

Chapter 2. Strengthening the capabilities of IMSS procurement staff

Building the capability of the procurement workforce will help IMSS achieve its strategic objectives, enabling it to deliver cost-effective services to patients. This chapter explores how, by building on the work already done following the previous review, the implementation of a capability-building strategy can make a tangible difference to the effectiveness of front-line services. By learning from international best practice and implementing an attractive career path for procurement staff, IMSS will be more successful in attracting, retaining, developing and engaging its workforce.

The vision of IMSS is “to be the basic instrument of social security, established as a national public service, for workers and their families” (IMSS, 2016^[1]). To achieve this objective, IMSS must provide a diverse range of products and services to support patients, including medical supplies and equipment, medication, and the general goods and services required to operate a large number of medical centres and hospitals. To provide well-performing and cost-effective health services, IMSS must be able to rely on a sound procurement system, which is able to maximise the effectiveness of outsourced or purchased goods and services in order to deliver patient outcomes. However, to deliver on IMSS’s complex and technical procurement needs, and its more strategic objectives (Box 2.1), requires a skilled and competent workforce.

The demands on procurement professionals are constantly growing and diversifying, particularly as procurement is increasingly required to play a more strategic role and manage a range of complex issues. This is in addition to, as opposed to instead of, the fundamental procurement skills of developing tender documents, understanding market factors, and overseeing a fair and compliant process.

Box 2.1. The elements of strategic procurement

While efficiency and cost effectiveness are among the primary objectives of public procurement, governments are also increasingly using it to pursue additional secondary policy objectives. These refer to any of a variety of environmental and socio-economic objectives such as green growth, the development of small and medium-sized enterprises (see Chapter Eight), innovation or standards for responsible business conduct achieved through the use of public procurement. Governments increasingly use procurement as a policy lever to support such objectives, in addition to the primary objectives of public procurement: delivering the goods and services necessary to accomplish the government’s mission in a timely, economical and efficient manner.

Green public procurement is defined by the European Commission as “a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured.”

Innovative goods/services are those characterised by a new or significantly improved product or process. For an innovation to be considered as such, it needs to have been implemented, which is interpreted as having been introduced on the market (see Chapter Nine).

Source: (OECD, 2015^[2])

The OECD's experience in its work with many countries has shown that capability is a key pillar of a sound public procurement system (OECD, 2016^[3]). An efficient system includes:

1. procurement rules and procedures that are simple and clear, ensuring access to procurement opportunities
2. effective institutions to conduct procurement plans and procedures, and conclude, manage and monitor public contracts
3. appropriate electronic tools
4. suitable human resources, in numbers and skills, to plan and carry out procurement processes
5. competent contract management.

The 2015 OECD Recommendation of the Council on Public Procurement calls upon countries to develop a procurement workforce with the capacity to continually deliver value for money efficiently and effectively (OECD, 2015^[4])(Box 2.2).

This chapter looks at what IMSS has done so far to implement the capability-related recommendations made by the previous OECD review and makes suggestions for further steps that could be taken to develop a workforce that is well equipped to achieve IMSS's goals (OECD, 2013^[5]). The chapter outlines a path for developing and implementing a capability strategy that will not only build the skills required to deliver cost-effective and strategic procurement, but also develop a more engaged workforce.

Box 2.2. The OECD Recommendation on Public Procurement – principle on capacity

IX. RECOMMENDS that Adherents develop a procurement workforce with the capacity to continually deliver value for money efficiently and effectively.

To this end, Adherents should:

- i) Ensure that procurement officials meet high professional standards for knowledge, practical implementation and integrity by providing a dedicated and regularly updated set of tools, for example, sufficient staff in terms of numbers and skills, recognition of public procurement as a specific profession, certification and regular trainings, integrity standards for public procurement officials and the existence of a unit or team analysing public procurement information and monitoring the performance of the public procurement system.
- ii) Provide attractive, competitive and merit-based career options for procurement officials, through the provision of clear means of advancement, protection from political interference in the procurement process and the promotion of national and international good practices in career development to enhance the performance of the procurement workforce.
- iii) Promote collaborative approaches with knowledge centres such as universities, think tanks or policy centres to improve skills and competences of the procurement workforce. The expertise and pedagogical experience of knowledge centres should be enlisted as a valuable means of expanding procurement knowledge and upholding a two-way channel between theory and practice, capable of boosting application of innovation to public procurement systems.

Source: (OECD, 2015^[4])

Professionalising the IMSS procurement workforce is worth the investment

To reinforce its organisational structure and address systemic weaknesses, IMSS should consider resuming its efforts to develop a sustained, long-term procurement professionalisation programme

The previous OECD review had recommended that, to enhance the capability of procurement in IMSS, the central procurement unit should engage in strategic workforce planning in a way that addresses gaps and disseminates the institute's vision to develop a common understanding across its procurement functions (OECD, 2013^[5]).

At the time of the previous review, IMSS had just transitioned from a decentralised to a centre-led model, which allowed the central procurement unit to administer more than half of the total value of all IMSS contracts, as well as establishing procurement policies and procedures for decentralised units (the Highly Specialised Medical Units – *Unidades Médicas de Alta Especialidad* or UMAEs – and regional offices, known as delegations). The transition was an opportunity to leverage the centre-led model to improve the strategic management of the IMSS workforce so as to increase procurement capability, efficiency and workforce engagement and satisfaction.

Following the OECD review, IMSS initiated a programme of work, “Strengthen the Institutional Vision and Strategically Position the Purchasing Function”, to implement the recommendations. The programme included the development and rollout of a procurement strategy, and a professionalisation and accreditation action plan.

The programme made some progress, delivering several concrete actions. For example, an awareness campaign was launched for staff, entitled “*Tú Vales Mil*” (“You are worth a thousand”) featuring posters and notices which highlighted the importance of the work of IMSS’s procurement staff. This was reinforced through the delivery of an induction course, attended by 1 800 IMSS procurement staff (around 59% of the 3 030 IMSS staff who carry out purchasing functions nationally). It was run by in-house instructors, who ensured that participants were made aware of the overall IMSS strategic direction and procurement’s supporting role. The programme was estimated to cost MXN 4 million (EUR 193 700¹) to implement.

However, before fully implementing the recommendations of the previous review, IMSS undertook an analysis of the anticipated cost of rolling out a broad professionalisation programme. For example, one tranche of the action plan was to “Implement a System of Professionalization and Certification of Purchasing Personnel: Recruitment, Selection, Training, Evaluation of Performance, Promotion”, which was broken into sub-actions and was expected to cost MXN 33.2 million (approximately EUR 1.6 million). This tranche was due to take place between April 2012 and August 2013, and to include the following components:

- working with the Ministry of Public Administration (*Secretaría de la Función Pública*, SFP) to design a buyer certification model
- providing courses and workshops to 2 280 workers on issues such as combating collusion or the public procurement law on goods, leases and services of the public sector
- strengthening managerial skills and abilities
- running a training programme on specialisation in public procurement for 600 buyers
- designing, developing and implementing a programme that identified gaps in staff skills and knowledge, and delivered targeted training to close those gaps.

However, a change in leadership and an increased focus on cost reduction meant that delivery of the action plan was halted. This was despite the initial investment to establish a plan and build the foundations of a capability strategy and action plan (see below). While the cost assessment provided IMSS with a greater understanding of the extent of investment necessary to implement the professionalisation programme, it could have been complemented by an assessment of the likely benefits deriving from such an effort.

Indeed, investing in building the capability of the public procurement workforce has been found in a variety of contexts to bring both direct and indirect benefits. According to the literature, investing in capability-building programmes provides substantial returns on investment, such as increased savings, as well as longer-term advantages. In the field of health care in the United States, one study found that investing in building the capability of procurement staff to implement improved procurement processes translated into a return on investment of 177%, meaning that for every one dollar invested, 1.77 dollars would be returned (McLinden et al., 2010^[6]). Focusing on the impact of professionalisation of the procurement workforce, another study found it led to the direct

ability to achieve greater cost savings and an overall maturity in category management, strategic sourcing and supplier relationship management (KPMG, 2012^[7]).

Besides direct benefits, implementing a comprehensive and attractive professionalisation programme could help IMSS address a systemic weakness already identified in the previous review, which is a high rate of staff turnover. At an average of 31% per year, turnover for IMSS procurement staff continues to be high, particularly when compared to the average turnover across the rest of the organisation (11.5%), as demonstrated in Table 2.1.

Table 2.1. Turnover rate at IMSS, 2015-2016

	Average	Employees	Management
IMSS staff total	11.50%	11.34%	23.14%
IMSS procurement staff	31.66%	26.60%	38.66%

Source: Data provided by IMSS

Studies by leading research organisations in this field show that providing development and career advancement opportunities, and ensuring employees are able to connect with the organisation's strategy and goals, are among the key drivers of employee satisfaction, engagement and retention (Milich, 2014^[8]; Young, 2014^[9]). There is also a strong correlation between employee engagement and high organisational productivity and performance (Rayton et al., 2012^[10]). The challenges of engaging and retaining staff can be exacerbated within a centre-led environment. Ensuring that employees remain focused and connected to the organisation becomes more difficult without senior management being able to regularly deliver messages to their teams in face-to-face meetings.

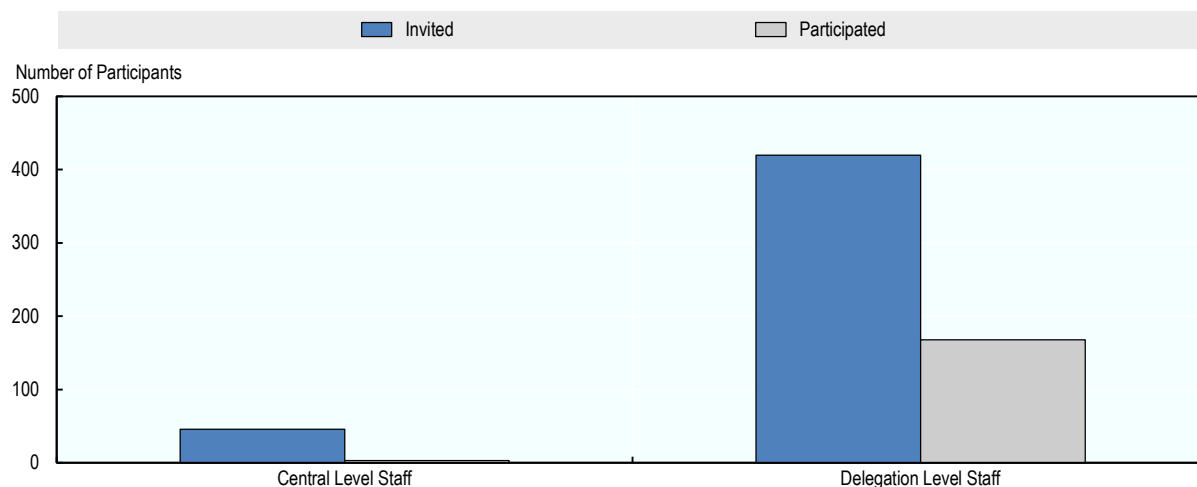
A high rate of turnover is costly, requiring extra expenditure on recruitment and training, and implying a loss of productivity and effectiveness. Research estimates that the cost of directly replacing an employee can be as high as 50 to 60% of their annual salary, and total associated costs of turnover can rise to 90 to 200% (Mitchell et al., 2001^[11]). Given that the rate of employee turnover among procurement staff at IMSS is currently 31%, which is significantly higher than the average across the organisation (11.5%), ongoing investment in a capability strategy that can increase engagement and reduce employee turnover should lift individual and organisational performance across IMSS and ultimately result in a more efficient organisation.

However, to ensure that investment in capability-building programmes delivers tangible and lasting benefits, focus needs to be maintained on continuously encouraging employees to develop skills by institutionalising learning. According to OECD research on developing skills to lift global productivity, it is imperative that employees are given access to flexible on-the-job training and education opportunities alongside work, in order to develop and adapt their skills (OECD, 2015^[12]).

The need for a well-communicated and sustained procurement capability development strategy is also emphasised by feedback received from IMSS employees who were undertaking skills assessments in 2014. IMSS identified a degree of resistance to the diagnostic exercises that they were carrying out (described later in the chapter), mainly through the low turnout of employees for the sessions. For example, of the 46 staff working at the central procurement unit who were invited, only 3 participated in the diagnostic sessions, and of the 420 staff in the delegations, only 168 participated (Figure 2.1). The reasons provided by staff pointed to a negative attitude towards the

evaluation process, including the project’s “lack of credibility” given “that there is no continuity in these types of programmes”.

Figure 2.1. Staff participation in IMSS capability diagnostic exercises, 2014



Source: Data provided by IMSS

In summary, investing in a comprehensive, far-reaching professionalisation programme could achieve tangible benefits that largely outweigh implementation costs. This programme should however be developed with a long-term perspective and not be perceived as an isolated initiative. To achieve this, IMSS needs to align the procurement capability development programme with the institution’s objectives.

Creating a capability-building strategy that is aligned with IMSS’s objectives

By effectively implementing a procurement capability development strategy, IMSS will be able to align human resources (HR) activity and staff performance with the institution’s objectives

In an economic environment where public spending is constrained while the demands on health services and costs of providing them are increasing, an effective centre-led procurement function could help IMSS to contain cost increases, improve specifications and unlock innovation. Elevating the central procurement unit (the Administration Unit) to a position where the procurement workforce can provide strategic support to the delivery of its business objectives would therefore enable IMSS to provide better public services for its customers.

Public procurement, conducted by individuals with the requisite skills and training, can be an enabler for lowering the cost and increasing the quality and impact of public service delivery. According to Deloitte’s Global Chief Procurement Officer Survey 2017, which surveyed 480 procurement leaders from 36 countries, procurement is playing an increasingly strategic role for organisations, and is using levers such as consolidating spend (40%), increasing competition (35%), specification improvement (28%), increasing levels of supplier collaboration (26%) and reducing total ownership costs (26%) in order to deliver value to their organisations. However, 60% of chief procurement officers recognised that their teams do not have all the skills required to

deliver their procurement strategy, and therefore struggle to fully take advantage of this opportunity (Deloitte, 2017^[13]).

An increasing number of countries are realising that the effectiveness and impact of strategic public procurement relies significantly on the skills and competencies of the procurement workforce. For example, the European Union has focussed on defining a framework for successful professionalisation programmes (Box 2.3).

Box 2.3. Draft European Commission recommendations on the professionalisation of public procurement

While developing recommendations for member states on how to approach the professionalisation of the workforce, the European Commission mapped out ten key areas, including compliance, training and systems. Taking a “Strategic approach to professionalisation” is the first of those areas.

Strategic approach to professionalisation

Develop and implement long-term professionalisation strategies, based on a strategy, an inclusive approach, improved data collection, a “needs assessment”, and efficient deployment.

- a) Adopt a strategy document describing the organisational approach and containing specific action plans.
- b) Define strategies and action plans based on inclusive processes at national and local level.
- c) Conduct thorough needs assessments based on better use of data sources.
- d) Ensure professionalisation initiatives are differentiated and tailored to recipients.
- e) Take into account developments in other Member States and at an international level.
- f) Leverage tools and networks at national, European and international level.

Source: (European Commission, 2017^[14])

A report by PricewaterhouseCooper’s Public Sector Research Centre also concludes that “addressing the various factors needed to create empowered institutions to deliver public services calls for a comprehensive approach to capability-building (PwC: Public Sector Research Centre, 2007^[15]). This means focusing on the following:

- Developing a clear strategy
- Ensuring commitment from leadership
- Organisational and process design
- Technology
- People and culture.”

Within a large and complex organisation like IMSS, the development of a long-term procurement capability strategy would build a greater connection between the institution’s overall objectives and the work done by the procurement workforce, and help to align all procurement-related HR activity.

This approach has been taken in a number of different contexts, including by the Mexican oil company, PEMEX (Box 2.4).

Box 2.4. Launching a professionalisation strategy for procurement at PEMEX

In reviewing public procurement practices at PEMEX, the OECD identified that in a challenging economic environment, the positioning of the procurement function in the organisation could create synergies with the business's strategic objectives. The decision taken by the PEMEX Board of Directors to conduct a review of the procurement function was made following an analysis of existing practices in 14 different oil companies worldwide. They took the view that by creating value, the procurement team at PEMEX could generate savings, quality and opportunity in goods, services and works acquired by PEMEX.

PEMEX is one of the main sources of business for the private sector in Mexico; it is thus critical that the company is endowed with the right number of procurement officials with a fit-for-purpose set of competencies and skills to fulfil the company's objectives. PEMEX recognises that the development of the strategic role of the procurement function will be a gradual process. In particular, PEMEX has identified three main challenges:

- completing the setup of the organisational structure and encouraging its efficient and transparent operation, with incremental added value
- developing the required competencies to adopt best practices in a timely and effective manner
- developing the personnel to facilitate the continuity of operations in key posts.

The strategy "Professionalising to Transform" (Profesionalizar para Transformar) is the first intensive effort by the Corporate Directorate for Procurement and Supply to establish a basic platform of standardised knowledge relative to the business practices that will advance the feasibility of the procurement business model, where the guiding criterion is value creation. As part of Professionalising to Transform, seven e-learning courses have been delivered to procurement staff that concentrated on the basic procurement concepts, methodologies, and strategies. These courses provide harmonised knowledge to incorporate good practices and standardise the procurement function.

Source: (OECD, 2017^[16])

IMSS has already begun to develop a strategic plan for procurement overall, as part of the improvement programme that followed the previous OECD review. This included a mission statement, vision and objectives which outline how the procurement function would support IMSS's strategic objectives (Table 2.2).

Table 2.2. Draft IMSS strategic plan for improving purchasing

Title	Statement
IMSS mission	To be the basic instrument of social security, established as a public service of a national character, for workers and their families (rightful residence).
IMSS procurement vision	To be a strategic function, with personnel specialised in the subject matter, that guarantees supply at a national level, under the standards of efficiency, impartiality, transparency and regulations.
IMSS procurement mission statement	To meet the demands of the requesting areas of IMSS, through the acquisition and supply of products and services, adhering to the principles of efficiency, honesty, effectiveness and value, as well as the applicable regulatory framework, contributing to the fulfilment of the institution's strategic objectives.
IMSS procurement strategic objectives	Contribute to the achievement of IMSS's strategic objectives by satisfying the demand for goods and services in the best conditions (opportunity, quality, price) with a modern, efficient, and transparent regulatory process. Procurement adopts best practices, methodologies and systems related to supply chain in order to offer users products and services of the highest quality, standard of delivery, price, in accordance with the current legislation and regulations. It has a highly motivated, professional and certified purchasing workforce and organizational infrastructure that regulates and operates the supply process efficiently, transparently and effectively, constantly seeking to maximize the benefits of the entire value chain, with a broad sense of social responsibility that ensures that IMSS is a sustainable institution.

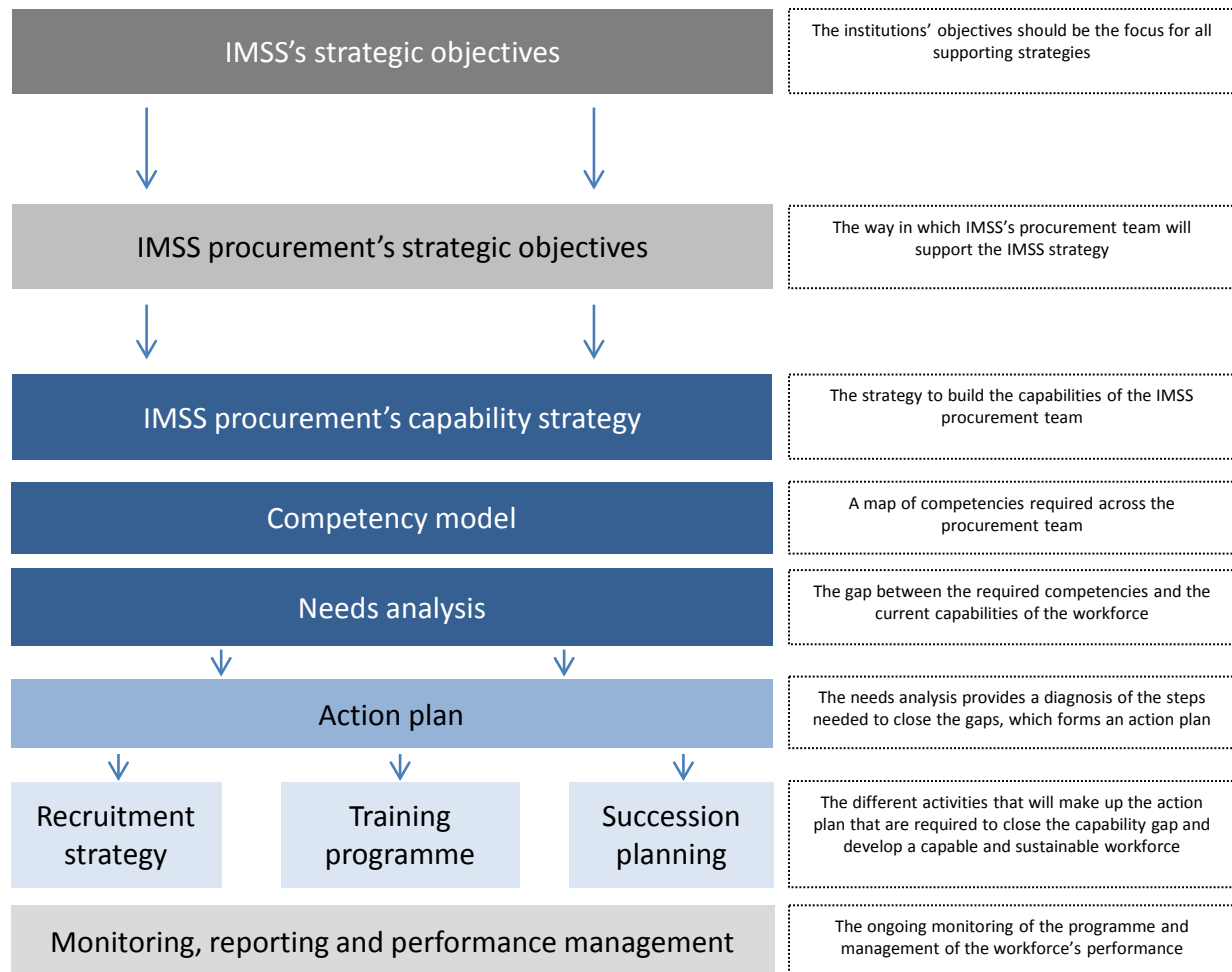
Source: Information provided by IMSS

This includes many of the key aspects that one would expect to be included in a mission and vision statement. However, the strategic objectives section would need to be refined if targets are to be quantifiable and measurable. Similarly, the measurable benefits that the capability strategy could deliver should be clearly defined. The lack of these elements makes monitoring and measurement of progress very difficult, while the failure to advertise the tangible benefits may explain the reticence to invest in the programme.

While this is a notable first attempt to develop a procurement capability-building strategy, it now needs to be complemented by several additional actions to ensure its effective implementation. Provided that IMSS wishes to continue with this approach, its next step is to translate the above statements into a plan. This plan should ensure alignment between the organisation's overall objectives (listed in the table) and the strategies put in place to develop the workforce to deliver them (Figure 2.2).

Figure 2.2 illustrates how the organisation's objectives should serve as a point of reference with which the capability strategy should be aligned. The capability strategy should lead to a series of activities required to implement it:

- a competency model that maps out the skills required of the procurement workforce in order to deliver the strategy
- a needs analysis to identify the largest gaps between the capabilities of the workforce and those required by the competency model
- an action plan which identifies the steps required to close the capability gaps in a sustainable way – this would include recruitment, training and succession planning
- ongoing performance management of the workforce and notably the achievement of its objectives.

Figure 2.2. The linkages between IMSS’s strategic objectives and capability strategy

By ensuring that each of these steps is aligned to each other and the overall IMSS strategy, the central procurement unit can ensure greater coherence in achieving IMSS's institutional objectives, even with a dispersed procurement workforce.

Developing a competency model that reflects the diversity of procurement's role

To ensure that the procurement workforce can demonstrate the diverse skills required to execute the IMSS strategy, a comprehensive competency model could be developed which reflects the strategic role of procurement and defines a career path through the organisation

Competencies can be described as “the skills, knowledge and behaviours that lead to successful performance” (Civil Service and The Rt Hon Lord Maude of Horsham, 2012^[17]). The previous OECD review already highlighted the need to develop a performance management system, including a competency model, in order to improve organisational effectiveness and help to connect employees to the agency's mission and goals (OECD, 2013^[5]). In 2014, IMSS undertook work to establish competencies for its procurement function. The 19 competencies were grouped into four categories, and are outlined below:

- Directive competencies: administrative process; decision making; negotiation; effective communication; leadership.
- Competencies of action and teamwork: results-focused; initiative; tenacity; innovation; collaborative working.
- Competencies of personal effectiveness: stress management; self-awareness; self-control; emotional intelligence; flexibility.
- Technical competencies: contract planning; contracting; contract administration.

The technical competencies listed above are expanded in Table 2.3. However, while they include important activities within the procurement lifecycle, they do not reflect the strategic nature of procurement activities. For example, there are no references to activities related to managing relationships with suppliers, or working closely with medical professionals on technical specifications. Neither is there an indication to staff of the skills, knowledge or behaviours required to carry out these activities, or how they should be applied in their daily work.

Table 2.3. IMSS's technical competencies for procurement

Planning	Procurement	Contract management
Identify needs and stocks	Conduct market research	Determine and dictate early termination and / or suspension
Estimate prices	Select procurement methods and carry out the procedure	Determine termination of contracts
Integrate and generate the demand needs analysis	Award contracts	Prepare settlements and cancel guarantees

Source: Information provided by IMSS

Given that progress in implementing many initiatives stemming from the OECD review has waned, despite the initial work in this area, there is currently no agreed set of procurement-specific competencies or a recognised job profile for the vast majority of employees within the IMSS procurement workforce.

Some work has been done at the federal level in Mexico to establish core competency skills and develop certification for procurement professionals. The “Executive Action to Prevent Corruption and Avoid Conflicts of Interest” organised training and certification of public servants involved in public procurement in order to ensure their honesty and to establish a base-level of performance (Secretaría de la Función Pública, 2015^[18]). However, it is unclear how the skills included in that certification programme or the competencies related to honesty and performance are factored into IMSS's work on competencies.

Interviews carried out during the field mission stressed the need for general training to build skills such as the use of Microsoft Excel and proficiency in writing. While commonly required for many different positions, the absence of these skills could hinder the development of a workforce geared towards strategic procurement. Indeed, proficiency in writing is instrumental in developing or reviewing technical specifications and ensuring their clarity. These skills have not been identified in the competency model. If they were included, recruitment and training processes could target skills in this area.

The content of a fully developed competency model ideally includes: categories or clusters of competencies (i.e. a group to which homogeneous and/or similar competencies belong); the competencies that make up each cluster; a definition of each competency;

and several behavioural indicators of each competency (i.e. behavioural examples that an individual should demonstrate if they possess that competency) (Draganidis and Mentzas, 2006^[19]). Furthermore, the competency model can be divided into tiers so as to demonstrate the standards expected at each level of the organisation (see Box 2.5 for a UK example). This will also serve to enhance the level of professionalisation at IMSS by demonstrating the standards expected of individuals undertaking procurement even at the lowest levels of the organisation. Demonstrating that staff are being given opportunities to develop and progress is also likely to reduce employee turnover.

A tiered competency model could set the standard for employees throughout the IMSS procurement workforce, with training programmes, job profiles, performance management and recruitment processes all aligned to these standards, and to the overall IMSS mission. If developed effectively, a competency model will outline the behaviours that are (and are not) expected of IMSS staff (Box 2.5), and will demonstrate that staff throughout the organisation have the opportunity to progress, providing a “line of sight” to senior roles within the organisation.

One additional area that can be clarified through the competency model relates to the technical skills and knowledge required of procurement practitioners. Discussions during the fact-finding mission highlighted the importance of the role of clinicians in developing specifications for tenders and in evaluating tender responses. This makes IMSS heavily reliant on clinicians and other individuals with technical knowledge to conduct many of the critical steps during the procurement process. However, medical professionals do not typically have a full understanding of the procurement cycle or an appreciation of how procurement activities should be delivered, and so a partnership with procurement professionals is required to deliver the best outcomes. This means identifying a number of individuals with the ability to develop high levels of technical proficiency, who can also communicate with authority when dealing with clinicians. This may involve developing a specialist role for procurement professionals who are capable of delivering complex medical procurement projects. It may also mean building into the IMSS competency model a requirement for certain procurement professionals to develop a sufficient level of technical knowledge to be able to review and validate the work of clinicians in developing technical specifications and in evaluating tender documents.

Providing an objective viewpoint during the development of specifications and the evaluation of tenders is a critical part of procurement’s role in fighting corruption. An OECD report on Preventing Corruption in Public Procurement found that corrupt tactics were sometimes employed by the technical service responsible for comparing the offers during the evaluation phase (OECD, 2016^[20]). These included tailoring technical specifications for specific companies and revising bids upwards. By building their technical and negotiation skills, procurement practitioners will be more able to hold internal colleagues to account and ensure that procurement processes are fair and objective.

Box 2.5. “Behavioural people” in the UK’s civil service competency model

The UK Government’s competency model for its civil service is a generic model that is applicable to all types of government roles. Civil servants are told that if they “work as part of a profession with a separate framework this complements (their) professional framework and should be used alongside it”, meaning that these standards are required of all employees and more specific standards may be applicable to certain roles.

The model focuses on ten competencies, grouped into three “clusters”, with each one broken down into six levels, from Director General/Director at Level 6 to Administrative Officer at Level 1. The model describes six behaviours that effective employees are likely to demonstrate, and six behaviours that ineffective employees are likely to demonstrate. These behaviours are provided for each level for each of the ten competencies.

Source: (Civil Service and The Rt Hon Lord Maude of Horsham, 2012^[17])

Outlining a needs-driven capability-building action plan for the entire employee lifecycle

To be sure that appropriate staff capabilities are developed, maintained and recognised, IMSS should develop a targeted capability-building action plan that covers the whole employee lifecycle

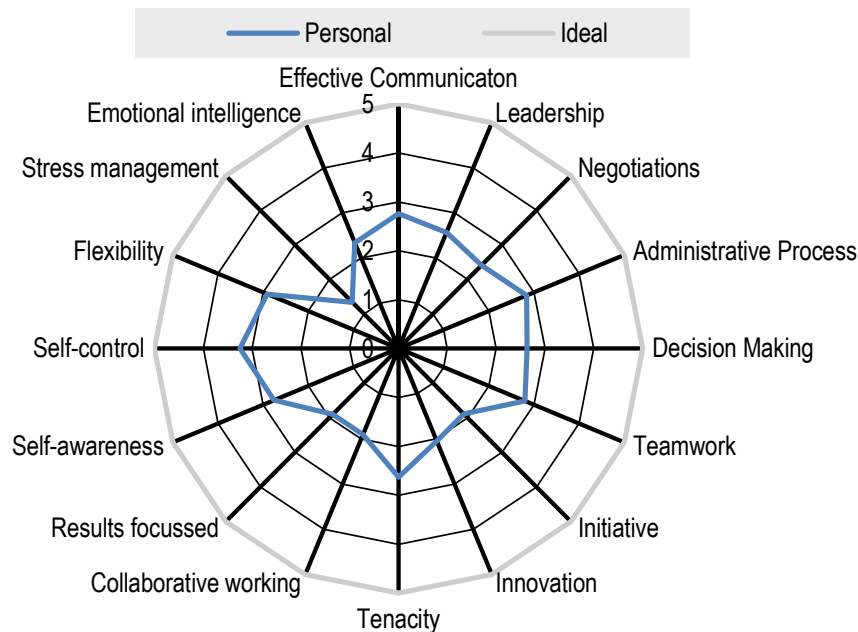
In order to implement a long-term, sustainable approach to employee development, IMSS should implement an action plan that considers all parts of the employee lifecycle, ensuring that from recruitment to performance management, a common set of competencies is identified and reinforced. Such an action plan could be more targeted and efficient if investment is focussed on the capabilities that are most lacking in the procurement workforce, and roles and responsibilities of those implementing the action plan are clearly defined.

Conducting a capability needs analysis to develop targeted training

The European Commission recommends that as part of taking a strategic approach to professionalisation, institutions “conduct thorough needs assessments based on better use of data sources” (European Commission, 2017^[14]). This is in line with the recommendation of the previous OECD review, which suggested that IMSS “carry out a diagnosis, at the local entity level, of potential areas of opportunity in technical and staff skills” (OECD, 2013^[5]).

A diagnostic exercise was carried out in 2014 to implement this recommendation. The exercise was conducted electronically using two psychometric tools that were distributed to staff by email. The tools measured employees against the 16 non-technical competencies that formed part of the procurement competency model developed by IMSS. This provided IMSS with data on the average levels of capability across its workforce. As an example, Figure 2.3 provides the findings of the capability assessment for one particular IMSS team.

Figure 2.3. Competency diagnostic of the Coordination of Purchasing Goods and Contracting Services Team



Source: Information provided by IMSS

However, this diagnostic exercise focused on “soft skills” and personal traits, as opposed to technical or procurement-specific skills. Therefore, it has not been able to provide IMSS with a full picture of capability levels across the range of skills required of procurement professionals. Neither did the diagnostic seek to identify the training methods that were most effective, the processes that could alert staff to training events, or the different levels of training that would be required by the various staff grades. However, running additional diagnostic sessions to fill these information gaps would be costly and could add to staff frustration.

Slovakia recently conducted a targeted training gap analysis exercise featuring detailed discussions with key individuals (Box 2.6). The analysis was not restricted to the capability gaps of the workforce – it also explored the effectiveness of the institution’s entire training programme, including the employees who were targeted, the training methods used, and how applicable the training content was for the areas in greatest need of development.

Box 2.6. Gap analysis of training needs in Slovakia

To develop a training action plan to strengthen the capacities of the procurement workforce in the Slovak Republic, a gap analysis was conducted using a questionnaire that sought to capture the current training situation. The questionnaire focused on three dimensions, each identified as being significant in determining the capability of the procurement workforce. Sample questions have been provided for each of the three dimensions below:

- Characteristics of the procurement workforce:
 - Is the procurement workforce clearly identified?
 - How is the workforce composed?
 - What is the typology of the public procurement workforce in terms of professional experience?
- The performance of the procurement system:
 - What is the share of procurement operations subject to open tender?
 - How many instances are there of irregularities leading to financial corrections?
 - What are the main grounds for objections and complaints?
 - Which secondary policy objectives are most frequently implemented (green procurement, innovation, support to SMEs, etc.)?
- The training system in place:
 - Are there eligibility criteria for training participants?
 - How visible are training opportunities to staff members?
 - Are training courses structured according to seniority or according to different roles in procurement lifecycle?
 - What subjects are currently included in the training curriculum?
 - What types of delivery models are available (in-class, e-learning, distance learning) and are classes a mix of theory and practical?
 - What is the frequency of trainings and are there mandatory hours/events for staff to attend?
 - Is feedback collected from training participants?

This analysis enabled a thorough assessment of the existing training on offer, its content and structure, and perceptions both from trainers and trainees' perspectives. Fifty responses were gathered from trainers and participants, allowing for the identification of areas in greatest need of focus. Thirty-five individuals from 20 different entities were interviewed to discuss responses in more detail and investigate further training needs.

Source: (OECD, 2016^[21])

Conducting a similar exercise at IMSS would avoid the need for a costly analysis of the entire workforce. The analysis could evaluate the average skill levels and the areas of greatest need across a cross-section of the workforce. This would provide a sufficient benchmark to enable a targeted action plan to be developed. To enable its effective implementation, the plan would also need to allocate clear roles and responsibilities to the multiple actors involved.

Defining roles and responsibilities to ensure coordination of HR activities

Within IMSS, HR responsibilities are spread across several units. Should an action plan be developed without having the roles and responsibilities of the different HR teams clearly defined, there is a risk that a lack of accountability and coordination will impede the plan's delivery. Table 2.4 gives a non-exhaustive indication of how responsibilities for HR matters are currently spread among just three of the different units.

Table 2.4. Sample of HR responsibilities of three IMSS units

Unit	Administration Unit (<i>Unidad de Administracion</i>)	Personnel Unit (<i>Unidad de Personal</i>)	Organisation, Capability and Competitiveness Unit (<i>Unidad de Organizacion, Capacitacion y Competitividad</i>)	
Team	Co-ordination of the Aquisition of Goods and Contracting Services (<i>Coordinacion de Adquisicion de Bienes Y Contratacion de Servicios</i>)	Co-ordination of the Management of Human Resources (<i>Coordinacion de Gestion de Recursos Humanos</i>)	Co-ordination of the Modernisation of the Administration (<i>Coordinacion de Modernizacion Administrativa</i>)	Co-ordination of Competency and Training (<i>Coordinacion de Competetividad y Capacitacion</i>)
	To approve the selection, appointment and changes in the secondment of the personnel in positions; structure the services that make up coordination at a national level, based on institutional norms and policies.	Co-ordinate, control, evaluate and inform the processes, plans, programmes, projects, systems, strategies, mechanisms and actions in the field of management and administration of the institute's human resources.	Check that the regulations and guidelines issued regarding the issuance and control of specific rules, procedures and methods of work are complied with by the Decentralised Operational and Administrative Bodies, in administrative modernisation procedures, studies, organisational, management and regulatory improvement.	Co-ordinate the implementation of training needs preparation, and preparation of the preliminary draft of the training budget, in order to formulate the Annual Institutional Training Programme.
Responsibility	Validate and sanction specific training programmes for "basic" and "trustworthy" personnel.	Determine the plans and programmes for selection of personnel both for new entrants and when promoting existing "basic" and "trustworthy" staff, for decentralised administrative operations and regulatory bodies, in order to implement the policies and institutional guidelines, verifying compliance.	Co-ordinate actions to measure and promote improvements in organisational culture.	Approve the Annual Institutional Training Programme so that training aligns with the institution's strategy and complies with applicable regulations.
		Supervise the achievement of goals in the areas of workforce planning, human resources and personnel services for centralised staff, in accordance with Personnel Unit policies.	Co-ordinate the performance of organisational effectiveness studies for the different administrative units of the institute, to identify areas with opportunities for improvement.	Implement measures for the issuance of training plans for internal training and supporting documentation.

Source: Information provided by IMSS

Co-ordinating HR activity across so many departments reinforces the need for a well-articulated action plan that is agreed by all key stakeholders. It also means that responsibilities for implementing the various elements of the action plan must be clearly allocated. Clear accountability for the plan's delivery through the assignment of actions to different teams will also lead to a more efficient use of resources. For example, a procurement training programme would need to align with SFP's own training programme in order to take advantage of the SFP professionalisation programme and avoid duplication. It would also need to align with the Annual Institutional Training Programme developed by the Organisation, Capability and Competitiveness Unit (see Table 2.4).

Developing a multi-faceted action plan to hire, develop and retain procurement staff

However, training is just one part of the “employee lifecycle”, and just one part of the coordinated activity that is required to ensure that staff are well-trained, engaged and effective. Competency frameworks, job profiles, certification systems and training should all be focused on providing attractive, competitive and merit-based career options for public procurement professionals.

This section has been broken into different elements of the “employee lifecycle” in order to assess initiatives in each area and suggest areas for improvement.

Recruitment processes

Public procurement systems need to attract motivated and skilled individuals in order to build their effectiveness. Public procurement is a multidisciplinary profession that requires, among other things, the knowledge of law, economics, public administration, accounting, management, and marketing. These interdisciplinary skills are increasingly required, given the growing complexity of public procurement processes and the shift to strategic procurement.

Effective recruitment processes will not only identify suitable applicants from outside of the organisation, but also increase the engagement of internal applicants. By demonstrating a commitment to open, fair and transparent processes for recruiting and hiring individuals into roles based on merit, IMSS would also motivate internal staff, thus reducing employee turnover rates.

According to current recruitment practices, the hiring process is managed centrally, including for the recruitment of individuals within the delegations. The assessment of employees is based on a number of factors, including the use of voice analysis to assess responses to a telephone interview on integrity. The assessment process does not currently test the level of an applicant's technical skills, however, and is based on interview performance as opposed to an examination.

A more rounded and diverse assessment process, that includes a technical skills component or role-play situations focused on negotiation or stakeholder engagement skills, could lead to the appointment of candidates more suited to the diverse skillsets required of procurement practitioners. A broader assessment process may also be less likely to discriminate against individuals from technical backgrounds who are applying for management roles for the first time.

Training programmes

In Mexico, responsibilities for procurement training programmes lie with several entities and are based on different objectives. At the federal level, the Ministry of Public Administration (*Secretaría de la Función Pública*, SFP) is responsible for establishing guidelines for the responsibilities of public servants in relation to public procurement.

The SFP provides free training for public servants of the Federal Public Administration to support the effective execution of their duties. Table 2.5 summarises SFP's training programme, which combines topics on general procurement with the use and administration of centrally-developed framework agreements.

Table 2.5. SFP's procurement-related training courses

Courses on acquisition, leasing and services		Courses on public works and related services	
General	Best practices in public procurement		
	Basic course on CompraNet		
Specific	The social witness in public procurement procedures		
	Provisions applicable to contracts financed with external credits		
	Market research in LAASSP	Market research for public works	
	Use of framework contracts	Hiring of public works under the condition of payment at an elevated price	
	Consolidated contracts	Hiring of public works under the condition of payment at unit prices	
	Criteria for evaluating proposals in the LAASSP	Mechanisms for evaluating proposals for public works	
	Modification of contracts in the LAASSP	Modification of contracts in the public works law	
	Subsequent discount offers	Recruitment of contracts in the public works law	
	Workshop on economic tools applied to public procurement	Review of indirect costs and financing in PUs	
Video courses	Consolidated contracts		
	Use of framework contracts		
	Importance of the promotion of good practices in public procurement for the improvement of public management		
	Global procurement initiative: achieving value in public works and infrastructure procurement procedures		
	Law of acquisitions, leases and services of the public sector		
	Methodology for market research		
	Public procurement strategies		

Source: Information provided by SFP

Training at IMSS is currently delivered in an ad hoc way, and is typically delivered to senior staff, unionised staff, or to induct new staff. Training is targeted at specific issues, for example to support the implementation of a new information system. Users of CompraNet (the Mexican national e-procurement system, see Chapter 3) also receive training on the use of the system. However, general procurement training is only delivered to limited cohorts of staff. In 2016, only 80 members of staff received training on procurement-specific issues, focusing on procurement laws. The training was delivered in-person and was co-ordinated centrally, taking place in Mexico City. The duration of the course was three days per week for four hours each day over a period of a month.

Besides ad-hoc training, a professionalisation course was initiated in 2014, which resulted in 13 individuals achieving a Diploma in Competence Development for Public Procurement following a three-year training programme. The course was targeted at "General Directors, Directors, Commissioners responsible for monitoring the Auditors,

Administrators, Consultants, Managers and Directors in the Public Sector” and featured 4 modules of 32 hours each

According to research by McKinsey, organisations are now shifting their spending on capability-building to focus both on functional roles and “frontline” employees (McKinsey & Company, 2015^[22]). While leadership roles are obviously still targeted for leadership development training, more technical procurement training should be focused on the larger majority of the workforce that is engaged in procurement activities as part of their day-to-day role.

The make-up of the IMSS procurement workforce does not necessarily lend itself to centrally-administered and located training, with 72 staff employed at the central level, and 300 employed at the local level. This does not include individuals in Operative Vulnerability Positions, of which there were 1 038 positions in 2016 (870 of which were occupied). These employees conduct the vast majority of purchasing activity, but are not typically invited to participate in training activity. While targeting the staff directly involved in purchasing activity would be a worthwhile objective, the cost of administering training to a large and geographically dispersed workforce can be high. Traditional methods involve engaging third parties to deliver in-person courses in different regions.

However, methods such as e-learning are increasingly being used to deliver training to a broader audience in a cost-effective way while keeping track of progress achieved by participants (OECD, 2016^[21]). The use of such training methods would open access to training beyond the cohort that currently has the opportunity to participate, leading to the broader professionalisation of the IMSS procurement workforce.

Other than e-learning, a large number of other training methods and formats exist, many of which would be less costly and equally as effective as delivering in-person training to decentralised units. These new methods include formal and informal coaching, mobile learning exercises (e.g. podcasts, videos, job aids), off-site experiential learning programmes (e.g. model factories or offices), job-shadowing (potentially with IMSS medical staff), partnerships and networks, and distance learning programmes. Different training methods are also likely to have different levels of effectiveness according to the subject that is being delivered.

At the time of the field mission, the training programme for 2017 had not yet been approved, but it was proposed to feature courses on transparency and the implementation of the procurement-related aspects of laws related to anti-corruption (the *Ley General del Sistema Nacional Anticorrupción* and the *Ley General de Responsabilidades Administrativas*). While these are topics with which IMSS’s procurement workforce are often confronted, a more tailored approach to training matched to specific roles would bring additional efficiencies. This can be done either through conducting the aforementioned needs assessment process to target identified skill deficiencies across the workforce, or through allowing managers to develop training programmes that are based on the development needs of their employees or teams.

The training programme can be a blend of topics, methods and sources. For example, IMSS has partnered with other institutions to provide courses on the fundamentals of procurement. This course will allow public procurement individuals from different institutions that are at the early stages of their procurement careers to share experiences, while the institutions share the training costs. Providing choice to staff and managers will

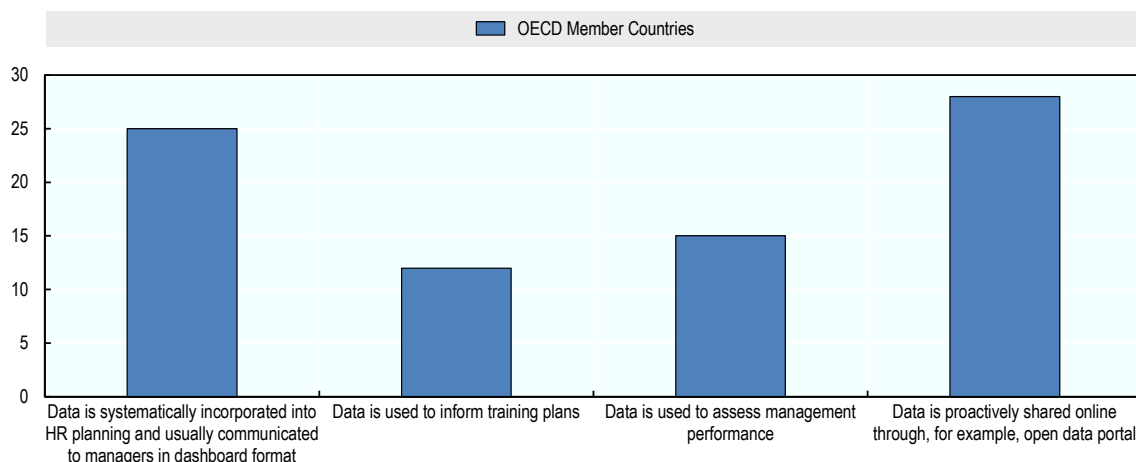
allow training courses and other learning opportunities to be brought together into individual development plans that are tailored for each employee.

Performance management and succession planning

The previous review identified the implementation of a performance management system as a key deliverable of the improvement programme (OECD, 2013^[5]). This system was implemented in 2015. However, for procurement professionals, much of the focus of the performance review is on soft skills, and does not cover technical or procurement-specific skills. This is certainly down to the fact that, as previously noted, there is currently no agreed set of procurement-specific competencies or a recognised job profile for the vast majority of employees within the IMSS procurement workforce.

Beginning to formally measure employee performance unlocks a wealth of HR management data. This can be used for a number of activities, including workforce planning (in the tracking and measurement of employee satisfaction, engagement and retention); assessing management performance and the success of training programmes; and transparently sharing performance progress with employees. Figure 2.4 details how these data are currently used in OECD member countries.

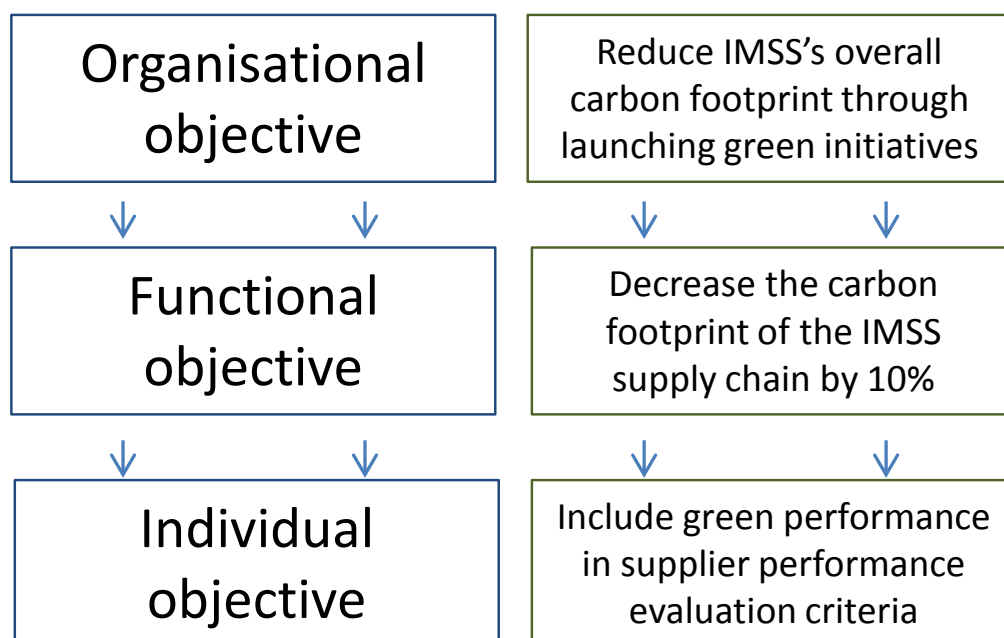
Figure 2.4. Use of HR management data in OECD countries



Source: (OECD, 2017^[23])

As previously discussed, a set of measurable objectives must be developed to monitor the achievement of IMSS's procurement strategy to develop "a highly motivated, professional and certified purchasing workforce and organizational infrastructure that regulates and operates the supply process efficiently, transparently and effectively, constantly seeking to maximize the benefits of the entire value chain, with a broad sense of social responsibility that ensures that IMSS is a sustainable institution" (see Table 2.2). These objectives can then be translated from an organisational to an individual level, so that employees can be encouraged to deliver the strategy by including relevant performance objectives in their individual performance agreements or development plans. Figure 2.5 illustrates how these objectives can "cascade" through the organisation, using the example of reducing IMSS's carbon footprint.

Figure 2.5. How objectives flow from organisational to individual



Source: Authors' analysis based on information provided by IMSS

By aligning strategies, objectives and competencies, IMSS can ensure that staff have the incentives to deliver against IMSS's overall objectives, as well as ensuring that HR practices and policies provide officials with the skills and motivation needed to deliver against those objectives.

As part of a performance management system, individuals within IMSS should be encouraged to develop and progress through the organisation. This can then lead to the systematised identification of individuals with the potential to progress to senior leadership roles should they receive the necessary training and development opportunities. The evolution of lower-level staff to take on senior roles at IMSS represents a significant opportunity to reduce recruitment costs and build a pipeline of staff who have developed an understanding of IMSS from the lowest levels of the organisation. A visible commitment to succession planning can also assure staff that opportunities exist to rise up the ranks within the organisation.

Proposals for action

IMSS should address systemic weaknesses by resuming efforts to develop a procurement capability strategy. This would take advantage of the work already done to centralise procurement activities, and would be a worthwhile, long-term investment with tangible benefits that largely outweigh implementation costs. This programme should however be developed with a long-term perspective and not be perceived as an isolated initiative. To achieve this, IMSS needs to align the procurement capability development programme with the institution's objectives. Specific steps required include the following:

Develop a capability development strategy designed to support the achievement of IMSS's institutional objectives

- Frame the capability strategy around the role of procurement as a strategic tool for delivering public services.
- Articulate the role of procurement practitioners in containing cost and unlocking innovation.
- Clearly identify the benefits that can be expected from building procurement capability in order to secure the investment required to implement the strategy.
- Outline how achievement of the objectives and benefits will be carried out and how progress will be monitored, ensuring clear links to the organisation's vision for strategic procurement.

Establish a comprehensive competency model that lists the diverse skills required, is tailored to the strategic role of procurement and defines a career path through the organisation

- Group the competences required at different levels of the organisation.
- Provide behavioural examples that demonstrate to staff how they can exhibit the skills required.
- Include the technical, practical and strategic skillsets that enable procurement practitioners to effectively perform their jobs.
- Focus competency frameworks, job profiles, certification systems and training on providing attractive, competitive and merit-based career options for public procurement professionals.

Develop a targeted capability-building action plan with clear roles and responsibilities

- Ensure the action plan looks at the whole employee lifecycle to ensure that capacities are developed, maintained and recognised from recruitment onwards. This can be done by aligning job profiles, recruitment selection criteria and performance agreements with a common competency model.
- Conduct a high-level review of the capabilities of a cross-section of the IMSS workforce.
- Ensure the action plan clearly outlines the roles and responsibilities of various human resources teams and other actors in order to maximise the return on investment.
- Include any relevant (and achievable) objectives in employees' performance agreements to incentivise performance.
- Make a visible commitment to succession planning to assure staff that opportunities exist to rise up the ranks within the organisation.

Note

¹ At 1 EUR = MXN 21.0697.

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