використання інструментів управління проектами в процесі державних закупівель, забезпечуючи додатковий вплив цих доповнень на підтримка основного принципу прозорості.

**Методологія.** Результати, представлені в цій статті, ґрунтуються на огляді літератури, де бібліографічне дослідження, як описове, так і аналітичне, було основним методом дослідження після елементів тематичного аналізу.

**Результати.** Ця стаття має на меті дослідити шляхи вдосконалення процедур державних закупівель, адаптуючи елементи підходу до управління проектами на різних етапах закупівель. Результати показали, що, по-перше, розробка відповідного набору інструментів управління проектами є ефективним методом покращення діяльності державних закупівель, а забезпечення прозорості є найважливішим фактором ефективності цієї системи. Ці результати дали кілька нових уявлень про вдосконалення процедур державних закупівель шляхом налаштування процедури закупівель за проектами на основі обсягу та суті проектів, покращеного перерозподілу ролей і обов'язків учасників закупівель у плануванні, нагляді та контролі діяльності, зосереджуючись на критичні засоби контролю для підтримки впровадження процесу закупівель шляхом виявлення проблем і вжиття негайних заходів для переналаштування діяльності з урахуванням ризиків і невизначеностей.

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**Ключові слова:** прозорість; державні закупівлі; управління проектами; стійкі закупівлі; інновації державного сектора; стратегія закупівель.

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