Theory and Practice of Managing Public Procurement Based on Key Professional Competencies

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Abstract:

The institutional development of the government and municipal procurement system in Russia is focused on creating an efficient mechanism based on qualified managers. The law declares the customer competence principle, i.e. it is understood that procurements are made by specialists with proper knowledge, skills and experience.

From the point of administration and procurement management, there is the need to develop competencies of the state customer’s representatives who implement the tasks of providing the required goods and services with high quality and efficiency.

Forming the competencies of procurement agencies heads is a multifaceted process due to the nature and specificity of the contract system, time constraints, and significant influence of objective factors: certain specifics of public needs, current macroeconomic state, nature of the national market, regional development, etc.

Traditional requirements to the level of education, qualification and experience do not fully correspond to the tasks of organizing a rational system of government, municipal and corporate procurements.

Therefore, it becomes necessary to clarify the scientifically grounded competence approach to assessing the effectiveness of managers and procurement bodies as a possible direction for improving the contract system in Russia.

Keywords: procurements, procurement management, customer competence, expertise, improvement, competence approach.

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1. Introduction

Implementation of the state customer’s competence principle is impossible without qualified, motivated and capable employees, whose unique competencies, professional and personal potential are the key factor in increasing the efficiency of procurement activities of government bodies at the present stage of developing the contract system. In domestic and foreign practice, the competence approach has become an integral part of the personnel management system for subjects of various fields of activity and industry. At the management theory and practice, staff is a potential, strategic asset that has, above all, competence — certain knowledge, skills and behaviors required to efficiently fulfill the tasks and objectives of the business entity.

Methodologically, the essence of the competence approach is to reorient the goals of personnel management from the solution of operational personnel problems (e.g., timeliness of employee training, upgrading of qualifications or replacement of managerial positions) to tasks of a strategic level that go beyond the usual responsibility of a HR department (Chulanova, 2013; Degtev et al., 2014; Sergeyev, 2015; Anderson, 2008; McClelland, 1973; Dreyfus and Dreyfus, 1980). With this approach, there is permanent improvement of expertise, knowledge, skills, competencies and behavior of employees, thereby leading to improved performance of the system. According to the competence approach, the objectives of personnel management are formulated in a way to identify changes in the organization's performance and higher performance results, employee behavior, productivity growth and efficiency of procurement activities. Thus, there is a transformation of the traditional ideology of civil servant management, which focuses not on the process or operational results of the work, but on mechanisms and institutions of management based on the competence approach and their influence on the long-term efficiency of procurement activities.

Focusing on priorities of the state administration requires, on the one hand, creation of certain functions of managing employees based on the competence approach, and on the other hand, the need to stimulate self-development and self-organization of employees, since active participation in the processes of improving procurement activity is impossible without involvement due to high internal motivation for independent search and development of knowledge and individual abilities. The main goal of the personnel management system based on the competent approach is to create conditions and an internal environment that support the desire for self-development.

Difference of the competence approach to the management of employees from the traditional model is the priority of the person's labor and personal potential, his/her ability, motivation and behavioral attitudes. Appealing to the explicit and hidden opportunities of employees of the bodies that carry out procurement activities determines the impulse to their active participation in the activities of their
organization, to increase the satisfaction of their actions, and to form on this basis a constant need for improving knowledge, skills and competencies.

2. References Review

Formation and development of competencies of specialists in various fields of activity are rather widely described in the scientific literature. But the problem of the proper competence in procurements has not been adequately covered yet. The basis for this study was the scientific works of Russian and foreign authors, scientists and specialists in management, managing tools and techniques, as well as works dedicated to the practical aspects of formation of an effective system of public procurement in Russia and foreign countries.

The theoretical basis of this study was the fundamental works of such foreign classics as Smith A., Riccardo D., Mill J.St., Keynes J. and the theory of economists of the later period - D. McGregor, P. Ferd, M. Meskon, et al. Their works revealed the essence and principles of effective management and presented the methodology for assessing the effectiveness of managerial decisions. The analysis of the literature made it possible to identify both significant monographs and scientific articles of authoritative Russian economists and researchers: Asaul, A.N., Bossikh, V.V., Bochkova, S.S., Galanova, V.A., Grishina, O.A., Eremina, V.V., Demkina, A.V., Kuznetsova, L.A., Nazarova, M.V., Popova, E.A., Sigatova, N.A., Tomilova, V.V., Fedorchenko, A.V., as well as specialists in human resources management Bukhalkova, M.I., Genkina, B.M., Kibanova, A.Ya., Potudanskaya, V.F., Rodionova, E.V., Trunkina, L.V., Turchinova, A.L., Fedosova, R.N., Fayol, A., Emerson, G., Aray, S.T., Zehra, A.B., Truss, C., et al.

3. Hypotheses and Methods

The problems of sustainable social and economic development both of the whole country and such important segment as public procurements can be successfully solved if a complex of key professional competencies is theoretically grounded, properly developed and implemented while training the specialists in procurement, thereby solving the problem of staffing according to the competence approach applied as the methodological support of such activities, which is part of the solution of the scientific problem facing the fundamental science — to evaluate, forecast future trends and propose optimal solutions to meet the challenges that we may face when implementing the goals of sustainable social and economic development of the country. The need for scientific foresight of a managerial situation that may appear depending on the use of a specific strategy for proper procurement is determined by the fact that it becomes possible to prevent a risky situation under certain criteria using planning methods; methods of forecasting; methods of simulation modeling, modeling of the development of a multicomponent system, etc. Simultaneously, the statistical, expert and other methods will be used.
To justify methodologically the establishment of a cross-divisional center that coordinates the development and monitoring of staff training in the procurement sector based on the complex of key professional competencies of a procurement specialist or manager, certain methods of the theory of the evolution of self-developing systems will be used, considering some features of the current stage, socio-economic development and specifics of the contract system’s formation in Russia.

4. Discussion and Results

The Russian system of public procurement has undergone significant changes in recent years due to the priority of the principles of efficiency and rationalism in providing goods and services for public needs. Certain requirements are formulated for the education, length of service and qualifications of employees of procurement bodies, which are determined by the specific functions. To a greater extent, the competence approach has been implemented with respect to contract service specialists. For example, the contract service employees or managers should have higher education or additional professional education in procurement. Until January 1, 2017, the above requirements were defined by the laws and relevant explanations of the Ministry of Economic Development of Russia (Letter No. OG-D28-15539 of November 8, 2013). However, there are no requirements for the level of professional education of the contract service employee or manager.

Regarding the forms and types of educational programs, it should be noted that there is a wide range and diversity in the current market of educational services. It also should be noted that, according to Article 196 of the Labor Code of Russia, an employer is obliged to send its employees for skill improvement if this is a condition for the performance of specific types of activities. In this case, we are talking about mandatory upgrade qualifications in accordance with the requirements of the Russian laws. Thus, the process of forming the competence of managers and employees of bodies that carry out procurement functions through educational programs includes three main stages (Kibanov, 2005; Kibanov, 2015):

- General education, including primary and secondary education when a person acquires primary skills, knowledge and expertise;
- Higher education and obtaining certain basic professional skills.

Further, some variability is possible depending on the goals and objectives of professional growth. The obtained knowledge and skills are confirmed by diplomas or certificates. To improve the quality of educational services, institutions must comply with certain requirements of state standards. The system of statutory regulations for educational activities includes (Turchinov, 2009; Egorova et al., 2015; Medvedeva et al., 2015; Stroeva et al., 2016; Giannarakis, 2016):

- Quality standards — state educational standards that determine the
requirements for the content of educational programs, the composition and essence of relevant skills and the level of graduate training;
• Procedures for monitoring compliance with the requirements of educational standards and assessing the degree of achievement thereof, as well as the effectiveness of the learning process;
• Control technologies and mechanisms;
• Organizational structures that perform the functions of monitoring and analysis of compliance with the provisions of standards.

The competence of specialists and managers in public procurement can be influenced by development programs that include the following training methods (Odegov and Zhuravlev, 1997; Shatkovskaya, 2017; Baldacchino et al., 2017):

1) Directly implemented at the employee’s workplace in the form of:
• Gaining and improvement of practical experience, including regular training and development of professional development plans;
• Job instruction — description of job, working environment and technologies, adaptation in the workplace;
• Intra-organizational rotation, i.e. increasing the professional potential by moving to various structural units and studying related functions and tasks;
• Involvement of employees into the process of cooperation and training in task teams and training groups while performing their regular duties.

2) Arranged and conducted outside the workplace:
• The traditional format of teaching in the form of lectures — the so-called passive method of teaching, which results in fatigue of listeners and lack of feedback;
• Training using modern information technologies (online methods), involving interactive methods,
• Conferences and workshops (trainings), i.e. participation of students in discussions and group solving of problems,
• Increasing the competence and qualifications through the tasks to be fulfilled; developing logical thinking and creative abilities, critical analysis of problems or practical situations,
• Role-based training — development of approaches to behavior in critical situations, corporate manners, tactics of negotiation,
• Gaining professional skills through modeling situations and applied relevance processes, e.g., solving production and economic problems using process models observed in competing markets in a similar field of activity;
• Gaining skills in decision-making related to the current tasks of business.

Each method of training or a combination of several methods can influence the formation of necessary knowledge, skills and expertise of managers of government procurement bodies.
In modern models of personnel management, the qualification level of management can be accessed from the point of view of the “competence” of their managers (Kolosova et al., 2009; Kosinova et al., 2016):

1. Professional competence, or the ability to apply the acquired knowledge and skills in the specialty while performing assignments, as well as the special technical training to perform job functions due to the corresponding specialization.

2. Methodological competence, or the ability to organize work process, to analyze and synthesize, to find and implement solutions, i.e. the worker's ability to system thinking, correct perception and interpretation of information, problem structuring, as well as the ability to plan and make decisions.

3. Social competence, or the ability to build relationships with other people in the course of work, to work in a team, and to create communication to achieve organizational and personal goals. Knowledge of business and corporate ethics is required: the ability to prevent and resolve labor conflicts, to quickly interpret and submit necessary information, to integrate, to bear responsibility and exercise leadership functions.

4. Self-learning, which involves planning and forecasting the needs for training and skill improvement, the ability to organize the training process.

Thus, fulfilling the requirements to the educational level of managers and specialists in procurement provides a tool for practical implementation of the customer competence principle and achievement of the goals and objectives of the policy of improving the Russian state administration system. The competence approach forms a system of requirements to qualifications, knowledge and skills of all participants in public procurement in conjunction with the policy of developing the procurement management system. Researchers of the theory and global practice of state and municipal management noted a significant pace of change in conceptual approaches to procurement. The result was the reassessment of the traditional procurement model and transition to market strategies and mechanisms that improve the effectiveness of management.

The analysis of procurement activities in Moscow showed a certain increase in tenders, as since early 2016 state customers had held 69.1 thousand tenders under Law 44-FZ (Metropolitan Style: Moscow Procurement as per Law 44-FZ, n.d.), if compared to the same period of the past year, their number slightly increased (68.8 thousand in 2015). The amount of concluded contracts for the first half of 2016 was about 342.1 billion rubles (for six months of 2015 the volume of contracts had made 449.1 billion rubles), which had been partly due to the unstable economic situation. 3,800 tenders failed in Moscow in 2016 (i.e., they were canceled — no participants or all applications were rejected). The initial (maximum) price of such contracts (IMCP) made 96.9 billion rubles (3.7 thousand tenders failed in 2015, IMCP was 96.5 billion rubles). The level of competition in Moscow was slightly higher than...
that in Russia as a whole: 3.8 participants for a tender in Moscow and 3.2 in other Russian regions according to the Ministry of Economic Development for Q1 of 2016.

Moreover, having analyzed the Moscow tender market by types of purchases, it was established that the highest weight among the tenders was the form of e-auctions. In total for the above period of this year, 36.1 thousand purchases (55.9% of the total volume) were made through e-auctions; 17.6 thousand (27.2%) of single suppliers were determined; 5.6 thousand (8.7%) of requests for quotations were registered; 4.9 thousand (7.6%) of tenders were held with 342 requests for proposals, 75 (0.5%) private procurements and 1 selection. However, the number of purchases from a single supplier increased (7.3 thousand in 2015).

A positive trend was the share of government contracts concluded by Moscow customers with small and medium-sized businesses (SMEs) and socially-oriented non-profit organizations (SONO) (Lisovenko, 2014). While in the first half of 2015 13 thousand direct contracts were concluded with SMEs and SONOs (19.44% of the total volume), in the same period of 2016 they received 32.48% of the total number of purchases (22 thousand contracts). However, along with a number of achievements, the Russian contract system required further development in terms of eliminating a number of problems:

- Low level of qualification and motivation of the customer’ representatives who prepare the applications;
- Inefficient planning and short deadlines for the preparation of proposals, as well as verification of tender documentation;
- Impossibility of an objective check of the tender documentation due to lack of relevant experts and specialists in the relevant controlling bodies;
- Lack of verification of suppliers and effectiveness feedback mechanism;
- Non-transparency and tendentiousness of tender committees when evaluating bids and selecting the supplier;
- Shortcomings in the organization and technical problems while conducting public procurements.

The above-mentioned problems require detailed elaboration and prompt elimination, which is noted in a number of materials, analytical reviews and reports of government bodies. Thus, the 2015 Report of the Ministry of Finance of Russia “On Basic Ways to Improve the Efficiency of Federal Budget Expenditures” illustrates the need to achieve the full planned optimization and improve the efficiency of public budget expenditures. The above analysis shows that, despite the significant changes in the public procurement system in recent years, it is necessary to eliminate a number of organizational and procedural deficiencies, as well as to improve the customer competence by applying the practice-oriented competence approach.
The concept of effective procurement activity development in the modern world is based on a few principles underlying the creation of a contract system in procurement of goods, works and services for the provision of public needs, and implies timely satisfaction of the state customer’s needs with the best quality procurement objects, considering the rational use of budgetary funds. Special attention should be paid to the customer competence principle, involving the engagement of qualified specialists with theoretical knowledge and skills, as well as taking measures aimed at maintaining and upgrading their level of qualification and professional education, since the efficiency of a purchase depends on the competence of such persons involved in all stages of procurement.

In the scientific literature there are a few definitions that in one way or another describe the term “competence”. Thus, in an explanatory dictionary, according to its editors, it means good knowledge of profession; the authors of the “Principle of Competence in Public Service” describe it as “deep and comprehensive knowledge and possession of practical skills in certain area of socially useful activity”. Competence is very often seen as a high degree of preparedness for fulfilling the professional tasks, which manifests itself in systematic skill improvement, creativity and ability to meet the growing demands of social production and culture. In the article “Fundamental Research”, which is dedicated to the customer competence, the authors have concluded that competence is determined by “the level of professional education, experience and individual abilities of a person, motivation for continuous education, self-improvement, creative and responsible attitude” (Afonichkin and Mikhalenko, 2009; Gorina, 2016; Sazhin and Saraikin, 2016; Anikita et al., 2016).

The main component of the competence principle is professional competence, to which some authors refer proper education, skills and experience, ability to fulfill tasks and perform specified functions, as well as responsibility both for failure or improper performance of duties and quality of the decisions made. A slightly different approach to the correlation between the concepts of professionalism and competence is applied by the authors of the Commentary to the Law No. 154-FZ – Maslennikova, E.V., Osipova, I.N. and Nikolaeva, A.E. - who consider the professionalism only as the order of giving employees with the appropriate duties and rights and the order of their implementation, and competence is a form of professionalism, and it determines how the employee realizes the assigned duties.

In the scientific literature, in addition to the concept of “professionalism” and the associated concept of "competence" with respect to implementation of any type of activity, there is another term — “competency”, though some encyclopedic dictionaries do not distinguish the last two concepts, considering them identical. Due to the development of the language, including by borrowing foreign words, these concepts have new meanings. Thus, according to some authors, competence can be an alternative to professionalism. Here are some examples of the modern interpretation of the concept of “competence”, especially noted by Kalekin, A.A.:
1. Certain level of professional experience of a given person within the competence of a position;
2. Deep, thorough knowledge of job and its essence, methods and means to achieve the goals, as well as the relevant skills;
3. Body of knowledge that allows to judge professionally about something;
4. Certain personal trait of a given employee, consisting in the ability to correctly assess the current situation, to find the best solution and achieve a success;
5. Certain competency, proper knowledge and experience necessary for effective activities in the relevant field.

In Russian, despite the absence of an exact definition of this concept, competency is usually understood as the complex of established powers, rights and duties of officials. However, to fully understand this concept, other definitions should be cited. Thus, a competency is:

1. A range of matters, phenomena in which a given person has authority, knowledge and experience;
2. An individual characteristic of compliance with requirements of certain profession;
3. Certain ability and readiness of a given person to act based on knowledge and experience acquired through training and focused on independent participation of such person in learning and cognitive processes, as well as on successful engagement of such person into certain labor activity;
4. A rational combination of knowledge and abilities that an employee has.

In authoritative foreign sources competency is interpreted as a field of activity that is relevant for effective activity of a given entity, in which an employee must demonstrate certain knowledge, skills, behavioral skills, flexible abilities and professionally important qualities of individual; competence is interpreted as a specific ability necessary for effective performance of a specific action in a specific subject area, and it includes highly specialized knowledge, a special kind of subject skills, ways of thinking, and the same understanding of responsibility for actions (Litvak, 2003).

Having studied various definitions of the concepts “professionalism”, “competence” and “competency”, we consider it necessary to bring the most interesting of them that meet the requirements of the subject matter:

- Professionalism — is an employee's ability to systematically, efficiently and reliably perform his/her duties;
- Competence — is a characteristic given to an employee as a result of an evaluation of effectiveness of his/her work while fulfilling certain given tasks;
Competency — is certain sphere of authority of a given employee, in which he/she has knowledge and experience.

From the English language, one more concept has been adopted — professional competencies, which, in addition to strictly professional knowledge and skills, include such qualities as initiative, cooperation, communication skills, ability to work in a team, to learn, evaluate, logically think and select, if appropriate.

5. Conclusion and Proposals

The Russian Institute of Public and Regulated Procurement has established a system of professional requirements and competencies for contract service employees and managers. From the standpoint of law, the main regulation is the professional standard "Procurement Specialist" issued in 2015 and approved by the Order of the Ministry of Labor and Social Protection of Russia on September 10, 2015 under No. 625n (hereinafter referred to as the Standard) (see Professional Standard for Procurement, 2015). It should be taken into account that the Standard has been developed in pursuance of Article 195.1 of the Labor Code of Russia and in order to ensure the customer competence principle provided by Article 9 of the Law No. 44-FZ. According to Part 1 of Article 195.3 of the Labor Code, professional standards are binding for employers to apply (as specified in the Labor Code, other Russian federal laws and regulations) to requirements to qualifications necessary for employees to perform certain labor functions. Therefore, in case of non-compliance with these binding requirements of the law applied to qualifications, an employer can be brought to administrative responsibility in accordance with Article 5.27 of the Code of Administrative Offenses of Russia. The foregoing position is described in Letter of the Ministry of Economic Development of Russia No. D28i-2916 dated November 3, 2016.

The provisions of the Standard apply to relevant officers in charge for procurement and control and management thereof while meeting any government, municipal and corporate needs, thereby forming the basis for assessing and identifying the qualifications and competencies of such positions as procurement specialist, contract service officer, contract manager, senior procurement specialist, procurement consultant, lead specialist, head and deputy head of division.

When forming the competencies of heads of federal and regional legislative bodies and their apparatuses, heads (representatives) of federal and regional executive and judicial bodies and their apparatus, as well as heads of local government bodies, the basic requirements for education and training are the following: proper higher education (specialty, magistracy) or additional professional education in the form of an advanced training program and/or a professional retraining program in procurement. At the same time, the requirements for certain practical experience of each head (deputy head) are the following: at least five years in procurement, including senior positions for at least two years. Generalized labor functions include
monitoring and control of procurements, while labor actions include such operations as:

- To evaluate the achievement of the procurement objectives;
- To evaluate the reasonableness of procurements;
- To formulate proposals on improving the Russian laws and other regulations related to the procurement contract system;
- To obtain and use the required information from the unified information system;
- To evaluate the effectiveness of meeting the relevant government, municipal and corporate needs;
- To prepare summary analytical reports.

Procurement managers should be able:

- To use PCs and supporting hardware and communication equipment;
- To formulate proposals on improving the Russian laws and other regulations related to the procurement contract system;
- To obtain and use required information from the Unified Information System.

Heads of public procurement departments should have certain theoretical and methodological knowledge, which includes:

- Requirements of the Russian laws and regulations applied to procurements;
- Fundamentals of the Russian civil, budgetary, land, labor and administrative legislation applied to procurements;
- Fundamentals of the Russian antimonopoly legislation;
- Normative acts regulating the economic, financial and economic activities of their organizations;
- Economic fundamentals and features of market pricing in areas of their professional activity;
- Methodologies and analysis for proper evaluation of procurement objectives and their relevancy;
- Methodologies and procedures for proper evaluation of the effectiveness of meeting the relevant government, municipal and corporate needs;
- Fundamentals of management and human resource management, accounting and statistics applied to procurements;
- Special aspects of preparation of procurement documentation;
- Procedures for establishing pricing factors and identifying qualitative characteristics that affect the value of goods, works, services, as appropriate;
- Law enforcement practice in the field of procurement;
- Rules of administrative workflow;
- Qualification requirements for specialists, levels (sublevels) of their
qualifications;
- Normative acts and procedures for attestation/certification or evaluation of their employees’ qualifications;
- Methodology for conducting an examination of certain procurement procedure and documentation;
- Procedures of issuance of conclusions based on the results of examinations of certain procurement procedures and documentation;
- Methodology for examination of compliance of the results with the contractual terms and conditions;
- Business ethics and negotiation rules;
- Labor discipline and internal labor regulations and labor protection requirements.

Essential ethical standards are the following:

- To keep confidential information;
- To comply with the ethics of business communication;
- To be intolerant of any shortcoming or negligence;
- Not to disclose any materials of ongoing studies;
- Not to create any conflict situations in the workplace;
- Not to commit any acts that discredit the profession and reputation of colleagues;
- Not to allow defamation and dissemination of information discrediting other organizations and colleagues.

From the perspective of competency formation within the Russian education system, the federal state educational standards for higher education of the Master's level in the areas of training 38.04.02 “Management” and 38.04.04 “State and Municipal Management” deserve some special attention.

The requirements of professional standards should be considered when drafting job descriptions (regulations) of employees in procurement (including managers) that determine their basic functions and powers in accordance with the provisions of the Law and the Model Provisions on Contractual Services for the effective achievement of the objectives of creating a contract service — ensuring planning and implementation purchases.

The competencies acquired within the framework of mastering educational programs are aimed at the effective solution of professional tasks in the field of organizational and managerial activity, the implementation of strategic management in the interests of society and the state, the organization of interaction with the external environment (other government and municipal bodies, organizations, citizens), administrative and technological activities, the development of administrative regulations, draft regulations of state and municipal employees and others. Among the professional
competencies of managers, the following should be noted: knowledge of personnel management technologies, as well as related skills; readiness to form teams for resolving the set tasks; organizational abilities; the ability to find and take organizational managerial decisions, to plan and organize the operation of a public authority, to develop an organizational structure that complies with the strategy, goals and tasks, internal and external conditions of a public authority; the ability to analyze and plan in the field of state and municipal management, to develop systems of strategic, current and operational control, etc.

Thus, the system of higher and professional education in procurement allows forming the core competencies of managers that implement the state customer’s competence principle.

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