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SURVEY REPORT

TOPIC:

Sustainable Public Procurement

2012 Survey Report

IN COLLABORATION WITH:

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EXECUTIVE SUMMARY

With the ever-changing focus on public procurement practices and in order to enhance, support and advocate for advancements within the field, this report is being presented to identify the trend of sustainable public procurement (SPP) practices within public sector agencies. The survey from which this report is based aims to emphasize the values placed within public agencies pertaining to sustainable practices and the future direction of SPP. Understanding of the findings of this report, while limited in its scope due to the nature of the survey, do contain a number of beneficial recommendations. These recommendations address a forward-thinking direction of practice within public sector agencies and must be considered within the constraints presented by both the sample and methodology used.

Survey results indicate that environmental policy might be driving much of the current SPP practices. Over 70% said their organization's SPP plan focuses on environmental practices, but only 60% saw economic practices and just over 38% found social practices to be a part of these plans. Energy conservation, water pollution, human health concerns, air quality and recycling, all receiving over 50% response, are some of the primary concerns often incorporated into organizational procurement strategies. While environmental concerns are presently considered, a concern for social and economic benefits of SPP practices are not as widely observed.

An important shortcoming within the development of SPP practices is said to be the availability and depth of information surrounding the practices, products, services and impact studies. Information was seen as the most important criteria to SPP practice success with 216 respondents agreeing it was an important criterion. The next highest response receive 177 agreements is the area of education and training. There is also a perceived division on the acceptance of a primary 'reliable source' of information with respect of SPP practices, policies and plans. Purchasing organizations were the most reliable, but only received 24% of the total.

Although informational shortcomings do exist, responses are overwhelmingly positive with respect to the ability to utilize SPP practices even amidst economic recessions. Responses indicate economic pressure only challenge the use of SPP practices, with a response of 63% believing it to be a barrier. But, this does not seem to impact the overall ability to utilize these practices as 42% believe their organization will increase the use of SPP practices in the next 12-24 months and 47% believe their organization will continue with their current use.

Perceived benefits of SPP practices appear to provide an incentive for organizations to implement these practices within their own formal procurement strategies. This report provides some recommendations based on the results of this survey.

Two limitations to this report are important to note. First, the survey does not identify actual, current practices within the organizations. It cannot be said whether these agencies are just stating the use of SPP practices or if they actually have tangible evidence to identify these efforts. This is exemplified in the responses pertaining to question 8 in which only 46 respondents identified a formal SPP practices plan as a part of the agency's strategic procurement plan. Second, the number of total respondents, 338, is not sufficient for some advanced analytics. This only permits certain relationships between responses to be presented, but does still provide a basic foundation for future research on SPP practices.

The recommendations derived from the survey responses are presented on the subsequent page.

RECOMMENDATIONS

Recommendations on Organizational Change (based on only 46 out of 327 respondents identifying SPP practices as a part of their organization's formal, strategic procurement plan)

1. Dedicate high levels of attention to the formulation and adoption of a formal, strategic plan to utilize SPP within the overall procurement strategy.
2. Work on enhancing the ability to foster an environment of progress with respect to SPP practices by the executive leadership.

Recommendations on Purchasing Practices

1. Attempt to focus on social benefits within current and future SPP policies and organizational plans (160 respondents believe social benefits either sometimes or always arise from SPP policies, but only 89 of 301 respondents contend social benefits are a part of the driving force being SPP practices within their organization).
2. With only partial emphasis being displayed according to question 17, procure with a greater focus on the importance of environmental factors pertaining to products and services.

Recommendations for Developing Instruments to Support SPP (based on 50% or higher agreement from Questions 7 & 12)

1. Research the environmental and economic impact of products and services in order to generate databases.
2. Enhance the financial and contractual instruments to facilitate SPP practices.
3. Work on providing improved opportunities for education and training through seminars and workshops revolving around SPP practices and products and services which align with environmental, social and economic long-term benefits.
4. Develop a Sustainability Index in order rate the performance of various environmental, social and economic practices.

Recommendations for Government in SPP

1. Guide SPP practices through a "lead by example" strategy in order to increase the availability of information on products and services which warrant a "green" label.
2. Establish informational databases and lines of communication that permit the development of more policies and plans for SPP use.

SECTION I: BACKGROUND

Public procurement has become a vital process with respect to the economic conditions currently facing countries around the world (Thai, 2001). As a result, policies and regulations have been put into place in order to take a utilitarian approach to achieve the most benefit for the longest period of time. Thus, procurement practices revolving around these policies along with the current and potential future economic conditions have led to the development of sustainable procurement practices within public procurement agencies. These practices reflect environmental, economic and social concerns with respect to various products and services (Brammer and Walker 2011).

In keeping with these practices, organizations are faced with dramatic changes which must both be fostered within the organizational culture and utilized by members of the organization. Sustainability has become a popular trend within public procurement, but questions still abound with respect to the actual implementation of such policies. A mere 42% of those surveyed believe their organization will attempt to increase sustainable practices in the next one to two years. This warrants a closer look into how sustainable public procurement (SPP) practices might be enhanced and improved in the near future. This study is an attempt to tease out changes which are desired in the near future in order to address improvements and enhancements on SPP.

SECTION II: DISCUSSION ON SUSTAINABLE PUBLIC PROCUREMENT

Sustainability in procurement is a subject which has been highlighted largely in the private sector. Brammer and Walker (2011) contend there is a shortage of research conducted within public procurement agencies regarding the use of sustainable procurement strategies. However, due to the environmental, social and economic changes, sustainability in public procurement has become a heightened concern. The use of policy has played a central role in the encouragement of public agencies to utilize sustainable procurement practices (McCrudden, 2004).

Sustainable procurement practices are an organization's concern for the environmental, social and economic outcomes of their purchasing decisions (Brammer and Walker 2011). Within the United States, sustainability has been reflected in the ability for environmental procurement practices to adhere to constitutional norms (McCrudden, 2004). Examples of sustainable policies include the focus of minority owned businesses and a focus on recyclable materials. These practices are seen as mechanisms for improving local economic development (see Nijaki & Worrel, 2012).

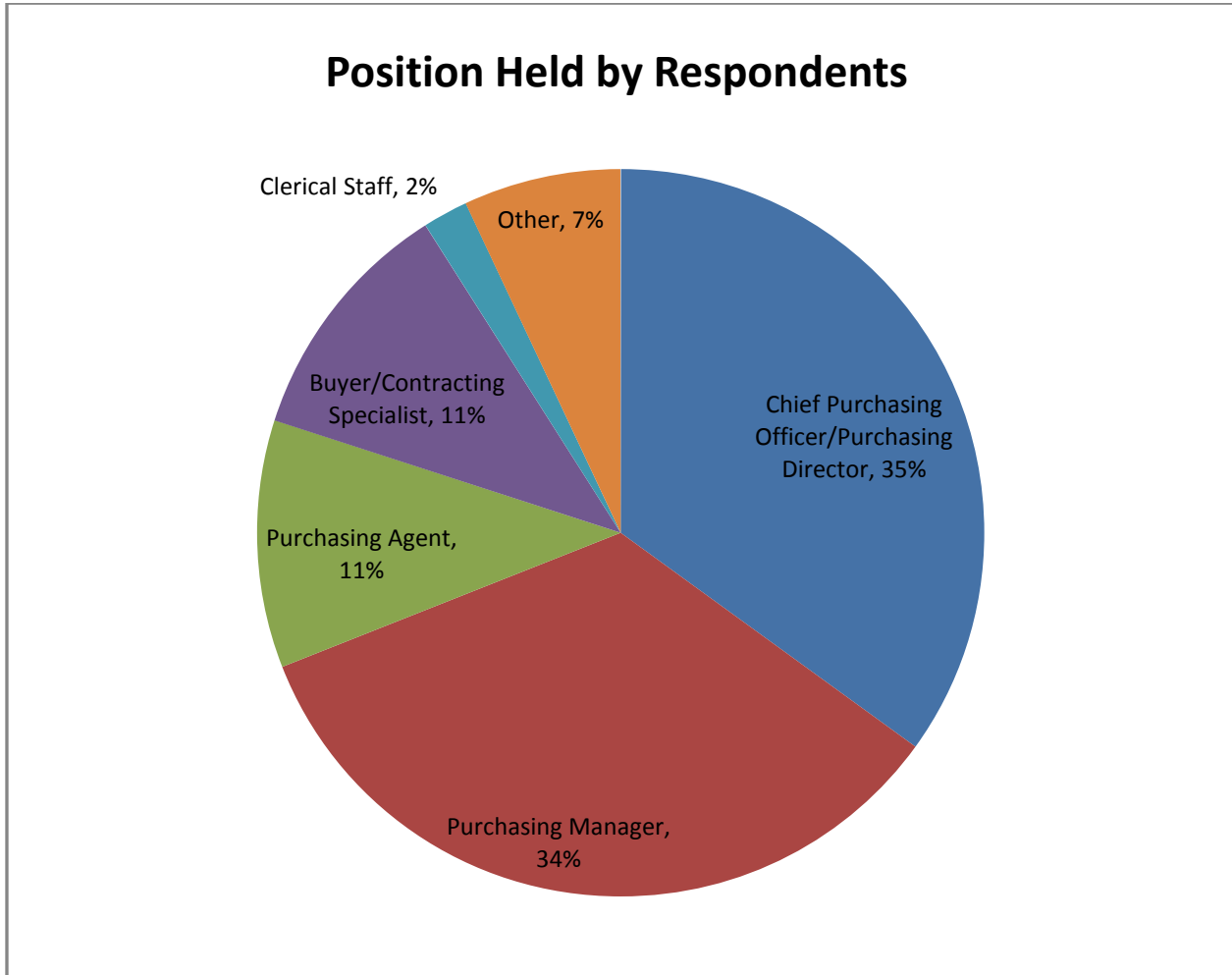
Environmental practices continue to be the overwhelming theme in sustainable public procurement (Walker and Phillips 2009). Sustainable practices which revolve around environmental impacts – labeled as *green procurement* – have made great strides into public agency agenda, especially in the UK (Thomson and Jackson 2007). However, this has created a need for further development of the economic and social benefits which should be found in sustainable public procurement (Walker & Phillips, 2009).

In order to truly progress in sustainable practices, there needs to be a continued increase in research. Unfortunately, much of the research conducted on sustainability in public procurement has been found in individual case studies. However, recent trends show a spike with respect to the research being conducted pertaining to sustainable public procurement (Walker et al., 2012). This identifies it as a trendy subject which procurement officials will soon have to take notice as more policies, similar to those described by McCrudden (2004), emerge and provide stricter regulations on procurement practices with respect to sustainable outcomes.

SECTION III: RESULTS, RECOMMENDATIONS AND CONCLUSIONS

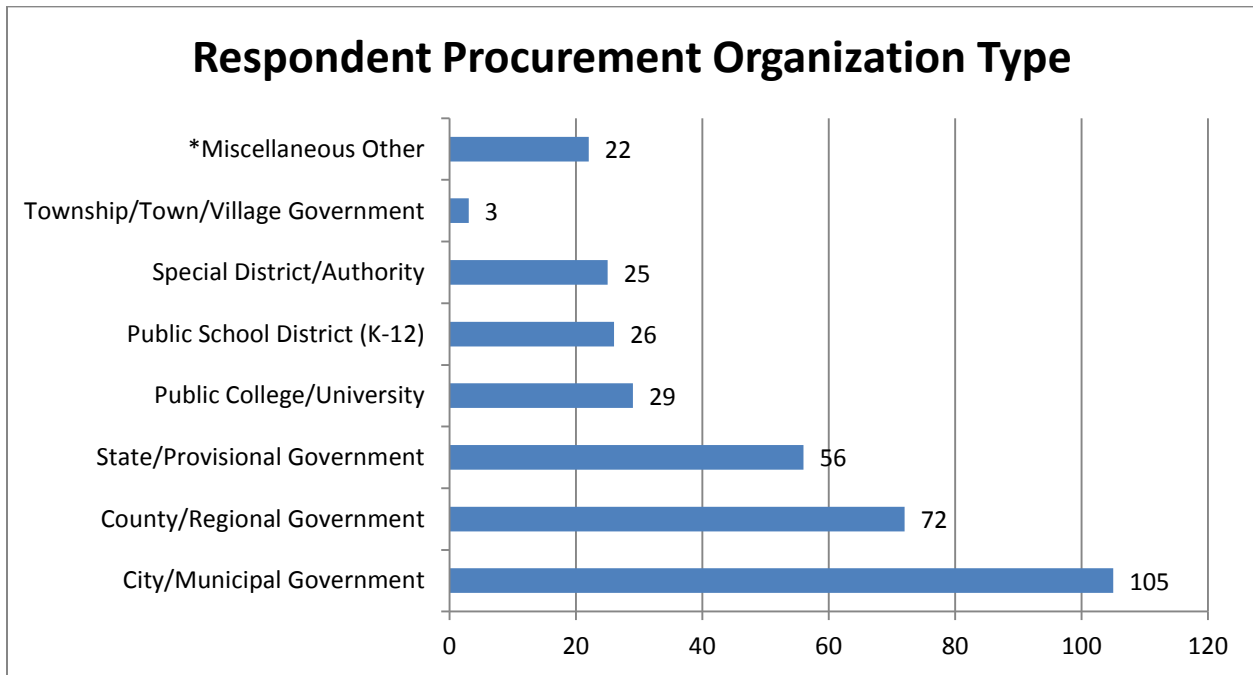
What BEST describes your position?

Position wise, the sample of respondents is dominated by two positions: chief purchasing officers/directors and purchasing managers. Overall, 69% of the respondents held one of these positions.



Organization Type

Organization types are primarily government agencies, with 236 respondents representing some form of government rather than a specialized procurement agency.

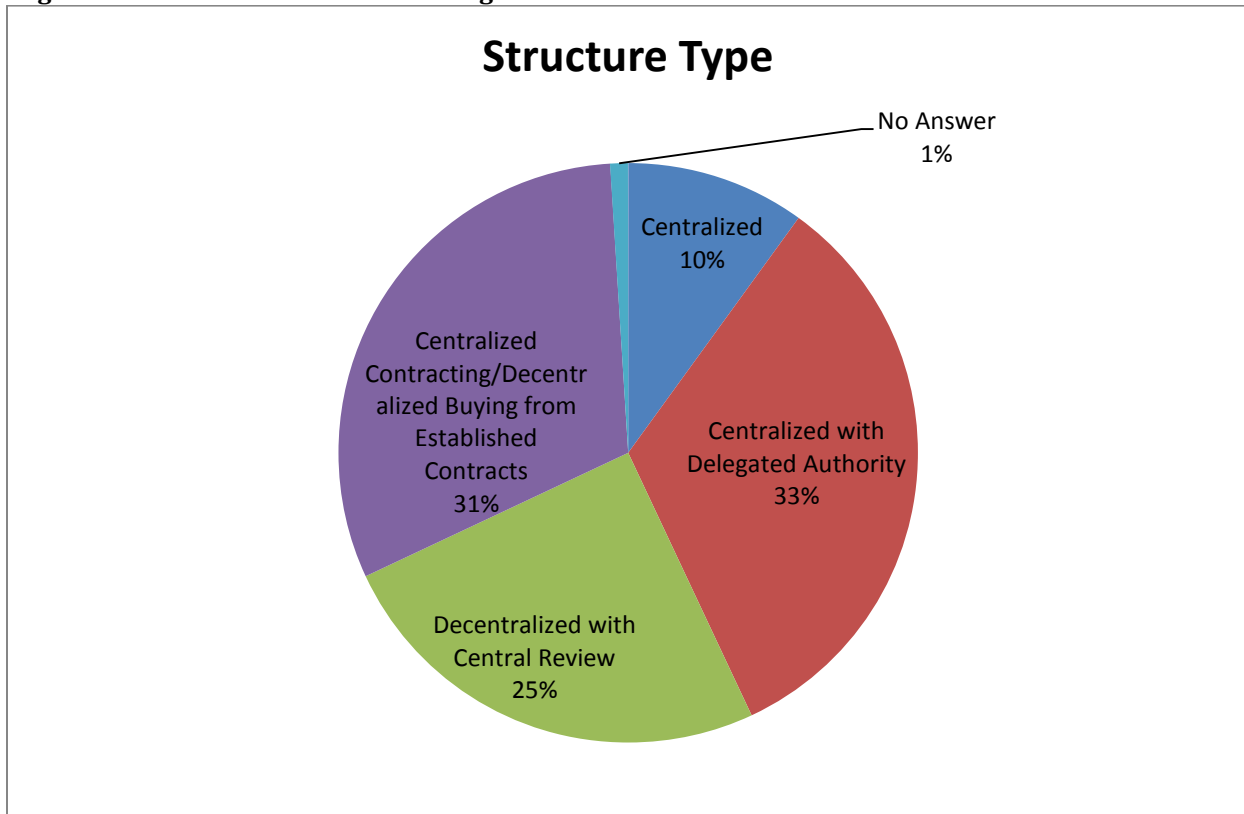


Total Respondents: 338

*Other Responses:

- Publicly Owned Utility
- Non-for-Profit Shared Services Organization
- Transit Authority
- BOCES
- Public Housing Authority
- City/County/Building Commission
- State College
- Cooperative Procurement
- Non-Profit University
- District of Columbia Government
- Professional Organization
- Federal Agency
- Public Library
- Sheriff's Office
- Indian Tribal Government
- Judicial Branch
- Airport Authority
- Non-Profit
- No Answer

Organization Structure BEST describing Procurement Function



Procurement Office Size - Measured in the total number of Full-Time Equivalent (FTEs) Employees

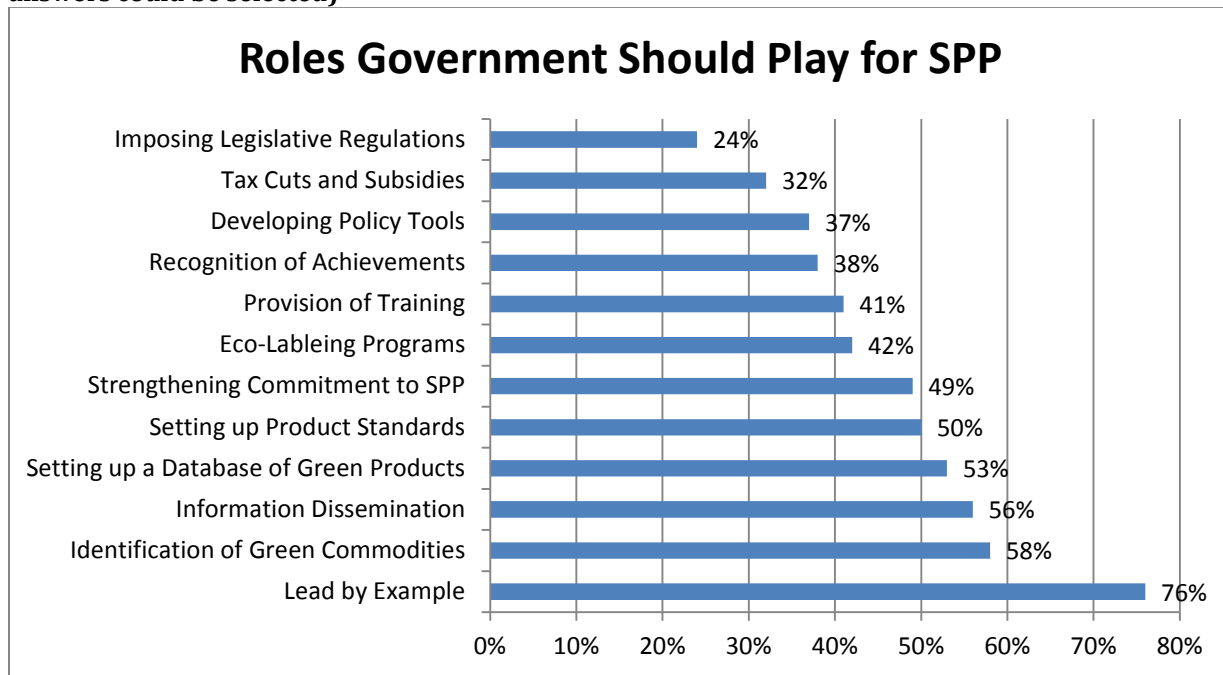
Range of FTEs	Frequency
0-5	158
6-10	74
11-20	44
21-50	20
51-100	3
101-500	5
Over 500	1

* Total Respondents: 305

SPP can create benefits such as

Benefit Type	Never	Sometimes	Often	Always	Don't Know
Environmental	3	55	113	90	21
Financial	7	158	79	13	25
Best Value-for-Money	8	175	62	12	24
Example to Others	3	43	110	98	28
Employment	16	130	66	13	55
Social	6	79	114	46	35
New Markets	7	99	102	30	41
Product Innovation	6	84	119	36	32

What role should government play in promoting, guiding and encouraging SPP? (All applicable answers could be selected)

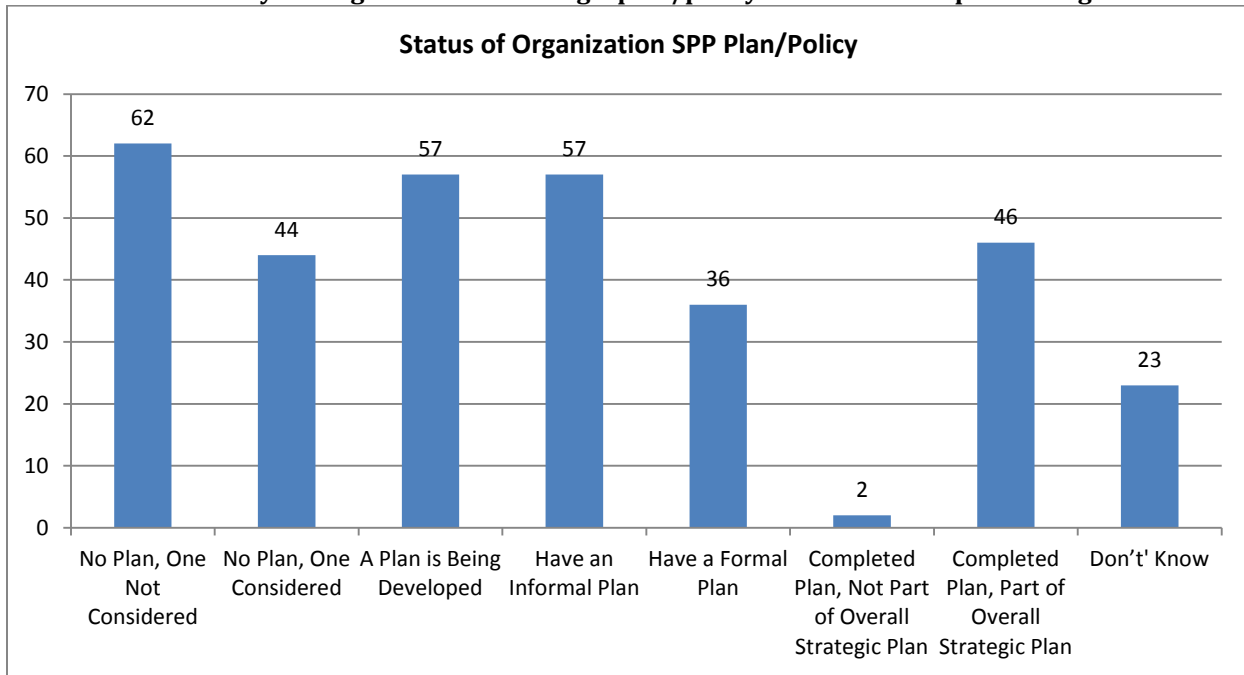


*Total Respondents: 272

To facilitate the incorporation of SPP criteria into procurement practices what kind of instruments are used?

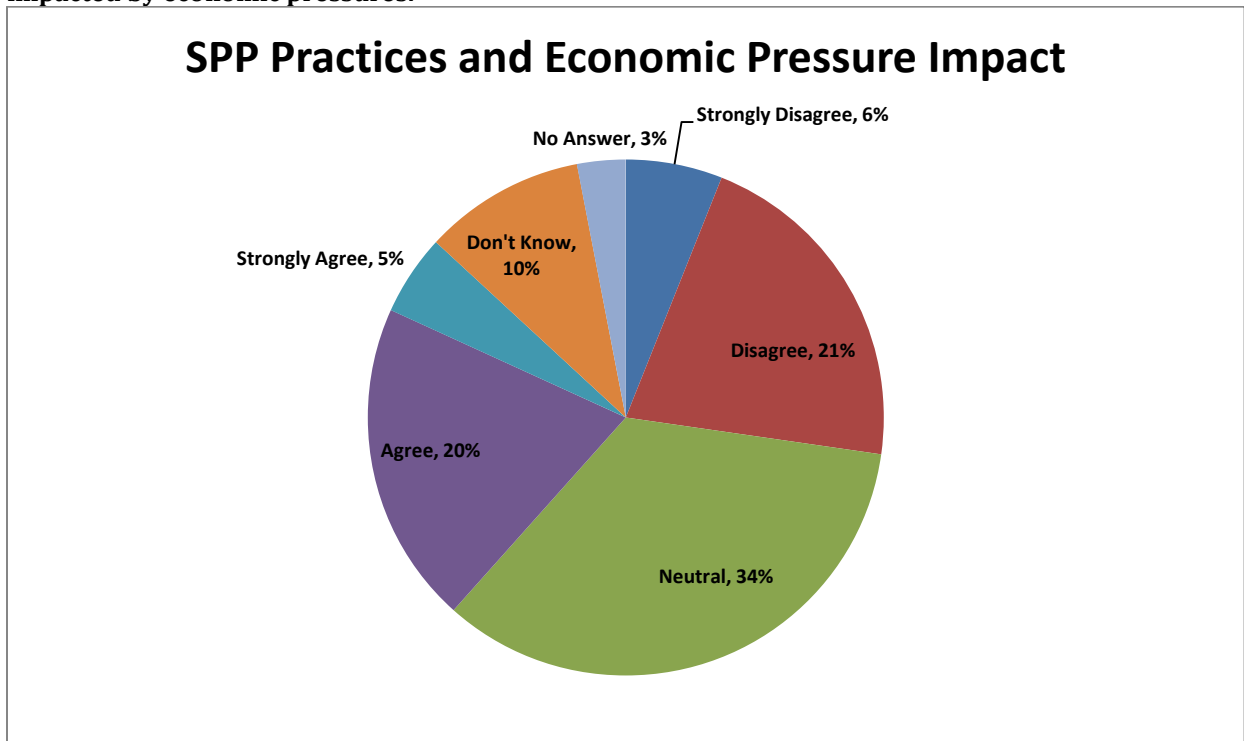
Criteria	Yes	No	Don't Know
Financial and Contractual Instruments	169	78	58
Regulatory Instruments	149	85	69
Communication and Information Based	216	40	54
Education and Training for Purchasing Staff (i.e. Seminars and Workshops)	177	101	32

What is the status of your organization’s strategic plan/policy for sustainable purchasing?



*Total Respondents: 327

In the past two years our organization’s sustainable purchasing practices have been negatively impacted by economic pressures.



What are the primary drivers of your organization’s SPP? (All applicable answers could be selected)

Drivers	Frequency
Doing “what’s right” for the planet/environmentally beneficial	186
Cost reduction/savings	181
Green factors	174
Human health considerations	167
Compliance with legal and regulatory requirements	164
Product performance	144
Availability	133
Increased efficiency	133
Compliance with organizational requirements	117
Durability	111
Responding to concerns of public/customers/clients	110
Improving public relations	105
Interest from senior management	94
Interest from political leadership	93
Social impact	89
Employees	78
Government incentives or taxes	55
Avoiding risk	46
Tax incentives	41
Competitive advantage	35
Building brand image	33
Recruiting environmentally concerned staff	32
None	18
Other	5

*Total Respondents: 301

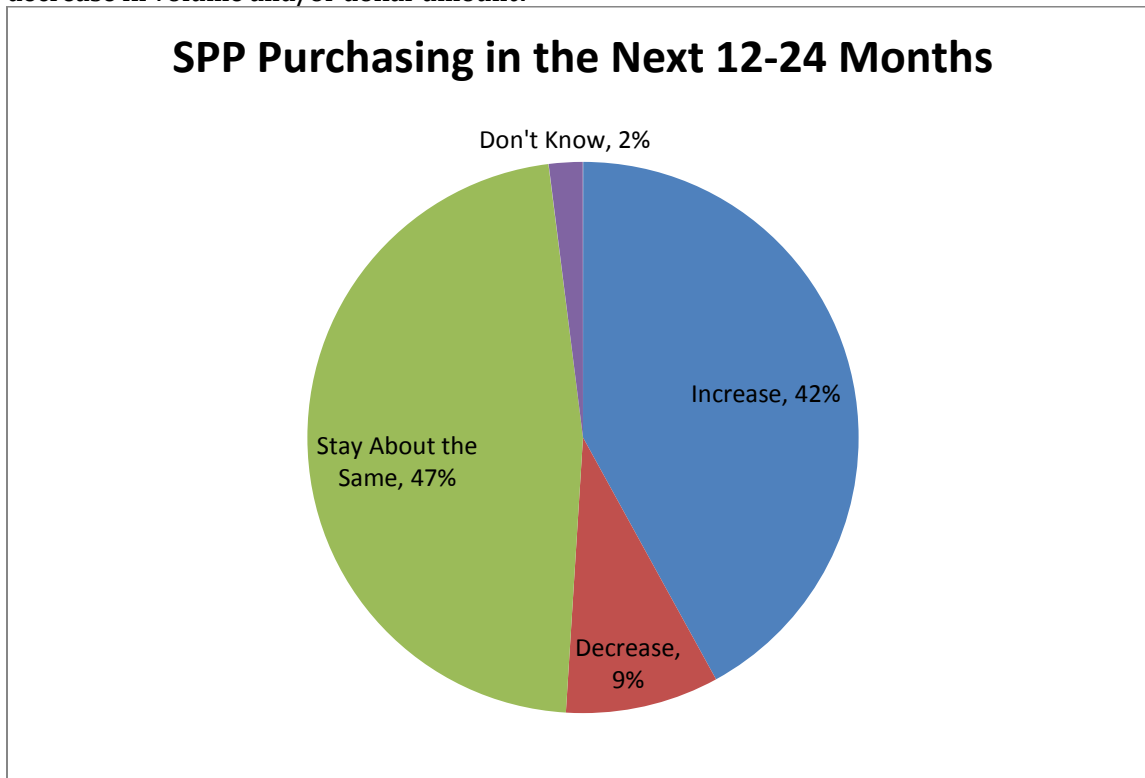
What are the primary barriers/challenges to your SPP efforts? (All applicable could be selected)

Barrier/Challenge	Frequency	Percent Selecting
Current economic recession	175	63%
Lack of information on financial benefits	136	49%
Lack of adequate funding	129	46%
Costs of implementation	127	45%
Lack of participation from necessary individuals/departments	121	43%
Lack of information on environmental benefits	119	43%
Economic conditions	113	40%
Lack of information on green products and services	99	35%
Lack of return on investment	98	35%
Procurement decisions do not account for life-cycle costs	90	32%
Shortage of workers with knowledge/skills	80	29%
Lack of staff training for procurement officers	73	26%
Lack of practical tools (i.e. Handbooks, Databases)	72	26%
Lack of support from administration	69	25%
Lack of guidance from organizational strategic objectives	56	20%
Environmentally unconcerned organizational culture	50	18%
Shortage of training programs	48	17%
Lack of political support	37	13%
Government regulations	30	11%
Federal level policies	16	6%
Other	25	9%
Total Respondents	280	

What resources would help you to implement SPP practices and policies? (All applicable could be selected)

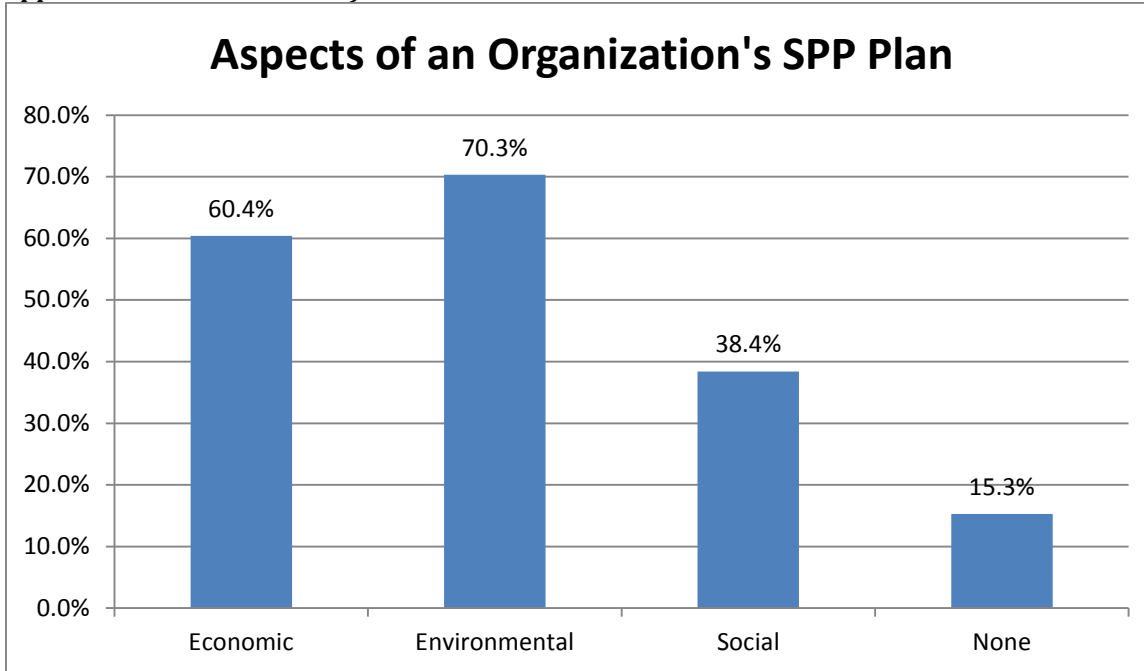
Resources	Frequency	Percent Selecting
More competitive pricing for green products	201	73%
A Sustainability Index that would enable buyers and suppliers to obtain a cost-effective score for performance in the areas of economic, social and environmental sustainability	167	61%
More information on performance and cost of products	162	59%
Better information on environmental impacts of products	144	53%
New skills or knowledge for employees on principles of energy conservation, waste minimization	137	50%
Information about specific actions to take	120	44%
Better selection of green products	114	42%
Codes/standards, legislation	104	38%
Technical support (i.e. training and online Q&A)	80	29%
Government leadership	68	25%
Free samples from manufacturers	63	23%
Information technology	50	18%
Recommendations from colleagues	44	16%
Other	14	5%
None	10	4%
Total Respondents	274	

Over the next 12-24 months, do you expect that your organization’s SPP purchases will increase or decrease in volume and/or dollar amount?



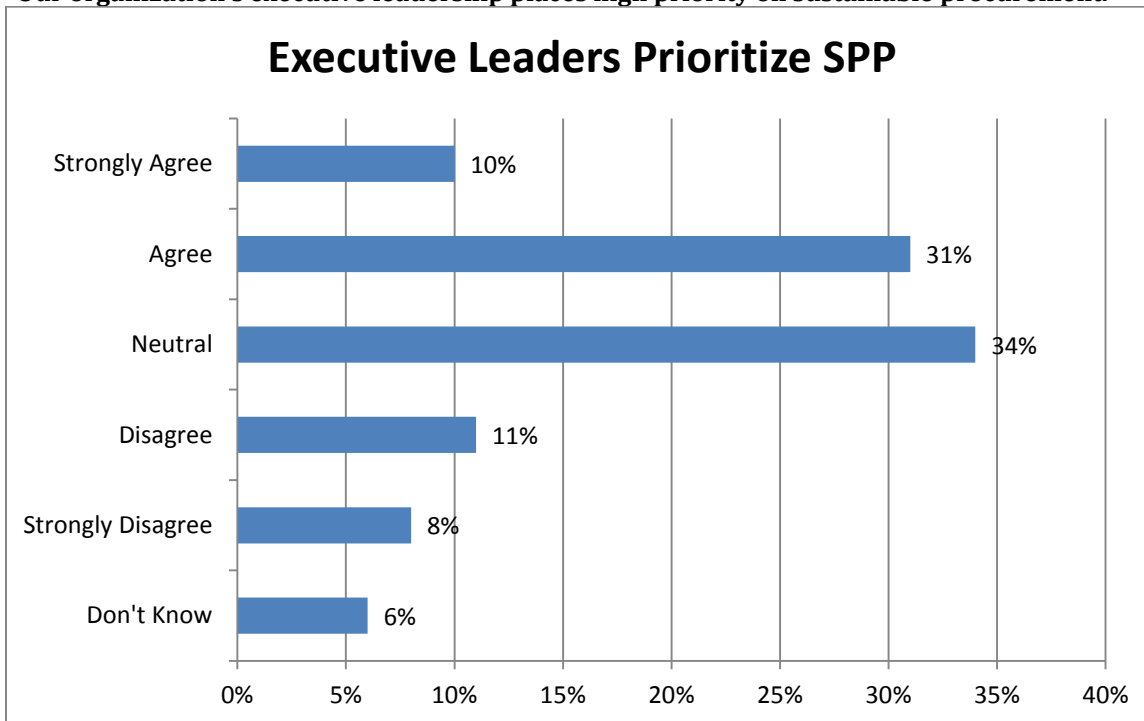
*Total Respondents: 279

Does your organization’s approach to SPP include one or more aspects of sustainability? (All applicable could be selected)



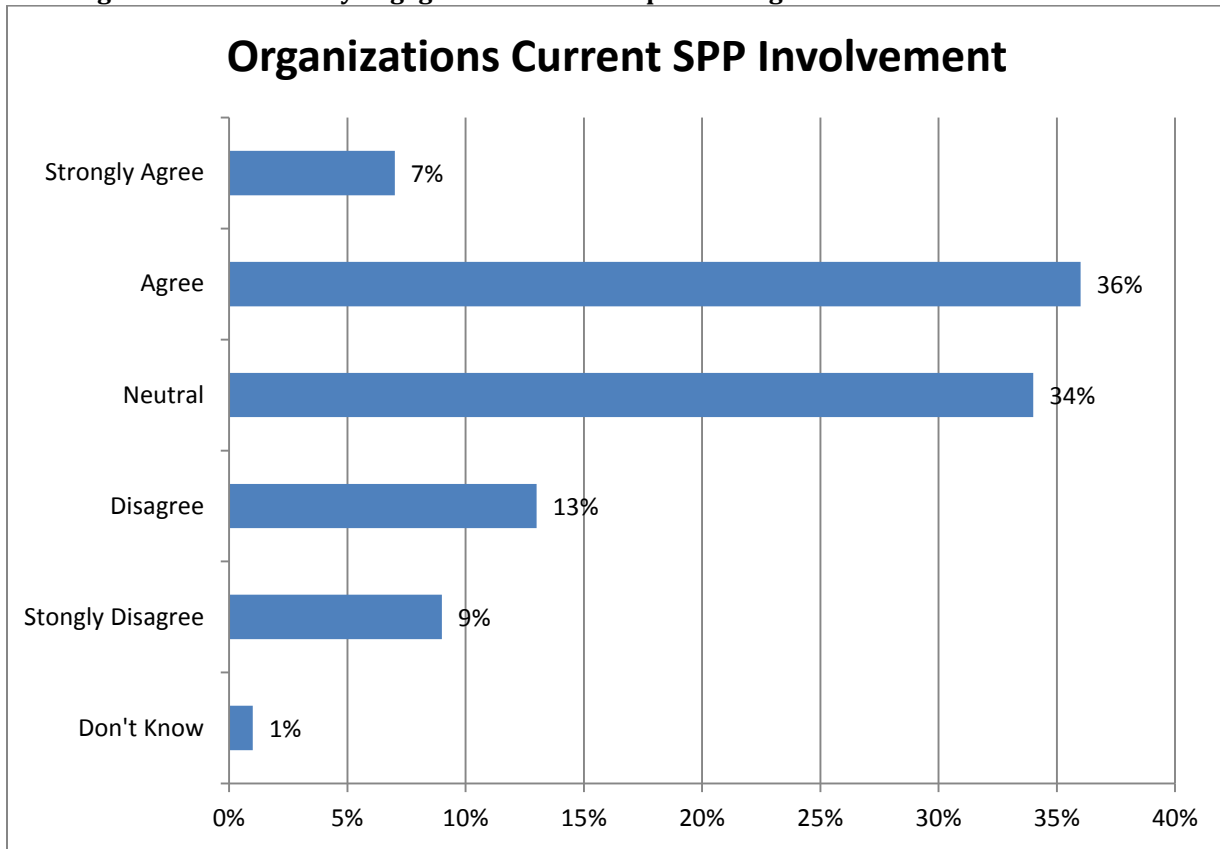
*Total Respondents: 273

“Our organization’s executive leadership places high priority on sustainable procurement.”



*Total Respondents: 277

“Our organization is actively engaged in sustainable purchasing.”



*Total Respondents: 276

To what extent have environmental criteria been taken into account when purchasing the following products and services?

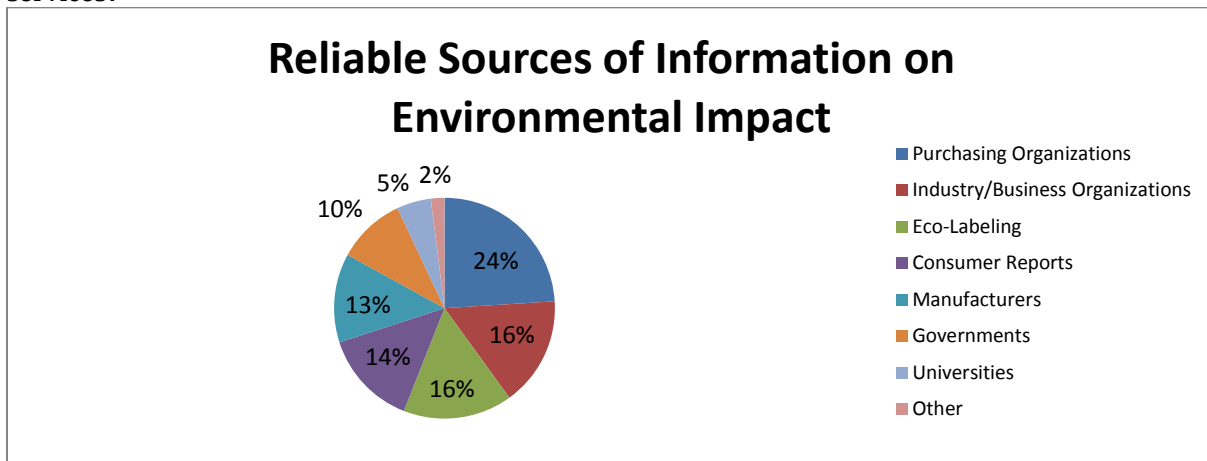
Product/Service	Mostly	Partially	Not At All	Don't Know	Other	Respondents
Food	25	75	120	75		295
Paper	123	139	39	11		312
Furniture	31	135	118	23		307
IT	48	130	88	44		310
Vehicles	64	173	53	20		310
Cleaning Products	114	140	29	29		312
Energy Services	96	132	43	37		308
Waste Management	105	138	32	30		305
Office Supplies	51	187	61	14		313
Building Construction	58	166	29	45		298
Other					13	13

What are the most important environmental considerations that impact your organization's procurement decisions? (All applicable could be selected)

Considerations	Frequency
Energy conservation	233
Recyclability	216
Human health	176
Water pollution	134
Air quality	132
Greenhouse gas emissions	91
Reduced Packaging	87
Volatile organic compounds (VOC)	83
Climate change	53
Biodiversity	40
Other	19

*Total Respondents: 259

What are the most reliable sources of information on the environmental impacts of products and services?



*Total Respondents: 272

SECTION IV: DETAILED RECOMMENDATIONS

The recommendations for progress in use of sustainable practices break down into four primary categories. Each of the categories will be noted along with the explanation of the recommendations which accompany them.

Arguably the most difficult recommendation surrounds a change within organizations. Answers identified that currently agencies are largely not formulating and adopting a formal plan to utilize sustainable practices as a part of the agency's strategic plan. Concurrently agencies need to be willing to dedicate a greater amount of resources to these practices. Due to the high percentage of respondents representing more centralized agencies (74%), there is also a need for the leadership to foster an environment within the organization which aims to use more SPP practices on a regular basis. Only 41% of respondents said the executive leadership emphasizes sustainable procurement and only 43% agree that their organization maintains such an emphasis. These numbers are strongly related to the 42% who believe the next two years will see an increase in SPP practices within their organization.

Another area in which recommendations were made was in general purchasing practices. One aspect which needs to be addressed is the focus on social benefits reflected in SPP practices. Currently organizations are shortchanging social benefits within sustainable practices for the environmental and economic benefits. Greater development is needed in this area. Furthermore, the purchase of products and services are not receiving as great of an environmental concern even though environmental concerns on the aggregate are important in purchasing practices. As question 17 shows, most goods and services are only given a partial environmental consideration prior to purchasing. This identifies a need for more focus on products and services with respect to their environmental impact.

In conjunction with understanding the role products and services play, instruments of support are recommended to future development. Research needs to be conducted on products and services in order to provide better information with respect to their environmental and economic impacts. This would also permit the use of seminars and workshops to educate procurement officers as to the various facets of these products and services as well as SPP practices in general. Upon developing the research, a Sustainability Index has also been suggested to better address the performance of various environmental, economic and social practices relating to SPP. Finally, use of financial and contractual instruments to facilitate SPP practices need to be incorporated.

The last category of recommendations pertains to how the government might help enhance SPP practices. Responses clearly indicate that the government needs to be the "example" with respect to use of such practices. Specifically, regulatory oversight and policies pertaining to SPP practices should be utilized. Finally, the government needs to take on the role of the information collector for data pertaining to various products, services and practices as this will assist in the need for uniformity of practices and sharing of vital information reflecting aspects of sustainability in public procurement.

SECTION V: CONCLUSIONS

With respect to sustainable public procurement and the results of this survey, there are five primary findings which warrant comment. Each of these will be presented followed by a future direction of research pertaining to SPP practices.

First, SPP practices are primarily found to be beneficial with respect to being exemplary practices as well as providing environmental benefit. They are also found to have a positive impact in terms of the use on social policy, innovation and in the development of new markets. This illustrates a linkage between green public procurement and sustainable public procurement practices.

Second, and similarly, the current state of SPP plans revolve around environmental practices. Agencies appear to have dedicated their efforts to developing environmentally friendly practices, in particular those which conserve energy, reduce water pollution and promote recycling.

A third observation, and perhaps that which is most surprising, is the limited impact that economic pressures have on utilizing sustainable practices. While respondents acknowledged that it poses a challenge, they also displayed an undetermined stance as to whether these pressures would truly slow down such sustainable practices. There was also a strong display of continued use (47%) or increased use (42%) of these practices within the next one to two years showing solid efforts to implement these practices.

Fourth, there is a real need for government to become the primary 'reliable source' due to the shortage of information pertaining to practice, products, services and impacts relating to SPP. Data is in short supply and not all agencies are progressing in SPP practices or research of social, economic or environmental benefits of the products and services used. Uniformity is evidently lacking and the response seems to identify government as the organization charged with developing a systematized database as well as a line of communication pertaining to the information collected.

Finally, within the organization itself, advances need to be made pertaining to fostering an environment which willingly reflects SPP practices through the development of formal plans and the prioritizing of sustainable practices from executive leaders.

The findings, while limited based upon the responses and questions within this survey, do present SPP practices as beneficial for research and in practice. Environmental impact has been placed at the forefront, but social and economic benefits of sustainable practices are also desired. Procurement officers should see this as an indicator that there is a need for more formal plans revolving around sustainability within their agency.

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