

KNOWLEDGE MANAGEMENT IN PUBLIC PROCUREMENT

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Abstract In this article, the authors raise the issue of knowledge management in public procurement. The development of the public procurement market is one of the important factors to stimulate socio-economic development of the country and it is important part of the efficient use of public funds. It can be stated that from year to year, increasing the number of specialized cells responsible for the preparation of tender procedures. This all means that the scale of the phenomenon, the amount of funds spent on public procurement regime, the number of parties involved and the fact that public money is spent – make it that issue of knowledge management in public procurement is a paramount importance.

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1. INTRODUCTION

For OECD (Organization for Economic Cooperation and Development) experts in their work 'Knowledge Management in the Learning Society' state that knowledge plays a pivotal role in economic development but it is difficult to gain and measure and remains unverified in many branches. Therefore, there are many definitions and interpretations of 'knowledge'.

From the economic point of view data, information and knowledge are a separate kind of economic goods and their usefulness is defined (Weresa, 2007, p. 28). Knowledge is a collection of statements which describe the world we live in. Certainly the world is changed by new information. Information is a regularity that can be noticed in data describing space, time and energy and gaining it involves economic costs (Weresa, 2007, p. 28). In this way we can see the process of transformation: data are changed into information and then into knowledge. Due to it knowledge may become innovative provided it is transferred to a company.

2. KNOWLEDGE MANAGEMENT

Knowledge management is a very young discipline, and its origins date back to 1980, while development occurred at the beginning of the nineties, when it was published an article on Knowledge Management by Nonaka and Takeuchi in the Harvard Business Review (Brdulak, 2005, p. 18). However in Poland, interest in this discipline occurred in the mid-nineties and continues to this day. It could be even says that the last time there was a huge interest in the concept of knowledge management, which enables the capture, dissemination and use of knowledge in the organization. Most of authors have interpreted the concept of knowledge management as process, exposing a process of acquiring, holding, transfer and use of knowledge (Kowalczyk & Nogalski, 2007, p. 43). De Jarnett interpreted knowledge management as knowledge creation, which involves the interpretation of knowledge, its dissemination, use, maintenance and cleaning of knowledge (Baruk, 2006, p. 26).

Authors: G. Probst, S. Raub and K. Romhardt identifies the following process as key in knowledge management: locating knowledge, preservation of knowledge, application of knowledge, sharing of knowledge and its dissemination, knowledge development, knowledge acquisition, knowledge placement (Probst, Raub & Romhardt, 2004, p. 42). These authors, interpret, also knowledge management as an integrated set of actions aimed at shaping the knowledge resources (Probst, 2004, p. 35).

It should be noted that in addition to the process approach to knowledge management it can be also included Japanese and resource approach. Resource approach based on the principle that knowledge is contained the core competencies and skills. However, the Japanese approach focuses on the creation of new knowledge in the enterprise. The authors of this approach is two Japanese, Nonaki I.,

H. Takeuchi. The process of knowledge creation focused on the conversion of knowledge - between overt and covert knowledge, and the conversion can include: socialization, externalization, combination and internalization. In conclusion, the term of conversational knowledge can be determined that it is a cycle involving of these four processes (Wyrwicka, 2003, p. 79).

3. PUBLIC PROCUREMENT

Public procurement system has developed in Poland since 1994. Act of June 10, 1994, public procurement, influenced a whole new way of thinking about making purchases from public and initiated a process of professionalization.

Act which regulates in Poland the way of procurement as well as specifying the rights and obligations of the parties involved in the proceedings is the law of 29 January 2004, the Public Procurement Law (PPL). This Act was established with respect to the regulations and directives of the European Parliament and it defines rules and procedures for procurement, control of the public procurement, legal protection measures and the proper authorities for issues described in the Act (Borowiec, 2010).

As defined in Article 2, paragraph 13 of Public Procurement, public procurement are contracts for pecuniary interest concluded between the purchaser and contractor. The object of these contracts are services, supplies or works acquired by national and local public sector entities (Wyrwicka & Staniszevska, 2010, p. 56).

European Union policy treats public procurement as the main driver of innovation in the economy and one of the most important instruments for stimulation. Public procurement is the result of a series of decisions at the level of macro- and microeconomic and their growth rate in Poland is high (Staniszevska, 2012, pp. 93-95).

According to data provided by the Public Procurement Office, the Polish public procurement market is one of the largest in Europe. In the past few years, its value has increased almost threefold. In 2011, awarded in Poland 186 232 contracts with a total value of 144.1 billion zloty, which accounted for about 10% of Polish gross domestic product (GDP) (Staniszevska, Marczevska & Mazur, 2012, p.91). For comparison, in 2004, granted 31 152 orders worth 48 billion zloty (Fig. 1).

Most of the projects co-financed by the European Union, implemented under the Regional Operational Programmes, competitions and grants assumes the tasks related to the preparation, conduct and procurement documentation. It can be also added that effective purchasing is one of the elements of the creation of competitive advantage (Grzybowska, 2011, p. 5).

The scale of the phenomenon, the amount of funds spent on public procurement regime, the fact that public money is spent and the number of players involved make it a matter of proper knowledge management through procurement specialists has great importance. The specialists for procurement are engaged in complex service tender procedure since its initiation to sign the agreement on public procurement. During the work specialists cooperate with internal partners: organizational units within

the company, solicitor, director of customer and external partners: the performers, and institutions (Staniszevska, 2012, p. 98).

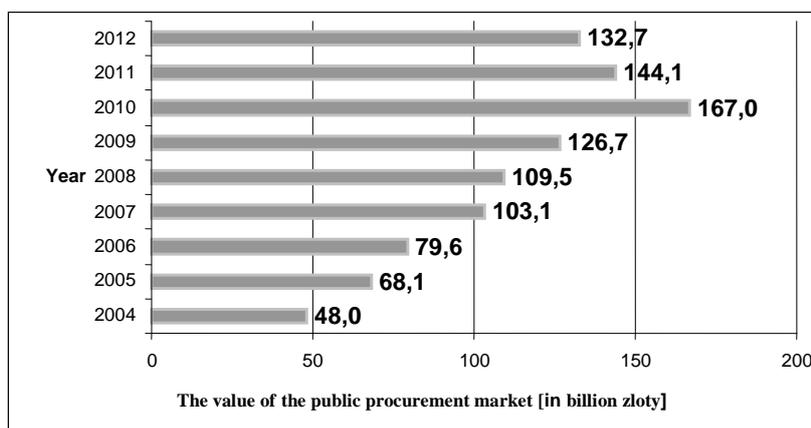


Fig. 1 The value of the public procurement market in the years 2004-2012 in billion zloty, Source: Own study based on “Reports on the functioning of the public procurement system in the years 2004-2012”, www.uzp.gov.pl

Working in the Public Procurement Department is a specific work, well-organized and planned is the basis for the success of the unit.

The implementation of procurement procedures, is fully formalized process, carried out in accordance with the requirements of public procurement law, and in some units which carrying out contracts below the thresholds (In accordance with the provisions of the Public Procurement Law (Article 11. 8), these amounts are determined in the specific value of the euro, the regulation of the Prime Minister on the value of contracts on which depend the obligation to provide notices to the Office for Official Publications of the European Communities), according to internal rules of procurement. Each procurement specialist is aware of the fact that even the smallest mistake can lead to serious consequences, including discipline of public finances.

Procedures associated with the procurement has a high degree of complexity, and the process of their implementation is complex and requires from procurement specialists good organization of work and the development of effective mechanisms for knowledge management.

4. KNOWLEDGE MANAGEMENT IN PUBLIC PROCUREMENT

Knowledge according to the available literature can be divided into:

- due to the sources of creation on the internal and external,

- due to the nature on tacit and explicit knowledge (Grudzewski & Hejduk 2004, p. 78).

Explicit knowledge is easy to transfer and includes documents, databases, and information aimed at improving the management in company (Kłak, 2010, p. 39).

In the case of public procurement to explicit knowledge may include both internal regulations of public procurement, the Public Procurement Act and the legislation used to purchase goods, services as well as a number of rules and procedures under which units operate. It is important in the process of improving work efficiency and to ensure continuity of knowledge also play archived records of proceedings and specifications.

Tacit knowledge, as belonging to a particular person and acquired from the experience, it is very difficult to define and transfer. It has the experience, qualifications and competence of employees, knowledge which is obtained at the stage of recruitment. Because a specialist procurement profession was relatively recent, there is still no mechanism to allow a clear way to verify the competence and qualifications of persons recruited to the position of specialist procurement, lack of education standardized way of these people either.

The implementation of the principles of knowledge management in public procurement is a necessity broad delegation of powers, the introduction of the continuous training of workers and the creation of project teams, or creating databases (Brozdowski, Dyrlico & Leja, 2005).

Knowledge of procurement staff should be continuously developed through their participation in vocational training. The mere knowledge of the Public Procurement Law is not enough, Procurement Specialist must have a tendency to constantly improve their skills and matching occurrence. Experience has shown that only those who regularly track the changes in the law and continually reach to the case law can properly apply the regulations in practice and develop a position on a specific matter.

Meanwhile, according to reports of Public Procurement Office, National Chamber of Commerce, and the authors' own research of this study, despite the long period of public procurement law in Poland, it is difficult to recognize the state of his perception by contractors and authorities as satisfactory.

Evidenced by the ever growing number of appeals by contractors (Fig. 2), as well as self-esteem of procurement specialists concerning knowledge of the provisions of Public Procurement Law in the popular in recent years, green public procurement. According to the survey, more than half of the staff responsible for carrying out of procurement procedures does not know the rules on green public procurement, and almost one third of the staff know it only in part (Staniszewska & Wyrwicka, 2012, p. 228).

No preparation of procurement specialists to perform procedures based on "green laws", follows directly from the fact that only 20% of them participate in specialized training in this area (More on this subject: Wyrwicka & Staniszewska, p.129.). However, lack of knowledge of the provisions of the Public Procurement

Act and other legislative regulations may result in bur-dening the proceedings error which will prevent the conclusion of contracts.

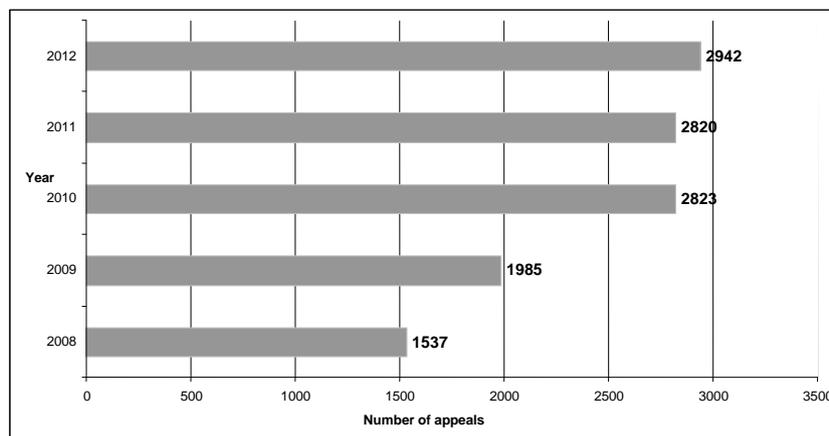


Fig. 2. Number of appeals by contractors in 2008-2012, Source: Own study based on “Reports on the functioning of the public procurement system in the years 2008-2012”, www.uzp.gov.pl

It should be emphasized the great importance of creating the proper communication process between employees of procurement department and employees of other agencies involved in the development of the specifications, or participate in the tender committee. The most commonly used tools to support knowledge management in this regard are: e-mail, intranet and groupware, workflow systems, personal information management, newsletter and workflow system.

An important part of knowledge management in public procurement are also electronic instruments. Research conducted by A. Borowiec show that despite the noticeable by the authorities of the benefits of their use (such as streamlining procedures - 44% economic benefits - 22%, acceleration of procedures - 11%), there are still too many barriers to their effective use (Borowiec, 2013, pp. 163-166). All these activities should lead to locate, acquire, develop, share knowledge, its dissemination and use. A separate topic is knowledge preserving. Employees leaving work in the unit procurement often leave a gap of knowledge, which is very difficult to fill in a short time, because considerable importance to the profession has the experience acquired with each of his proceedings (Brozdowski, Dyrlico & Leja, 2005).

3. CONCLUSION

Due to the fact that "public procurement in the near future may become one of the main instruments to increase the competitive position of Polish economy through creation of innovative solutions in view of the economic benefits for many years" (Borowiec, 2013, p. 62), entities required to comply with the Public Procurement Law should be aware of essence of knowledge management in this area. The benefits of knowledge management in public procurement can not be overstated. In addition to the economic and growth of innovation it can be also included, among others: development of employees, improving the image of the office of the company, increasing the efficiency of the procedures, increasing security spending of public finances, which is particularly important in the case of proceedings financed from EU funds. Polish institutions occurring in public procurement as contracting authority, has yet a long way, to qualify as a "smart organizations". But it is important to find effective ways to strengthen the activities leading to the development of intellectual capital through the use of available methods, tools and concepts and to overcome barriers of knowledge management, which include: lack of staff, lack of time, lack of financial resources. Another important factor is the attitude of the employees focused on individualism and reluctant to share their knowledge.

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BIOGRAPHICAL NOTES

Magdalena K. Wyrwicka is a Vice Dean for exact science in Faculty of Engineering Management at Poznan University of Technology. She studied the issues of human resource management and small and medium size enterprises' management in Wirtschafts-universität in Vienna which constituted the basis for her postdoctoral degree in the scope of management science and it centred on a range of problems connected with organizing an enterprise's development. She is a licensed teacher of German REFA in the elementary scope and production planning and control. She is an author and a co-author of more than 100 publications. Her scientific research concentrates on premises concerning the development of a company and companies' networks. Since October she has been managing a project called “Foresight ‘Wielkopolska's Economic Networks’ – scenarios of knowledge transformations supporting an innovative economy” in the scope of an Operational Programme of an Innovative Economy. Scope of research: the development of enterprises and enterprise networks, project management, work organization, human resources management.

Anna Staniszevska is a Ph.D. student in the Faculty of Engineering Management at Poznan University of Technology in Poland. For 10 years, employed as a specialist in economic analysis in the urban transport company in Poznan. Practices in public procurement. As a PhD student in technical sciences she studies the issues of human resource management and especially public procurement. Her scientific research concentrates on public procurement and the persons responsible for their conduct. She is an author and co-author of several publications.

Bartosz Guszczak is graduated Faculty of Computing Science and Management on Poznan University of Technology. Currently he pursues a PhD dissertation on

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