

Chapter 5

Enhancing procurement capability in IMSS

This chapter describes the current procurement workforce of the Mexican Institute of Social Security (IMSS). It also assesses the capabilities and capacities of that workforce to perform its procurement duties. In particular, it discusses IMSS' workforce planning and management practices (e.g. recruitment, promotion, and performance management) and highlights the importance of enhancing the procurement workforce's training and development through competency management. The experience of various OECD countries is provided to illustrate potential improvements to IMSS' human resource management.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction

For the procurement function to be strategic, professionals need to possess a wide set of skills and competencies, including negotiation, project and risk management skills. The procurement function is responsible for specifying, managing and providing access to the external resources and assets that an organisation needs in order to fulfil its strategic objectives. Therefore, procurement professionals should use their knowledge and experience of resource and supply management to scrutinise supply market opportunities and to implement departmental resourcing strategies which deliver the best possible outcome to the organisation, its stakeholders and customers. Equipping procurement professionals with adequate information and advice through guidelines, training, counselling, as well as through information-sharing systems, benchmarks and networks, also helps them make informed decisions and better understand markets (OECD, 2009). Therefore, the aim of this chapter is to assess whether the procurement area of the Mexican Institute of Social Security (*Instituto Mexicano del Seguro Social* – IMSS) has the capability to perform its duties and contribute to the organisation’s strategic objectives.

While IMSS has made significant efforts to improve and manage the supply chain (including procurement), not much attention has been paid to purchasing professionals *per se*. The procurement team of IMSS demonstrates high levels of commitment and professionalism. There nonetheless appear to be significant competency and skills gaps in various key activities of the procurement process. A Personnel Unit focused mainly on managing payroll exacerbates these problems. There is no evidence of an in-depth co-operation between the Personnel Unit and procurement areas to define a strategy to acquire the competencies needed for performing the procurement function.

The OECD review found that the absence of a strategic vision of procurement hinders IMSS’ ability to achieve a more strategic and value-added capacity. Procurement units of feel overworked and understaffed. Furthermore, there is a high level of staff turn-over and lack of career opportunities. These issues affect staff performance and job satisfaction. This is made worse by discretionary appointment of staff, insufficient training and lack of performance management.

While the findings presented in this chapter refer in many cases to IMSS management of its procurement staff, they can often be extended to cover its entire workforce.

Overview of IMSS workforce organisation

IMSS has approximately 391 000 employees, including doctors, nurses, and administrative staff. Close to 3 000 of these are senior executives. As in all organisations of the Mexican public administration, the employees of IMSS are divided into two categories: unionised (*base* or *sindicalizados*) and non-unionised (*confianza*). There are important differences in the level of professionalisation, performance and bureaucratic culture of the two categories of public employees. Unionised affiliation – generally reserved to administrative and technical personnel – implies a significant level of stability. Non-unionised staff – generally associated with senior and middle managers and operational professional staff – mostly refer to those with fixed-term contracts. During periods of intense workload, there are also personnel with short-term contracts (*honorarios*).

A large number of laws, policies and rules regulate the management of the workforce in IMSS. These include the Federal Law of the Administrative Responsibilities of Public Servants (*Ley Federal de Responsabilidades Administrativas de los Servidores*

Públicos); the Law of Social Security (*Ley del Seguro Social*), the Federal Law of Work (*Ley Federal del Trabajo*); the Collective Work Contract (*Contrato Colectivo de Trabajo*); the Administrative Manual of General Application for the Planning, Organisation and Management of Human Resources; and the Handbook of Public Servants' Perceptions of the Dependencies and Entities of the Federal Public Administration (*Manual de percepciones de los Servidores Públicos de las Dependencias y Entidades de la Administración Federal*).

The employees in charge of procurement are mainly non-unionised and are located in the Co-ordination of Procurement of Goods and Contracting for Services area (*Coordinación de Adquisición de Bienes y Contratación de Servicios – CABCS*), which is the area in charge of co-ordinating the development of the procurement function. It is supported by three technical co-ordinations, such as the Contracts and Market Research Technical Co-ordination area (*Coordinación Técnica de Contratos e Investigación de Mercados*) (see Figure 1.2 of Chapter 1). This co-ordination, through the technical co-ordinations, conducts the procurement function for the central offices, and in some occasions, it conducts public procurement for other institutions with the same number of staff. The Contracts and Market Research Technical Co-ordination area reinforces the procurement function, as in the past every buyer used it to conduct his/her own market research. The 35 local entities (*delegaciones*) and the 25 high specialty medical units (*Unidades Médicas de Alta Especialidad – UMAEs*) of IMSS also conduct their own procurement activity.

Strengthening the strategic role of the procurement workforce

The procurement area in IMSS is overworked and understaffed mitigating quality performance and job satisfaction

The procurement areas of IMSS are perceived to be understaffed and overworked. There is no administrative staff to support procurement officials. High workloads, inadequate replacement ratios and the absence of administrative staff result in procurement officials working up to 70 hours per week, which has an impact on performance and job satisfaction. Compared to other OECD countries, Mexican public servants ranked fifth in the highest number of working hours per year with 1 862 hours, whereas Chile was first with 2048 (OECD, 2011). However, IMSS' number of hours per week is still too high compared with the statutory working hours for civil servants in other OECD countries. For example, the lowest are in France and Portugal at 35 hours, and the highest in Chile and Israel, at 44 and 42.5 hours, respectively.

However, this is not surprising as there is no possibility of hiring additional staff due to the budgetary restrictions and the lack of a strategic approach to modernise the procurement function. When a non-unionised public employee leaves, in most cases, the vacancy is covered with an unionised employee who does not necessarily have the same experience and skills and who would not work the same number of hours. IMSS does not have a clear strategic vision or planning of its human resources in the procurement area. The workforce needs are established based on the workloads and the existence of senior management positions and are not always sufficient for the procurement function to meet its mission. Officials interviewed for this review suggested that the level of staffing in procurement is 50% lower than it should be. A heavy workload and the need to respond quickly to user areas' demands for goods and services can lead to inaccuracies and ineffective management of procurement as well as human and financial resources. Temporary staff (*honorarios*) is normally hired between August and October, as this is the busiest time. During this period, financial resources are made available to the different

administrative units for their acquisitions, but must be spent before the end of the year. However, there is no guarantee that temporary staff are trained or that they have the adequate knowledge of the procurement process.

Strategic workforce planning is necessary to reduce workload, increase efficiency and knowledge transfer

Employees perceive the procurement function as a “high-risk position”, as it is often subject to observations and sanctions following audits. These factors, as well as the increased competitive pressure, the dangers of being made redundant, the lack of career opportunities, and the salary freezes or cuts, result in a high level of stress in the units and may be the cause of the high level of staff turn-over in IMSS. Turn-over varies from one to four years for operational staff and one year for middle managers. This high turn-over can then result in increased workloads for remaining staff, hiring of inexperienced temporary employees, and loss of institutional knowledge.

To reverse this situation, IMSS authorities could consider engaging in strategic workforce planning for the procurement function. The Human Resource Management (HRM) Manual of General Application establishes the basic underpinnings for designing the organisational structure, including the rules for conducting the HR process (recruitment, performance, separation etc.) and for creating a registry of public employees. However, the Manual does not provide the tools for strategically managing the workforce in line with the objectives of IMSS. It only describes the administrative process for workforce management. Moreover, it does not provide for a flexible HRM system that empowers and enables managers to play a role in planning for future staff. Such a role may involve redeploying staff, defining competencies, reorganising work, increasing mobility, or planning the desired composition of the workforce.

A strategic management of the workforce anticipates possible future developments and maintains a structured and representative workforce of appropriate size – one that is able to meet the changing needs of government organisations in a cost-efficient manner. Effective workforce planning requires high-quality information that is linked to organisational strategies and efficiency concerns, and organisational arrangements that support workforce decisions effectively. The experience of OECD member countries suggests that in order to enhance IMSS’ procurement capacity, it should engage in strategic workforce planning based on a strategic vision and high-quality information, strengthening the procurement area’s capacities and making procurement managers accountable for the strategic management of their teams. Such workforce planning would contribute to:

- spreading a common understanding of IMSS’ vision;
- raising awareness of the demographics and current and future skill and competency gap within the organisation;
- anticipating possible future developments and maintaining a structured and representative workforce of appropriate size, able to meet the changing needs of government organisations in a cost-efficient manner; and
- allowing a more efficient and effective use of the workforce, preparing for restructuring, reducing or expanding the procurement workforce.

Such workforce planning should position IMSS a number of years into the future to strengthen the procurement area’s capacities, ensure the adequacy of the workforce to meet the changing needs of the organisation, and plan in terms of numbers and costs.

In order to prepare for workforce planning, IMSS could organise its procurement team through more structured roles. For instance:

- **Head of Procurement:** The professional head of the procurement function in IMSS – this would be the head of CABCS.
- **Procurement Manager:** a principal officer reporting to the Head of Procurement in each of the local entities and UMAEs.
- **Senior Procurement Officer:** a senior officer within the structure managed by the Head of Procurement. This would be the current head of division.
- **Procurement Officer:** an officer reporting to the Senior Procurement Officer.

Officials interviewed for this review suggested that for every senior procurement officer, there should be three procurement officers as support. However, workforce planning needs to be aware of the number of senior procurement officers required, and the competencies and skills relevant to do the job. Similarly, interviewees said that there should be an area for market research in every division with at least one assistant, four analysts and two senior market researchers. However, before increasing the size of the workforce, an assessment should be carried out to determine the extent to which this results from an insufficient number of employees or from a lack of efficiency (insufficient capacities, inefficient processes, etc.).

De-concentrated administrative units require building up capacity for procurement through better co-ordination with the headquarters

Because of the devolved nature of IMSS, the local entities and the UMAEs conduct their own procurement processes. Better mechanisms of co-ordination between local entities and IMSS headquarters are essential if they are to conduct their own procurement processes. Such mechanisms are needed to clarify broad institutional goals, commit diverse actors to compatible goals and programmes, improve learning skills and increase knowledge-exchange among all actors involved. The aim should be to maintain policy coherence on procurement while granting more managerial flexibility to de-concentrated administrative units. Setting guidelines, and disseminating knowledge and best practice on procurement issues would enhance understanding and improve education on procurement practices. Devolution grants flexibility to local entities and UMAEs to create alternative ways for better managing their procurement teams.

The Administration Directorate of IMSS, via the CABCS, could assume a larger role in enhancing the procurement function in the local entities and UMAEs. With a category management concept, CABCS could act as the leader of procurement for the whole organisation. It must be emphasised that centre-led procurement does not necessarily mean “centralised procurement”. De-concentrated units could continue conducting their own procurement activities, but technical advice and training provided by the central offices should be at the disposition of those units. Expanding and improving interaction between IMSS headquarters and the regional offices for conducting procurement should then be a priority. IMSS could make more extensive use of information and communication technologies (ICT), especially for long distance assistance and supervision in conducting recruitment and procurement.

The use of ICT tools in recruitment processes would increase efficiency and show users who is being hired in the local entities. A centralised control of the personnel database is necessary. In order to make the most of ICT tools in the Personnel Unit, IMSS should

be clear about the strategic objective for their use and develop the capacity to make them operational. It is critical that the ICT-HR strategy is aligned to the business needs of IMSS. In other words, it is necessary to have a vision – at least five years ahead according to the experience of Belgium – on HRM and how ICT can contribute to realise that vision. ICT could be a tool for strategic competence development and appraisal interviews operated by procurement managers.

Due to the devolved nature of IMSS, it is often unclear who is accountable for the results and outcomes of local entities and the performance of UMAEs. It is therefore necessary to assess whether decentralised units are performing the tasks and managing their resources effectively and efficiently in a way that does not hamper flexibility. Furthermore, there is no evidence of in-depth co-operation between the Personnel Unit and the procurement departments to define a strategy to acquire the competencies needed for performing the procurement function. At this time, the Personnel Unit of IMSS primarily has an administrative focus, managing payroll and conducting selection tests to candidates proposed by each administrative unit.

Creating a specific procurement profession in IMSS

Competency and skills gaps deter good performance in procurement

Although the procurement team of IMSS demonstrates high levels of commitment and professionalism, there appear to be significant competency and skills gaps, including handling supplier and contract management and performing complex procurement. The catalogue of positions in IMSS is largely comprehensive, but key profiles are poorly defined. Improving these would strengthen the procurement function, i.e. the procurement official or buyer. Procurement professionals need a set of flexible skills due to changing contexts and priorities. The strategic role of IMSS demands procurement professionals with high-level strategic, tactical as well as operational skills. Public employees working in CABCS do not have the speciality in “buying”, nor the profile for undertaking procurement. While IMSS procurement team demonstrates a high level of commitment and professionalism, they come from very different backgrounds and are trained on the job. This results in a significant knowledge, competency and capacity gaps. This is evident in various key activities associated with the procurement process. Examples of such activities include market research, development of requirement definitions, use of flexible evaluation approaches, complex procurement, use of Compranet as well as supplier and contract management. There are no marketing and market-researcher professionals (*mercadólogos*) with previous experience in procurement and buying. IMSS has instead relied on consultants that were hired to conduct market research to support the process of procurement.

In this sense, focusing on developing competencies is critical. Across OECD countries, competency management has proved to be an effective way of defining the abilities and behaviours needed for people to do their jobs well. Moreover, it links up a number of key HR activities to ensure that an organisation is staffed by competent people who perform effectively. In consequence, competency management may create the conditions for a strategic management of the procurement workforce in IMSS. In OECD countries like Belgium, Canada, Korea and the United States, competencies are being integrated into various activities to ensure these are well-aligned with the organisation’s needs. Such activities include recruitment and selection of staff, training and development, as well as succession and career planning.

The CABCS should have the dual role of building skills and capability for the procurement function in IMSS. It should work together with members of staff to set challenging standards for skills and competencies within procurement and provide procurement professionals with access to appropriate learning and development opportunities to reach those standards. Drawing on the experience of the United Kingdom, CABCS and the Personnel Unit could collaborate to build the procurement profession and develop a “Skills Frameworks for Procurement Practitioners and Procurement Leaders”. These frameworks can be used by individuals to assess their skills and identify development needs when planning and progressing their career in the procurement profession in IMSS or anywhere else in government. These frameworks can be adapted when needed. The aim would be to set the foundation for the development of a procurement profession in IMSS. Procurement professional should add value to the quality and cost-effectiveness of the acquisition of goods, services, assets and works, and draw up contracts that secure value for money and comply with the legal and policy requirements.

As a way of defining and measuring the skills, abilities and behaviours considered necessary for the job, many organisations use competencies as part of job profiles. If used properly and supported by appropriate assessment methods, a set of competencies provides a rigorous and reasonably objective method of assessing whether a candidate is likely to be effective in the job. The competencies required are defined by the job profile: for example, behavioural competencies could include things like the ability to work in teams or build networks; if there are managerial responsibilities, competencies would typically include interpersonal skills and leadership abilities; other examples of competencies might entail strategic thinking, customer focus, or analytical skills. Depending on the type of job, both generic competencies and job-specific competencies may be included in the job profile (Annex 5.A1).

Since April 2011, IMSS employs the so-called Reliability System (*Sistema de Confiabilidad*) to determine the high operational risk posts that may be the source of nepotism and corruption. This system has been a step forward in enhancing the human resource function and assessing candidates. It includes a psychometric exam and interview to evaluate candidates’ competencies and skills using a points system to determine the compatibility between the post and the candidate. While the compatibility of the person with a post is determined as a result, this does not determine reliability. So far, 80% of the procurement agents have passed this examination. Since it is the responsibility of each administrative area to conduct the technical interview, the Personnel Unit only detects areas of opportunity that may help the candidate to improve his/her performance. As identified in OECD studies, the Personnel Unit is not always in position to solve performance problems, because these are generally not completely technical. They often encompass management problems, which are the day-to-day responsibility of managers and supervisors (OECD, 2012).

IMSS’ unsophisticated recruitment and selection process does not guarantee that the right competencies are acquired, nor does it recognise merit

The current appointment process in IMSS’ central procurement areas, local entities and UMAEs hinders career opportunities and development, evidencing an insufficient focus on professionalisation in the Institute. This issue is, however, not limited to IMSS but common in the Mexican public administration. There is still evidence that the recruitment and selection of staff – in particular procurement staff – is carried out in a discretionary manner, jeopardising the principle of merit. Candidates are proposed or selected by the administrative unit where the job vacancy is located. The recruitment process is entirely conducted by each administrative area with little involvement of the Personnel Unit. The Personnel Unit of IMSS conducts an assessment to determine the compatibility of the

person with the position the person is proposed for. Each area manages the technical exam and the interview without the participation of the Personnel Unit. Furthermore, there is no open competition to fill vacancies at senior or middle level positions; competition and evaluations are only carried out for operational positions, units of service and local entities. Opening up vacant managerial positions for competition promotes fairness and merit, and increases the possibilities for people with significant experience in procurement to move up in the hierarchical structure.

IMSS may consider entrusting the recruitment and selection processes to the Personnel Unit, as it would enhance credibility and sophistication in the process. The experience in other countries suggests that job profiles are a way of building a flexible, performance-oriented and forward-looking recruitment process. This may be an option for IMSS, and, in particular, for the procurement function. Job profiles can be an effective recruitment tool for attracting talent. They differ from the traditional job descriptions used in IMSS in two important respects:

- they focus on the outputs or results expected from the job rather than on the tasks or functions to be carried out; and
- they include a statement about the skills and personal attributes needed for the job (Annex 5.A2).

IMSS may also assess the possibility of outsourcing some of its recruitment activities to external firms when internal capabilities or resources are insufficient and cannot be increased within the timeframe required. However, in order to ensure the integrity of the process, it is essential that such service providers are sufficiently competent and reliable. It is therefore recommended that a competitive public tendering process be used to select them.

Developing a job profile would require IMSS to look critically at what the procurement function entails and to reflect on the requirements for the person filling the job. Job profiling can enable IMSS to achieve a more accurate match when recruiting or promoting people. Moreover, they can be an effective recruitment tool to attract the right candidates, not only in defining what IMSS is looking for, but also as part of the “employment proposition”. IMSS has defined a series of “high risk positions” in the areas of acquisitions, procurement, supply, central administration, and contract management. Creating job profiles for those positions would be a step forward in enhancing capacity for procurement and in improving the recruitment, selection and performance assessment of staff (Box 5.1).

Building on the job profiles, IMSS will be able to create a complete competency framework for procurement practitioners and leaders. This would be a step forward in assessing the skills needed and in identifying training gaps, thereby setting the basis for the development of a procurement profession in IMSS.

A competency framework involves organising key competencies into a conceptual framework, which enables the people in an organisation to understand, talk about, and apply the competencies. A competency framework is both a list of competencies and a tool through which competencies are expressed, assessed, and measured. A model may be developed for the entire Institute or just for specific business units, functions, work processes, or jobs within the organisation. Competencies should be linked to activities of the Personnel Unit, so that they are well-aligned with IMSS’ needs and well-integrated with one another. Such activities include recruitment and selection of staff, training and development, as well as succession and career planning. Competencies may also be used as an element of performance management, an area that is still underdeveloped in IMSS.

Officials from administrative units interviewed for this review highlighted the need for better profiles for the procurement function. If IMSS accepts the recommendation to create job profiles and competency frameworks, this would also benefit administrative units, as they should also be part of this exercise.

Job profiling and competencies must not become an end in themselves. They are only effective as part of a linked set of Personnel Unit and organisational processes, and should be managed as such. Job profiles should reflect organisational priorities and performance targets (this is achieved through careful specification of accountabilities and key result areas). It is also essential to have an effective performance management process for assessing what has actually been achieved, giving employees feedback and addressing shortcomings in performance.

Box 5.1. Job profiling as a tool for enhancing the procurement profession

Job profiling is a way of combining a statement about what is expected from a job with a view of what the job holder must bring in terms of skills, experience, behaviour and other attributes needed to do the job well. Whereas traditional job descriptions tend to be treated as stand-alone items, job profiles lend themselves to integration with other elements of human resource management and with broader organisational and management imperatives.

Job profiling should not be seen as a stand-alone tool. By stating the accountabilities and key result areas for the job, a job profile provides the basis for setting performance objectives and determining how performance outcomes should be measured. Job profiles also provide a basis for analysing what skills, behaviours and other attributes are required to do a job effectively and this can be expressed in terms of competencies. It is important, however, to make links among these key aspects of human resource management (HRM).

Job profiles can also contribute to other aspects of human resource management. For example:

- Job profiles, particularly when used in conjunction with competency frameworks, can provide support for assessing employee development and training needs, designing development and training programmes and targeting the training budget.
- They can be used as part of career management and succession planning, used to map out possible career paths and provide employees with a clear view of the requirements for different jobs.
- They can be used to assist workforce planning, enabling the organisation to form a view of changing skill needs.
- If an organisation develops a set of generic job profiles, these can support mobility and flexibility in staffing, particularly if they are available online with tools that make them easy for managers to use.
- Job profiles can link to performance management by setting out the key results expected of jobs and by helping employees to see what competencies are required to perform well. Conversely, information developed in the context of implementing a performance management system can also be useful in developing job profiles.

Source: OECD (2008), “Note on Job Profiling”, internal working document.

Systematic and comprehensive training in procurement is lacking and procurement officials are not certified

Formal and on-the-job training programmes should be available for entry-level as well as more experienced procurement officials, to ensure that officials involved in public procurement have the necessary skills and knowledge to carry out their responsibilities and keep abreast of evolutions (OECD, 2009). Although there are public employees with significant experience, training is sometimes provided by external agents, disregarding accumulated internal knowledge. As some employees of IMSS are highly experienced and understand the organisation, it may be appropriate to establish the figure of internal instructors. Furthermore, training on topics such as procurement regulations and process is reported as being more theory-oriented, with limited practical element.

While no significant formal knowledge development initiatives were in place in IMSS in the past, there is evidence of recent efforts to train procurement officials. For example, the National Institute for Public Administration (*Instituto Nacional de Administración Pública* – INAP) has agreed to deliver specialised training on public procurement.¹ Nonetheless, employees have not yet received systematic basic training, as INAP training is only available to middle managers and not to operational staff. The underlying intent is that the middle managers will convey the acquired knowledge to operational staff, but this does not appear to be taking place. Furthermore, the training is focus on how to implement the Law of Acquisitions and on measures against corruption. It is largely theory-based; it needs to be more practical. Finally, the officials attending the specialisation in INAP do not receive a proper certification. This training is a standalone course which is not part of a strategy for providing comprehensive training in a systematic manner.

Procurement employees in the local entities and UMAEs lack systematic training, and need to increase their knowledge on how to conduct procurement and on the use of Compranet. According to interviews, audits carried out by the internal control organs represent a significant learning vehicle for the procurement staff of local entities and UMAEs. In general, however, salaries are not high enough to attract sufficiently talented people to work on procurement in these decentralised units.

IMSS could take several actions with regard to the above issues. First of all, training should be seen as an important element to improve and develop new capabilities and skills in procurement, prepare public servants for positions at higher levels of responsibility and certify their capabilities. In order to make a better use of training facilities, IMSS could develop a broad framework for providing training in procurement – but it is important that training is established by line managers together with employees. This would foster accountability for managers to ensure career development for their employees. The objectives of all learning activities (workshops, courses, etc.) should be based on the development of specific competencies required for the procurement function. IMSS should take advantage of Mexico’s progress in e-learning to reinforce training. The use of new technologies for training, like the @Campus Mexico portal, is a good way of encouraging participants from the headquarters and local entities to take part in training courses, reducing costs, and monitoring training delivery. The portal @Campus México is a long distance learning tool that has an inventory of 126 courses offered by universities and private entities. However, it is important that classroom-based training is not neglected, and it is necessary to ensure that it is based on the most modern adult-learning methodologies. Traditional courses should be complemented by a variety of other methods of learning, such as developmental assignments, coaching, mentoring, knowledge sharing and team-based learning. IMSS could also consider introducing workplace-based activities such as on-the-job training, by hiring an internal instructor, as well as secondments.

Chile provides a good example on how procurement officials can be trained and certified (Box 5.2). This can set the basis for the development of the procurement profession in IMSS.

Box 5.2. Training and certification in Chile’s acquisition workforce

The Chilean acquisition workforce is composed of 13 000 officials scattered throughout the territory. They need ongoing training which is delivered as follows:

- The first level corresponds to a basic mandatory training designed for new procurement officials. It includes an induction in public procurement regulation and to the use of IT procurement systems. This training is provided via e-learning;
- The second level includes workshops covering primary topics such as calls for tenders, non-competitive procurement, framework agreements, and contract management. There is a high demand to participate in this workshop as it helps participants prepare for the certification test;
- The certification test is mandatory for every civil servant with a login and password in the procurement system. This certification evaluates basic knowledge and skills. Contracting officials must re-certify every two years. Contracting officials cannot procure without having proper clearance through this certification process; and
- The third level corresponds to advanced training courses, which involve more complex topics and target specific audiences. This level has a smaller scope than the previous ones.

Source: Information provided by ChileCompra.

Training courses, either in INAP or in-house training, should provide advanced tools and techniques which will deliver improved business results. Some of the topics that could be included in a typical course are: procurement financial impact and metrics; supplier financial analysis; total cost of ownership; supply and value chain analysis; supplier relationship management; risk management; internal customer/stakeholder management; and low cost country sourcing. This training could help officials understand how procurement can impact the businesses’ core financial metrics. It could also assist officials in analysing supply and value chains, in identifying opportunities for cost out/value improvement, and in applying a range of tools and techniques to proactively manage the internal stakeholders. Courses should be interactive using category-based exercises and simulations.

Similar to the Professional Career Service of the central public administration, IMSS could require procurement officials to certify their capabilities in a periodic manner through systematic training. Certification programmes, established in co-operation with relevant stakeholders such as institutes or universities, help ensure that both programme managers and contractors have an appropriate level of training and experience. Certification could be done via external actors like INAP and the Ministry of Public Administration. In order to obtain certification, applicants should also pledge to a code of conduct and ethics. As Box 5.3 shows, IMSS could draw lessons from some national and international experiences. Finally, formally certifying procurement officials would be a way to provide career opportunities for staff and facilitate the professionalisation of the procurement function.

Box 5.3. Certification of capabilities for procurement

Canada: The Professional Development and Certification Program aims to help professionals in the Procurement, Material Management and Real Property Community to acquire the skills, knowledge, abilities, and training necessary for their functions. There are two components to the programme:

- **Professional Development:** This consists of the Core Competency Profile and Web-based Assessment Tool, and the programme curriculum of courses and other learning activities to build core competency and function specific knowledge and skills. The Core Competency Profile outlines the four competency clusters and the 22 competencies and their behavioural indicator statements by three increasing levels of proficiency.
- **Certification:** This includes the Standard for Competencies, the Certification Program Manual, and the Certification Application and Maintenance Handbook. The CGSB Standard for Competencies of the Federal Government Procurement, Material Management and Real Property Community builds upon the competencies and behaviours of the Core Competency Profile and defines the knowledge, training, and experience required by the Community for certification.

Mexico: The Federal Electricity Commission (Comisión Federal de Electricidad – CFE in Spanish) certifies its “buyer agents” (agente comprador). Agent buyers receive training in areas such as buying and free trade agreements Mexico has signed. Two exams must be approved with at least 80% of credits to obtain a clave (or key) to qualify as a certified buyer agent.

United Kingdom: The Government Procurement Service (GPS) has defined a strategy, Build the Procurement Profession in Government. Although GPS does not certify procurement professionals, it intends to build a “community of procurement professionals” distinguished by core competencies that include: an understanding of commercial drivers such as profits, margins, shareholders, cost models, total costs of acquisitions and whole-life costs, together with knowledge and understanding of procurement and contract law. Procurement professionals are encouraged to maintain their professional development on a continuous basis. Being a GPS member helps raise the profile of procurement as a profession, and presents it as an attractive career option; contributes to increase capacity in the profession via entry schemes, creates skills frameworks to help raise standards; and supports the development of skills and capability.

United States: The American Purchasing Society (APS) is a professional association of buyers and purchasing managers. It was the first organisation to establish a nationally-recognised certification for buyers and purchasing professionals. APS offers three different certification programmes: *i)* the Certified Purchasing Professional Program directed at professionals who have demonstrated the skills to successfully implement improved purchasing and supply chain practices as part of a business solution in an organisation; *ii)* the Certified Professional Purchasing Manager programme aimed at those in managerial positions and who have managerial experience; and *iii)* the Certified Professional Purchasing Consultant programme aimed at Certified Purchasing Professionals who either consult or teach purchasing to people outside their own employer.

Sources: American Purchasing Society website www.american-purchasing.com, accessed 28 December 2011; Government Procurement Service (2009), “Building the Procurement Profession in Government”; OECD (2012), *Public Servants as Partners for Growth – Strengthening a leaner and more equitable government*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264166707-en>.

There is a lack of performance management which means that improvements at individual, unit and organisational levels cannot be assessed

Employee performance is not measured or systematically managed in IMSS. This is reflected in the lack of strategic vision for the procurement activity and IMSS as a whole. Employees do not have clear goals and it is difficult to assess the impact of training delivered. There are no performance indicators. Officials and senior executives do not receive performance feedback on a regular basis and there is no evidence of training courses for managers on how to manage employees' performance. This is not a problem exclusive to the procurement area, but for the whole Institute.

IMSS may consider bridging this gap by focusing on performance at organisational, unit and individual levels. Adopting staff performance management frameworks focused on key results aligned with the organisational priorities and performance targets would allow the procurement function to be oriented towards long-term objectives rather than daily needs. It would also assist in identifying the competencies required to perform well. To reach full benefit, it is essential that this system is not only used to assess performance results, but also that regular feedback is provided to employees and actions are taken to address shortcomings. The aim should be to enable operational managers to work with their staff to align their individual needs, interests and career aspirations with the business needs of IMSS. The focus should be on the future, on what the employee needs to be able to do, and how he/she can do things better. The experience of OECD member countries suggests that effective performance management recognises good work performance and addresses poor performance. It identifies staff training or development needs, and addresses other barriers to good performance.

Based on the experience of OECD member countries like Denmark, France, Portugal, and the United Kingdom, IMSS could develop a performance management system. This is a systematic process by which an organisation involves its employees, as members of a group, to improve organisational effectiveness in the accomplishment of agency mission and goals. It should include:

- planning work and setting expectations;
- continually monitoring and appraising performance;
- developing the capacity to perform;
- periodically rating performance in an adapted fashion; and
- rewarding good performance.

Aligning the procurement function of IMSS – and in general the strategic objectives of the organisation – with the Special Management Improvement Programme (*Programa Especial de Mejora de la Gestión* – PEMG) would be an additional strategic move towards building a performance management strategy. The PEMG has three main objectives:

1. to maximise the quality of goods and services delivered by the federal public administration;
2. to increase institutional effectiveness; and
3. to minimise the operation and administration costs of dependencies and entities.

A performance management system would foster:

- strategic workforce planning in procurement not only in terms of numbers but also costs and competencies;

- assessing teams and individuals' contribution to organisational objectives and detecting improvement opportunities; and
- accountability and efficiency in workforce management. IMSS could also develop one or two performance indicators to track and assess performance (Annex 5.A3 for an example). Managers should be trained on how to conduct appraisals, provide feedback and manage people's performance.

Procurement managers possess high-quality technical knowledge, but lack strategic vision and managerial skills

There is evidence of high profile leadership at the senior management positions in the procurement area. However, there is no evidence of a strong common vision, direction or nurturing of team spirit across the unit. The culture of teamwork and personal development, which should be enhanced by managers, is practically non-existent in IMSS. Procurement managers do not necessarily require direct experience in procurement to be able to lead a procurement team, but they need to understand what it is involved in procurement. In IMSS, like in any other organisation, procurement managers should not be expected to be involved hands-on in sourcing, but they should provide direction to their staff, stakeholders and suppliers. They should create a vision so that everyone knows what a “good” result looks like and where they are heading.

IMSS procurement managers need to develop or reinforce competencies such as:

- team-building skills (leadership, decision making, influencing and compromising);
- strategic planning (project scoping, goal setting and execution);
- communication skills (presentation, public speaking, listening and writing);
- technical skills (web-enabled research and sourcing analysis); and
- broader financial skills (cost-accounting and making the business case).

Hence, certifying professional procurement managers would be a way to ensure that these skills are at the disposition of IMSS.

Management positions in IMSS are not open to competition. Rather, managers are appointed at the discretion of senior officials and they generally change when a new government takes over, which is a common practice in Mexican public administration. Although this procedure has allowed some flexibility in bringing in people with experience, it prevents continuity and acquiring the right managerial skills. IMSS could open up to competition managerial positions such as heads of division and technical co-ordinators. This would promote a message about fairness and merit, and would also open up the possibilities for people with significant experience in procurement to move up in the hierarchical structure. However, officials should not be promoted to managerial positions solely based on their expertise on procurement; their managerial skills should be considered as well. They could also be offered fixed-term contracts with the chance of renewal based on performance. The aim should be to attract the best and the brightest – irrespective of whether they come from the private or public sector – and to bring in people with skills sets that normally do not exist in IMSS. In order to build a common vision for procurement in the organisation, IMSS could analyse Finland's experience in their programme, *Finwin – Towards a New Leadership*. IMSS could organise a similar programme for managers on the future of the organisation and the role of procurement (Box 5.4).

Box 5.4. Finland: the Finwin Programme

In December 2006, the Ministerial Committee for Economic Policy of Finland established the change management programme called Finwin – Towards a New Leadership. The aim of the programme was to bring about a shared understanding and vision concerning future challenges and ways of managing them. Finwin facilitated horizontal dialogue among senior managers from different ministries and agencies through seminars for discussion. Its intention was to facilitate change by disseminating information and exchanging positive and negative lessons on reform programmes in different areas and levels of government. The programme was organised around seminars which served as forums for discussion on topics like well-being at work, social innovations, functions of the state sector and regional administration reform. There were also other working methods such as learning cafés and workshops that complemented the discussions held at the seminars. Managers had the opportunity to discuss a common vision of where they were going, what they wanted from the future, where they would be in ten years, and the desired level of quality to operate. One of the concrete results of Finwin was the elaboration of a five-point programme for better management.

Source: Huerta Melchor, O. (2008), “Managing Change in OECD Governments: An Introductory Framework”, *OECD Working Papers on Public Governance*, No. 12, OECD Publishing, Paris, <http://dx.doi.org/10.1787/227141782188>.

The procurement areas in central offices require proper facilities to work

The procurement team lacks proper facilities to perform its job, which contributes to stress and demoralisation. The premises are insufficient to accommodate staff and to store all documentation required to keep in printed copy according to the law. Moreover, 90% of the providers present their proposals in paper copy, partly due to the slow speed of operation of Compranet and of the internet system of IMSS. There are also insufficient facilities in which to conduct meetings with providers and stakeholders. Finally, the infrastructure is in poor condition and presents a threat to the security of staff.

Proposals for action

In order to enhance the capacity for procurement in IMSS, the experience of OECD countries suggests:

1. Engaging in strategic workforce planning to address identified gaps (workforce level and distribution, capabilities and training, efficiencies, facilities). This will strengthen the procurement area’s capacity to play a strategic role in the organisation and meet its current and future needs.
2. Providing a more relevant and strategic role to the Personnel Unit. It could, for example, be entrusted with the recruitment and selection processes in order to enhance credibility and sophistication. Outsourcing some recruitment activities to external firms when internal capabilities or resources are insufficient or to increase the integrity of the process is also advisable.
3. Improving competency framework and job profiling for procurement practitioners and leaders, and using it to assess the skills needed to perform and the training gaps. This would set the basis for developing the procurement profession in IMSS.

4. Based on these frameworks, providing more systematic training to all members of the procurement function, initially focusing on the most critical training gaps. Available infrastructure for long-distance learning could be used to support regional units.
5. Certifying procurement officials to reduce turnover, providing career opportunities and facilitating the professionalisation of the procurement profession.
6. Setting performance objectives and implementing staff performance management frameworks in all aspects of human resource management (job profiling, recruitment, ongoing evaluation, etc.) in order to better orient the procurement function towards the long-term objectives and priorities of the organisation.
7. Opening up for competition vacant managerial positions, which will promote fairness and merit and open the possibilities for people with significant experience in procurement to move up in the hierarchical structure.
8. Enhancing co-operation and communication with de-concentrated administrative units so as to build capacity for procurement through sharing good practices for procurement and the management and training of staff.
9. Providing adequate working environments to members of staff.

Note

1. See www.inap.org.mx for further information on the training provided by INAP.

Annex 5.A1

Skills framework for procurement professionals in IMSS – an example

Skills	Procurement Management Roles		
	Procurement Officer	Senior Procurement Officer	Procurement Manager (Heads of Procurement in local entities and UMAEs)
<p>Strategic awareness</p> <ul style="list-style-type: none"> • An awareness of the market place, commodities and products <ul style="list-style-type: none"> - Spend category and sector awareness - Knowledge of commodities and services commonly purchased - Awareness of emerging technology • Awareness of procurement strategy 	<p>Limited strategic awareness.</p> <p>Awareness of markets as a source of supply, but not detailed market/product knowledge, with limited commercial focus.</p> <p>Involvement in supporting or administrative capacity only, under close supervision.</p>	<p>Awareness of strategic issues.</p> <p>Able to identify circumstances where value and risk require a particular approach to be taken.</p> <p>Knowledge of markets and products, with ability to apply basic procurement processes in search of best value for money.</p> <p>Some commercial focus, with enough experience of strategic procurement to know when to seek advice.</p>	<p>Head of Procurement (Head of CABCs)</p> <p>Knowledge and some experience of developing corporate procurement strategy.</p> <p>Able to identify appropriate procurement strategies and approaches and recommends preferred option.</p> <p>Experience of supplier management and principles of supplier development.</p> <p>Commercially aware and credible internally and externally.</p> <p>Experience and knowledge of specific markets, with the ability to exploit them through application of well-developed procurement skills.</p> <p>Experience of working on strategic projects as part of cross-functional teams.</p>
			<p>Expert in procurement strategy and leads development.</p> <p>Skilled and experienced in market exploitation.</p> <p>Able to identify appropriate tactics dependent on supplier position in the market.</p> <p>Through knowledge and skills is able to play a leading role in cross-functional teams managing strategic procurements.</p> <p>Able to manage all aspects of projects from business case through to delivery.</p> <p>Able to identify and implement appropriate procurement strategies and approaches.</p> <p>Actively manages and develops relationships with key suppliers.</p>

Procurement Management Roles				
Skills	Procurement Officer	Senior Procurement Officer	Procurement Manager (Heads of Procurement in local entities and UMAEs)	Head of Procurement (Head of CABCS)
Managing the procurement process				
<ul style="list-style-type: none"> • Procurement cycle • Roles and responsibilities supplier databases • Low value procurement <ul style="list-style-type: none"> - Requests for quotations - Framework agreements - Procurement cards • Projects <ul style="list-style-type: none"> - Risk-based approach - Roles and responsibilities - Critical success factors - Identifying need - Business case/option appraisal - Scoping - Market sounding - Procurement approach - Procurement rules 	<p>Limited awareness of procurement processes.</p> <p>Involvement in supporting/ administrative capacity, in line with pre-determined rules and under close supervision.</p>	<p>Understands and is able to apply basic procurement processes to routine procurement situations. Some experience of negotiation, but requires support.</p> <p>Experienced enough to know when to seek help or advice.</p> <p>Some commercial focus, with enough experience to know when to seek advice.</p>	<p>Knowledgeable about and comfortable with all aspects of procurement processes.</p> <p>Able to provide advice on all types of specifications, and to take the lead on procurement aspects as part of a cross-functional team.</p> <p>Experience in negotiating high value contracts, commending credibility and respect internally and externally.</p> <p>Commercially aware and credible internally and externally.</p>	<p>Expert in all aspects of procurement processes, through experience and applied knowledge.</p> <p>Able to apply judgement to determine how best to apply processes to secure best value in any particular set of circumstances.</p> <p>Able to direct and coach others, able to commend credibility internally and externally.</p>

Annex 5.A2

Examples of job profile outlines

Example 1

Job Title	
Purpose of the Post	•
Scope of the post	
Principal Duties and Responsibilities	•
Skills and Knowledge	•
Experience	•
Personal Attributes	•

Example 2

Job Title

<p>POSITION DESCRIPTION and COMPETENCIES</p> <p>OVERALL PURPOSE OF THE POSITION:</p> <p>KEY Relationships:</p> <p>INTERNAL</p> <p>EXTERNAL</p>

ACCOUNTABILITIES AND TASKS	
Key result areas	Accountabilities/tasks
	•
	•
	•

<p>REQUIRED ATTRIBUTES:</p> <p>TECHNICAL KNOWLEDGE</p> <p>MANAGEMENT AND LEADERSHIP</p> <p>COMMUNICATION</p> <p>PERSONAL ATTRIBUTES AND ABILITIES</p>
--

JOB COMPETENCIES AND INDICATORS	
Job competency	Key behaviours/indicators (demonstrated by)
	•
	•

Annex 5.A3

The use of indicators to assess performance in the US office of personnel management

The US Office of Personnel Management (OPM) has adopted a series of performance indicators to report progress on the different strategic goals on managing the federal workforce. One of the priorities has been to streamline the hiring process. The aim is to ensure that federal agencies acquire, assess, and retain employees with the specific experience and skills necessary to achieve agencies' goals and missions. By using effective recruitment, hiring, assessment and retention strategies, OPM helps agencies compete successfully with other employers. Some indicators of progress include the following:

- Reduce the time to hire (T2H)-End-to-End 80 day model
- An increase in applicant/manager satisfaction as reported in surveys
- An increase in hiring manager involvement in the process
- Diversity is valued and recognised in Federal agencies, as demonstrated by improved employee and manager satisfaction scores as reported in employee surveys

Detailed performance results

- Strategic Goal: Hire the Best
- Strategy: Reform the Federal hiring process

Background: OPM's Federal Hiring Reform promotes innovative and co-ordinated approaches to recruiting and hiring students, mid-career professionals, and retirees to meet agency talent needs. The goal of the Hiring Reform Initiative is to create a hiring process that ensures the right person is in the right job, provide timely hiring of applicants, is easy to use and understand, involves hiring managers in the process, respects merit principles and respect veterans.

Activity: Improving USA JOBS and integrating other components of the online hiring system to create a world-class experience for job seekers and agency recruiters

Performance indicator: Federal agencies institute an effective hiring process as demonstrated by:

- A decrease in the end-to-end hiring time frame for job applicants
- An increase in applicant satisfaction as reported in surveys
- An increase in managers satisfaction as reported in surveys

Performance measure	FY2006 Results	FY2007 Results	FY2008 Results	FY2009 Results	FY2010 Results	FY2010 Target	Met/ Not Met
Percent of Chief Human Capital Officer (CHCO) agencies using the USAJOBS resume format and integrating online applications with their assessment	35%	78%	84%	36%	100%	100%	Met

FY 2010 Results:

OPM met the performance target. Prior to FY 2009, Chief Human Capital Officer (CHCO) agencies were given credit for achieving this performance measure solely by demonstrating the agency’s capability to use online resume builder. The Office of Management and Budget (OMB) identified new requirements for system integration and agencies must now post vacancies on USAJOBS. In concert with various Chief Human Capital Officers across government, OPM developed an End-to-End Hiring Roadmap that focused on reducing the time it takes to hire. It makes the application process easier and more readily understood by potential applicants. The significant progress that has been made in hiring has been in four areas: timeliness; plain language and streamlined announcements; communication with applicants; and involvement with hiring managers.

Activity: Streamlining the end-to-end hiring process to create a positive experience for applicants, managers, and HR specialists

Performance indicator: Federal agencies institute an effective hiring process as demonstrated by:

- A decrease in the end-to-end hiring time frame for job applicants
- An increase in applicant satisfaction as reported in surveys
- An increase in managers’ satisfaction as reported in surveys

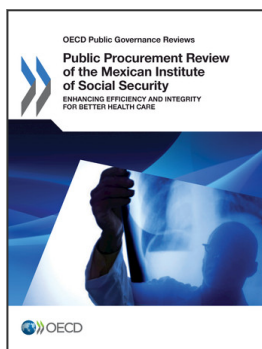
Performance measure	FY2006 Results	FY2007 Results	FY2008 Results	FY2009 Results	FY2010 Results	FY2010 Target	Met/ Not Met
Percent of hires in each agency hired within the 80-day time frame, as described in OPM’s hiring time frame model.	n/a	n/a	n/a	50%	*	15%	TBD

* The FY 2010 results are undetermined. Thus they will be reported in the FY 2011 APR.

Source: United States Office of Personnel Management (2011), “Fiscal Year 2010 Annual Performance Report”, United States Office of Personnel Management, www.opm.gov/gpra/opmgpra/performance_report2010.pdf, accessed 4 December 2012.

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From:
**Public Procurement Review of the Mexican
Institute of Social Security**
Enhancing Efficiency and Integrity for Better Health Care

Access the complete publication at:
<https://doi.org/10.1787/9789264197480-en>

Please cite this chapter as:

OECD (2013), "Enhancing procurement capability in IMSS", in *Public Procurement Review of the Mexican Institute of Social Security: Enhancing Efficiency and Integrity for Better Health Care*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264197480-8-en>

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