

Using e-procurement systems to accommodate multiple sustainability objectives

A product's price and quality are no longer the primary purchasing criteria for local governments. Environmental and social impact also needs to be considered. So, why aren't all government using an e-procurement system to simplify the process? Yifan Chen, Nicole Darnall, Justin M. Stritch, and Stuart Bretschneider explored the issue. Their study suggests that governments are more likely to adopt an e-system if they have centralised structures.

Procurement is a pre-eminent government activity that has grown increasingly complicated over time. Within many governments in the United States, the primary purchasing criteria are no longer a product's price and quality. Local governments also consider criteria supporting a variety of sustainability objectives, such as reducing environmental impacts, enhancing community economic development, and promoting purchasing from historically disadvantaged groups, specifically minority-, women-, or veteran-owned businesses.

While more purchasing criteria help pursue important sustainability goals, additional criteria also [increase purchasing complexity and demands for information](#). For example, when incorporating sustainability criteria into purchasing, procurement officers have to spend more time and effort determining whether a low-cost product is sold by a minority- or women- owned business, and whether the product is also environmentally friendly.

One important way that local governments are balancing these different purchasing criteria is by [using an e-procurement system](#). These systems enhance purchasers' access to information. They also help standardise and streamline the procurement process. So, understanding the factors that encourage governments to adopt e-procurement systems is vital toward advancing their sustainability goals.

Drawing on a national survey of local government finance, environment, and public works departments in a representative sample of 459 US cities, we explored what factors encourage local governments to adopt an e-procurement system. Except for the pursuit of multiple sustainability objectives, our findings have identified another critical determinant – government structure. The study suggests that governments are more likely to adopt the e-system if they have centralised structures and less likely if they are in coordinated structures.

Centralised structures. Local governments with a [centralised structure](#) make their procurement decisions in a specialised procurement unit such as the finance department. Centralised structures emphasise rule promulgation and the integrity of the procurement systems. By virtue of having a specialised procurement unit, purchasing is closely monitored and controlled. Having this structure facilitates the adoption of an e-procurement system.

For example, some government departments might be reluctant to adopt the e-procurement system for the fear that the installation of e-system will consume significant resources or pose threats to the unit's functioning. These resistances can significantly delay or even suspend the adoption process. While in a centralised structure, the central unit might serve as a mediator to ease the resistances and have the authority to adopt the e-procurement system despite resistances from others.

Coordinated structures. Local governments with a coordinated structure have operational units that collaborate across departments and functions to fulfil their procurement activities. This structure enables these governments to [leverage the experience and knowledge across units](#) to guide or support their own procurement decision. For example, other units can rely on the expertise of the environment department to discern whether the products are environmentally sustainable. Each unit can also gain experience through the participation and observation of others' procurement activities.

Moreover, the structure is relatively flexible and adaptable. Local governments with this structure encounter less bureaucratic obstacles embedded in the process, including the burdensome paperwork or delayed procurement approval. As a result, these governments will have greater capacity to accommodate multiple sustainability objectives. Given their high level of functionality, they are likely to adopt the e-procurement system.

In summary, [our research](#) shows how local governments with different organisational structures can better manage the purchasing complexity that comes with promoting sustainability objectives.

Authors' Note: The paper this article is based on is part of a larger research project developed by the [Sustainable Purchasing Research Initiative](#).



Notes:

- This blog post is based on [E-procurement system adoption in local governments: the role of procurement complexity and organizational structure](#), *Public Management Review* (2021), 1-23.
- The post represents the views of its author(s), not the position of LSE Business Review or the London School of Economics.
- Featured [image](#) by [Avelino Calvar Martinez](#), under a [Burst](#) licence
- When you leave a comment, you're agreeing to our [Comment Policy](#).