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Service specification in pre-tender phase of public procurement
- A triadic model of meaningful involvement

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Service specification in pre-tender phase of public procurement

- A triadic model of meaningful involvement

The purpose of this research is to define the actor roles and collaborative practices that are central to service specification co-development in relation to the pre-tender phase of public procurement. We propose a new model of meaningful stakeholder involvement in the context of public service specification as a triadic setting. In addition to the theoretical value, the proposed model guides public procurement units on how to define their roles as intermediaries and to design a service specification process involving internal customers and providers of a service. The approach adopted highlights the meaningfulness of involvement by referring to the types of cooperative roles and practices that are both suitable for the situation and well understood and implemented by the cooperative parties. Service specification co-development is defined as a triadic setting involving buyers, service providers, and internal customers. This study consists of two longitudinal empirical public procurement cases viewed with the aid of a theoretical framework drawn from the general involvement and public-sector-specific involvement literature. Managerial implications relate to involving stakeholders early in the process, focusing on value creating activities, and sharing relevant information throughout the pre-tender phase.

Keywords: public procurement, triad, pre-tender phase, meaningful involvement, service specification, co-development

1. Introduction

Public procurement is generally divided into the following three main phases: pre-tender, tender, and post-tender. The pre-tender phase, which is the focus of the current study, includes all activities involved in the planning and preparation for procurement, such as a needs assessment, defining user requirements, and market engagement (McKevitt and Davis, 2015). Patrucco et al. (2017:252) state that pre-tender phase activities consist of the following tasks: planning procurement needs and specifications, defining the technical properties and characteristics of the product or service required, scanning the supply market for available solutions, eventually qualifying suitable providers, and preparing and processing main tender documents. The service definition, which is an important outcome of the pre-tender phase, consists of all activities performed to identify and define the requirements of the service provision (Selviaridis et al., 2011). Careful framing of service specifications is very important because those specifications have an impact on the development of service delivery standards (Ellram et al., 2007; Molin and Åge, 2017).

Private-sector research highlights providers' input and the interactive nature of the service specification process (SSP), which continues throughout the contract period (Gelderman et al., 2015; Selviaridis et al., 2011, 2013). However, public procurement differs significantly from private-sector purchasing (Nordin and Agndal, 2008). The public procurement process has to be executed within the strict parameters imposed by legal rules and organizational procedures; thus, creating collaborative relationships with providers is challenging. Public procurement has to comply with regulations designed to avoid discrimination and differential treatment of providers (Laing and Lian, 2005; Telgen et al., 2012). For example, purchasing needs must be specified in such a way that they do not impede the functioning of supplier markets or limit a single provider's opportunities to tender (Torvatn and de Boer, 2017). Furthermore, the details of the services to be purchased have to be specified during the pre-tender phase (Hoezen et al., 2010) because there are limited opportunities to adjust the content of the contract once it has been signed (Arrowsmith, 2014). Possible faults in the tender documents may also cause problems, forcing the procurer to modify the documents, extend the tender deadline if necessary, or in the worst case, suspend the tendering process (Arrowsmith et al., 2011).

In an open tendering procedure, interaction with potential providers is prohibited during the tender phase, whereas during the pre-tender phase, interaction is allowed and even recommended (McKevitt and Davis, 2015; Torvatn and de Boer, 2017). Public buyers are encouraged to utilize market dialogue, which can consist of a broad range of interactions among different stakeholders (Alhola et al., 2016). The potential for buyer-provider interaction is greatest during the pre-tender phase when providers can communicate and seek to influence buyers prior to the development of specifications (McKevitt and Davis, 2015). Keränen (2017a, p. 208) explains that dialogues with potential providers can reveal the concerns of private-sector actors and support preparing a request for quotation (RFQ), thereby bridging the needs of different stakeholders. Involving users in the pre-tender phase could be important for creating *meaningful stakeholder involvement* (see Stuart, 1991) in which the end-customers' needs and the organization's strategic long-term aims are met. Meaningful involvement implies defining cooperative roles and practices that are suitable for the existing situation and are understood and implemented by the cooperative actors.

Despite its undeniable importance, the pre-tender phase of public procurement has attracted relatively little academic interest (Igarashi et al., 2013). In particular, developing service specifications requires more research because scholars have noted that public organizations need to improve their skills in this area (Roodhooft and van den Abbeele, 2006): Recognized problems include poor demand management, over-specification, and numerous changes connected to specifications (ibid.).

This study examines the challenges of the SSP in situations in which services formerly provided in-house are opened to external competition for the first time by public-sector procurement functions. We use embedded longitudinal case studies of a municipality's catering services to serve as examples of new procurement practices. These procurement practices are contrasted with stakeholder roles and co-development practices drawn from existing literature. We aim to fill three gaps discovered in recent public procurement studies: The first gap relates to broadening the research perspective to cover more than two actors; for example, Sørensen and Torfing (2011) call for public-sector research focusing on multi-actor collaboration that could facilitate the co-creation of new and promising ideas. Moreover, Keränen (2017a, 2017b) and Uenk and Telgen (2019) highlight the triadic nature of centralized public procurement and recommend including customers, buyers, and suppliers in public procurement studies. Integrating the internal customer and service provider into the purchasing process is positively related to the service outcome (Danese et al., 2011; Haensel et al., 2018). The second research gap stems from the public procurement process involving organizational roles and responsibilities, which merit closer investigation (Keränen, 2017a; Patrucco et al., 2017). This study particularly addresses inter-organizational roles in which the buyer organization actors play an important boundary-spanner role to create meaningful cooperative practices during the pre-tender phase of the procurement process. The third gap relates to the limited amount of research on the pre-tender phase of public procurement and interaction between the different actors during this phase.

The current study involves the following three focal actors' collaboration in an SSP: 1) *the public unit managing the procurement process* and acting as an intermediary between 2) *service providers* and 3) *internal customers* (users). We define the internal customer as an actor who uses the outsourced services in his/her processes (see e.g., Haensel et al., 2018). These three actors participate in various ways in a joint process to develop and specify a new service to be opened to competition. *The objective of this study is to define the co-development process and the actors' roles and involvement practices in relation to the realm of public procurement.* We build a triadic framework of the co-development of a service concept and use that framework as a theoretical lens for an analysis of two empirical cases. The objective of this study is addressed by the following research question: *How can an SSP in a public procurement context be designed to enhance the development of services?*

As a contribution, we develop a novel triadic framework of involvement with the procurement unit (PU) as an important intermediary connecting internal customers and service providers in a process seeking to develop services corresponding to the internal customers and end-customers' needs. Accordingly, we answer the call issued by Schiele and McCue (2006) for further research focusing on how purchasing organizations can progress to a higher level of meaningful involvement. The idea of meaningfulness is built into the model by matching the involvement

needs and involvement practices related to certain public procurement cases. Accordingly, the framework follows the contingency theory principles on designing inter-organizational relationships (see Bensaou and Venkatraman, 1995; Saccani and Perona, 2007). Meaningful involvement is also related to the dialogical capacity of the cooperative context (here, the triadic setting) (Ylimäki and Vesalainen, 2015).

The empirical cases selected illustrate how co-development is built during the pre-tender phase of public procurement. We report how the focal PU designed and implemented two collaborative SSPs. For meaningful involvement to occur, an understanding of these processes is important because involvement practices must be defined as episodes linked to the process flow. The chosen empirical cases assist with critically analyzing the implemented SSPs through the lens of meaningful involvement defined in the theoretical framework. The nature of the procurement cases reported in this study is complex in many ways; indicating the potential advantages of the intensive involvement of stakeholders. However, the involvement practices and roles adopted by the stakeholders in reality do not meet expectations. As a result, we were able to identify possible points of failure and offer suggestions regarding how to develop stakeholder roles and practices during the pre-tender phase to overcome certain challenges associated with public-private cooperation in this context. The discussion results in a model of a collaborative SSP that proposes solutions to overcome the dilemmas that emerge when attempting to incorporate general stakeholder involvement practices in the public procurement context.

In addition to the theoretical value, the suggested model and propositions derived from the empirical study guide public PUs to define their role as an intermediary in an SSP integrating the internal customers and providers of a service into the process. The framework also guides PUs on how to plan a joint SSP in terms of the process phases and the expected stakeholder roles. We conclude that the practices needed to jointly specify the outsourced services appear to be relatively underdeveloped in contrast to the range of potential practices outlined in the literature. The study contributes to the literature related to public procurement by defining a triadic cooperative setting and the roles and important practices of all parties involved. Managerial implications concern involving stakeholders early in the process, focusing on value creating activities, and sharing relevant information throughout the pre-tender phase.

In the following section, we develop the theoretical frame of reference. The third section explains the research methodology, data collection, and data analysis methods. Section four presents the case study findings. Section five provides a summary and a discussion of the findings, and section six concludes the study.

2. Toward a triadic framework of service specification

2.1 Service specification as a joint triadic process

The literature generally approaches new service development (NSD) from the service provider's perspective by integrating stakeholders into the process in various ways (Edvardsson and Olsson, 1996). Typically, the NSD process consists of a customer needs analysis, service process

mapping, a customer and/or stakeholder preference analysis, and an analysis of the resources required to deliver the service. Further, the analysis is followed by the definition of the objectives and key performance indicators of the successful realization of the service (Smith et al., 2007). Several formal planning procedures, such as the house of quality (HOQ) process (Chan and Wu, 2005), service blueprinting (Shostack, 1984) and the stage-gating model (Cooper, 2000), have been adopted by service providers to facilitate their planning.

Co-development denotes a collaborative approach in which different stakeholders combine resources across organizational boundaries to develop products and services (Oinonen and Jalkala, 2015). In the public procurement process, the number of stakeholders complicates the specification task (Bryntse, 1996; Johnsen et al., 2016). From the purchasing department's perspective, integrating both internal and external stakeholders into the procurement process is important because internal integration ensures that an organization acts as a coordinated whole, whereas external integration highlights the importance of executing practices jointly with suppliers and customers (Ataseven and Nair, 2017, p. 185). Gelderman et al. (2015, p. 224) stress the importance of input from the internal organization and providers that helps improve and finalize the service specifications. The current study investigates co-development involving the participation of three actors because the procurement process inherently forms a triadic structure with a set of the following three linked actors (see Vedel et al., 2016): 1) the public unit managing the procurement process and acting as an intermediary between 2) service providers and 3) internal customers (Keränen, 2017a).

In private-sector research, (service) triads have recently attracted interest (see reviews by Sengupta et al., 2018; Siltaloppi and Vargo, 2017; Vedel et al., 2016; Wynstra et al., 2015), but empirical case studies of purchasing and supply management investigating instances of three-actor collaboration are scarce (examples include, Dubois and Fredriksson, 2008; Hartmann and Herb, 2014; Holma, 2012; Uenk and Telgen, 2019; Wu et al., 2010). The concept of a service triad has been developed specifically for service outsourcing settings in which the buyer contracts with a supplier who delivers services directly to the buyer's customer (Wynstra et al., 2015), which is a typical situation in public service provision. However, only a few triad studies, including those of Holma et al. (2015), Keränen (2017a, 2017b), Torvinen and Haukipuro (2018), Torvinen and Ulkuniemi (2016), and Uenk and Telgen (2019), have been performed in the public procurement context. Furthermore, triad studies typically investigate long-term relationships, whereas the triad in our study represents an episodic triad established for a certain period (Caplow, 1968, pp. 5–7), that is, the pre-tender phase of public procurement. Accordingly, rather than focusing on long-term relationships, we investigate the short-term dimensions of exchanges (cf. Haensel et al., 2018).

2.2 The intermediary role and the importance of meaningful involvement

This study examines the role of the intermediary in uniting stakeholders during the pre-tender phase of a procurement process. Early sociological studies conducted by Simmel (in Wolff, 1950, pp. 145–169) propose that the two basic roles of a “third actor” are to separate two actors or unite two disconnected actors to facilitate collective action. The latter role describes the role

of an intermediary, which has been researched extensively in the context of inter-organizational relationships. For example, Keränen (2017a) synthesized the literature related to intermediary roles into three types: relationship initiator, relationship builder, and relationship facilitator. Of those roles, the relationship initiator plays a remarkable role in attracting interested potential private partners into the collaboration. Relationship builders foster and relationship facilitators support the development of partnership relationships. Other studies have described the intermediary's role in bridging the gap between buyer and seller in an international context (Havila et al., 2004) and an outsourcing situation (Li and Choi, 2009).

Purchasing departments generally hold an important strategic position because of their relationships with other internal functional units and contacts with diverse groups of outside organizations (Schiele, 2005). The purchasing department's involvement can confirm and improve quality, timely delivery, and reduce costs (Bals et al., 2009, p. 901). Bovaird (2007, p. 858) even proposed that in the public sector, there is a need for a "*coproduction development officer*" who can help professionals overcome their unwillingness to share power with internal actors and who "*can broker new roles for coproduction between traditional service professionals, service managers, and the political decision makers.*" To optimize the level of cooperation in relation to needs, the intermediary's role in a triadic setting is crucial for defining the level of involvement and the roles expected from the other stakeholders.

The concept of meaningful involvement was originally developed by Stuart (1991) in the context of the procurement of consultancy services. Stuart (1991, p. 30) argues that the purchasing department's involvement is meaningful when it makes a significant contribution that helps customers meet their immediate needs and when it ensures that the organization's long-term needs and strategic objectives are also met. Stuart's concept was expanded upon by Johnson and Leenders (2003), who defined professional involvement and meaningful involvement as the two most developed practices of involvement. Professional involvement features the information broker role, which includes "*collating, analyzing and disseminating information to various parties*" often pro-actively to monitor demand and spending and maintain focus on key issues (Knight and Harland, 2005, p. 287). At the highest involvement level, that is, *meaningful involvement*, a purchasing department performs activities that characterize professional involvement and reflect the interrelationships among various purchasing activities and the impacts of those activities on the long-term needs and strategies of the organization (Johnson and Leenders, 2003).

In a study of marketing services procurement, Bals et al. (2009) report that managers responsible for those services should analyze their organization's current level of involvement and consider how to adjust the level if that level is inadequate. This suggestion is related to the situational approach to involvement, highlighting the principle that the level of integration in inter-organizational relationships should follow the needs of integration, particularly in terms of information processing and sharing needs (Bensaou and Venkatraman, 1995; Saccani and Perona, 2007). The contingency factors usually linked to greater integration needs are related to the uncertainties of procurement in terms of exchange complexity, level of innovation, and the uncertainty of relationships.

2.3 The providers' involvement in service specification

In the studies investigating meaningful involvement discussed above, the focus is on customer-intermediary/buyer collaboration, and the provider's role has received less attention. Selviaridis et al. (2011, 2013) argue that the buyer's choice of the service specification method, and thereby the provider's involvement, depends on the buyer's perceived uncertainty and the provider's buyer-specific experience. Buyer-perceived uncertainty refers to the complexity and novelty of the procurement process (Axelsson and Wynstra, 2002), which has been noted to be extensive in situations in which services previously managed in-house are opened to external competition (O'Flynn and Alford, 2008). The provider's buyer-specific experience (Selviaridis et al., 2013) refers to the provider's knowledge of the buyer's business requirements (Axelsson and Wynstra, 2002), which is connected to the formation of a long-term relationship between the buyer and service provider through factors including knowledge sharing, learning, and trust building between the two organizations on several levels (Dyer and Singh, 1998). Accordingly, the logic presented above reflects the contingency type of reasoning used to define the meaningfulness of involvement.

Selviaridis et al. (2013) suggest that the level of buyer-perceived uncertainty and the provider's buyer-specific experience lead to four different provider roles in the SSP. In the *translating role*, the novelty and difficulty of the purchasing process causes uncertainty for the buyer. Because there is no prior cooperation, providers also face ambiguity and assume responsibility for translating the buyer's requirements because of the buyer's limited capabilities with regard to specification. The buyer relies on output-oriented specification (Axelsson and Wynstra, 2002), and there is close interaction and knowledge exchange with the provider to reduce the buyer's uncertainty. In the *developing role*, the buyer has limited procurement knowledge, whereas the provider has detailed buyer-specific experience of the customer's technical and operational requirements. Therefore, the buyer's role in defining the functional demands is incomplete, rendering the provider responsible for developing the specifications. Prior knowledge-sharing routines, collaboration successes, and trust building may diminish the perceived risk of transferring responsibility for specification development to the provider. For example, in an empirical study in the logistics context, Selviaridis (2016) noticed that broad relational experience can foster competence-based trust as buyers learn about their providers, which, in turn, can lead to less detailed contracting and the removal of penalties for service failures.

In the *re-engineering role*, the sourcing task is simpler, being either repeated or modified, and the buyer can define the required service and service processes in detail. Service providers have a more limited understanding of the buyer's requirements and concentrate on creating operational synergies and cost savings for the buyer. In the *fine-tuning role*, a purchasing need may appear due to re-contracting a simple service. The buyer has good sourcing capabilities and extensive information regarding the operational requirements and costs and is thus able to lead the specification discussion. The provider's buyer-specific knowledge is extensive, but its role is limited to fine-tuning the resource levels to reduce service costs and prices. In tendering and contract renewal, incumbent providers often have a more realistic picture of the buyer's operational requirements and service costs than their competitors. Incumbent providers may notice contradictions between specifications and the operational reality and thus help ensure the bidding process is fair (Selviaridis et al., 2011, 2013). In contrast, in a public-sector study,

O'Flynn and Alford (2008) noted that situations in which service is opened to competition are particularly problematic because the incumbent provider may choose to withhold information.

Early supplier involvement (ESI) studies highlight the involvement of providers *during the early stages* of product development or innovation initiatives (Handfield et al., 1999; Mikkola and Skjoett-Larsen, 2003). Involving providers early in the purchasing process helps buyers extract advantages from providers' capabilities to enhance the efficiency and effectiveness of the product development process (Wynstra and Van Weele, 2001) and to exploit information and expertise regarding new ideas and technologies (Gadde et al., 2010). Early interaction and advanced communication are among the most promising processes in regard to innovation; however, these processes are not commonly used in the public procurement context (Edquist et al., 2015). Timing is important because later interactions during the actual tender or negotiation procedures are less important to innovation than early interaction (Edler et al., 2015). However, in ESI projects, both the buyer and provider have to be willing to participate in shared projects and obtain the necessary experience and capabilities (Schiele, 2006); the buyer-provider relationship should extend beyond mere price negotiations; and the focus should be on the relationship (Dowlatshahi, 1998). In the public infrastructure context, early involvement of a contractor can add value in terms of time gains, improved project control, and more innovative solutions if the differences between the competitive procurement procedures and cooperative public planning are bridged (Lenferink et al., 2012).

2.4 Internal customers' involvement in service specification

The ability to develop a coherent supply strategy has been linked to the effective management of internal customers (Giunipero and Percy, 2001). However, knowledge regarding whose needs should be responded to has been a problem, particularly in public procurement, and Bovaird (2007) even argues that public procurers and suppliers providing public services do not always have a clear understanding of who is really the customer. In the business-to-business context, certain members of the customer organization play a user role, that is, they function as internal customers. Giunipero and Percy (2001, p. 11) define internal customers as "*those individuals who use what purchasing buys, influence the specification process, and impact the supplier strategy.*" For example, in the cases examined in this study, a person in charge of a hospital/care home kitchen represent this type of stakeholder. Although the literature related to user involvement quite often addresses end users, such as consumers, as the users involved, we define the user as *an internal customer who uses the outsourced services in his/her processes.*

Collaboration with internal customers is necessary to determine purchasing requirements and specifications, select suppliers, set contract terms, and develop purchasing strategies (Bovaird, 2007; Hartley et al., 2014). Torvinen and Ulkuniemi (2016) found that the most important end-user value is attained through interactive dialogue during the design phase, which can improve the usability of the public service provided. By involving internal customers, contracts can be written and supplier relationships can be managed in ways that meet the internal customer's ongoing needs (Hawkins et al., 2015). Customer commitment has been claimed to increase the adequacy of the definition of the services requirement based on the amount of resources, proper

documentation, and commitment of suitable manpower (ibid.). In (service) triad studies, the importance of the role of the customer has also been recognized but remains an under-researched topic (Sengupta et al., 2018).

Alam (2002) notes the importance of users' input to buyers seeking to develop superior and differentiated services and reduce the development life cycle. He distinguishes the following four types of user involvement, which are based on the intensity of involvement: 1) passive acquisition of input, 2) information and feedback regarding specific issues, 3) extensive consultation with users, and 4) representation. At the lowest intensity level, input is initiated by users without active requests from the service provider and no coordinated feedback. At the second level, the service provider requests users to comment on certain clearly defined issues. Furthermore, as the intensity level increases, service providers involve users in a planned development process with clearly defined objectives. The most intense user involvement occurs when users are invited to become members of a development team, and their involvement during the idea generation and screening phases is extensive (ibid.).

2.5 Framework of a triadic setting of stakeholder involvement in an SSP

In the triadic setting, the role of the PU as an intermediary is to orchestrate the involvement process alongside fulfilling its role as a stakeholder involved in various episodes of the process. When designing an involvement process, the intermediary first has to acknowledge its own role as a relationship initiator whose task is to connect potential service providers and internal customers. A PU in an intermediary role has to define certain issues as it designs the co-development process. First, the PU has to design the course of action of the process, that is, the episodes of the joint planning process and how the co-development of the service specification is to be implemented in each episode. Second, by acknowledging the purposes of each episode, the PU sets out the expected roles of other stakeholders and defines the methods or modes of joint action. Stakeholders involved in this type of joint process are probably unaware of the expectations relating to their role and input. Therefore, the PU has to clarify the input and role expected of each involved stakeholder before entering into the actual co-development process. Figure 1 shows the outcome of our literature analysis regarding *the roles and practices stakeholders can adopt to fulfill the requirements of meaningful involvement in an SSP*. We focus on the roles of focal stakeholders, that is, the PU, service provider, and internal customer.

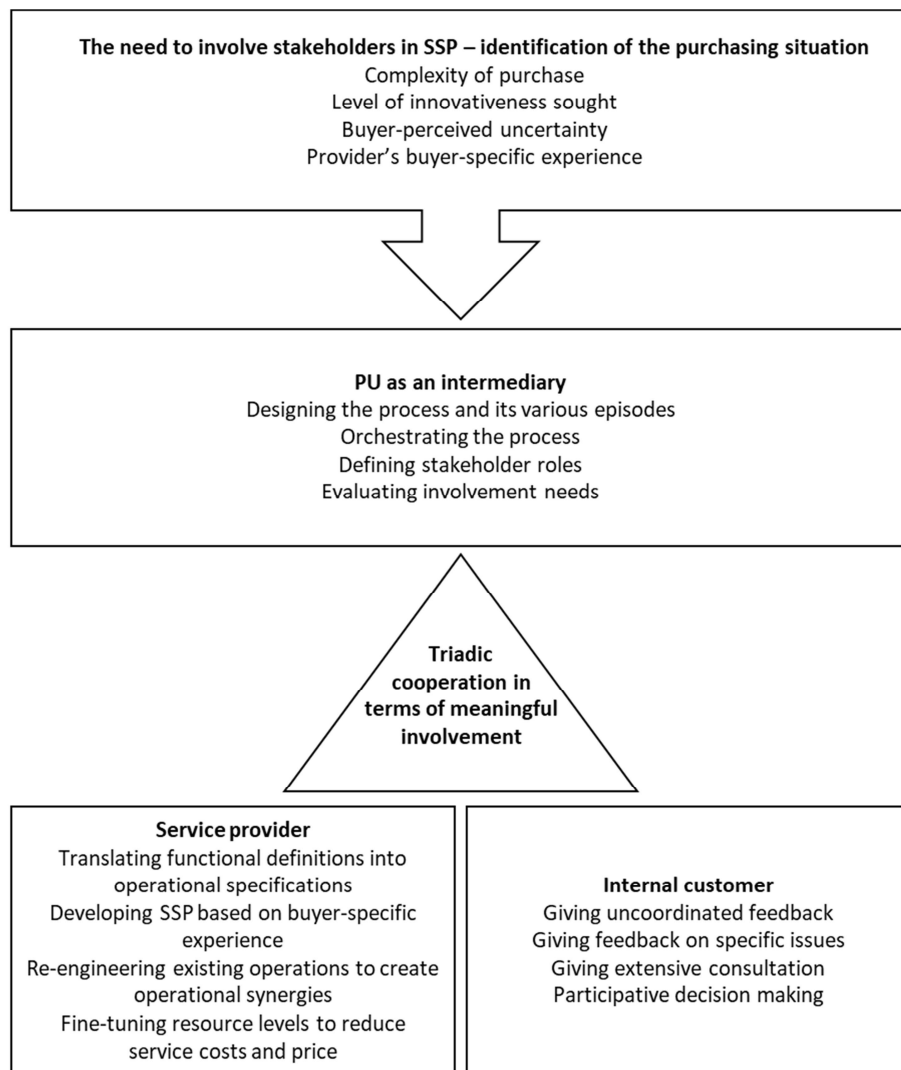


Fig. 1. Meaningful stakeholder involvement in an SSP as a triadic setting.

The meaningfulness of involvement in the triadic setting of an SSP stems from the identification of the purchasing situation. A level of involvement that is too low and with the wrong co-development procedures may lead to frustration if stakeholders consider the activities involved superficial. Similarly, a level of involvement that is too deep with ambitious methods proposed may be regarded as too heavy for the purpose and may not generate enough benefits in relation to input. Therefore, meaningfulness is tied to the situational needs of a certain procurement case, thus following the contingency theory principle of designing inter-organizational relationships in which the optimal level of relationship integration (information processing capability of a relationship) depends on the information processing needs derived from case-specific contingency factors (Bensaou and Venkatraman, 1995; Saccani and Perona, 2007).

Within the framework of this study, the following four contingency factors are particularly prominent: the complexity of the purchase (Bensaou and Venkatraman, 1995); the level of innovativeness sought; buyer-perceived uncertainty; and the providers' buyer-specific experience

(Selviaridis et al., 2013). In addition to the situational reasoning, our framework connects the meaningfulness of involvement to the dialogical capacity of those arenas in which involvement occurs. The dialogical capacity is related to the prerequisites of the situation in which dialogical communication is expected to occur (Koschmann et al., 2012)—“*Dialogue is not equivalent to agreement. Rather, dialogue is more akin to intersubjectivity where both parties attempt to understand and appreciate the values and interests of the other*” (Kent and Taylor, 2002, p. 30). The dialogical capacity of an involvement arena depends on certain features and arrangements of the situation. First, the parties must be committed to dialogue with the goal of achieving a common understanding (Kent and Taylor, 2002). Commitment is likely to appear if the atmosphere in the situation is relational in terms of mutual trust and openness. Alajoutsijärvi, Möller, and Rosenbröijer (1999) discuss the following three types of interaction orientation: cooperative, competitive, and domination. Cooperation-oriented interaction consists of frequent social, financial, and confidential information exchange and enhances commitment. Competitive-oriented interaction is characterized by a reserved atmosphere, infrequent social and financial exchanges, and superficial information exchange. In dominant-oriented interactions, the dominating actor may use its coercive power; leading to a repressive atmosphere in which the submissive party has no options (Alajoutsijärvi et al., 1999; Ojansivu et al., 2013). It could be important to the parties to transcend their contrasting buyer–seller roles and approach the service specification task as neutral experts. In addition, the relevance and quality of the information shared, acknowledged common objectives, and the use of managerial planning tools (such as service blueprinting) as boundary objects could help the parties focus on meaningful dialogue (Ylimäki and Vesalainen, 2015).

3. Research methods

3.1 Research design

This study is a part of a larger research project related to public-private cooperation in the procurement context. The aim of this particular study is to define the actors’ roles and involvement practices and the co-development process in relation to the realm of public procurement. The study applies a longitudinal case study design and responds to calls for longitudinal studies in inter-organizational contexts (Dubois and Gadde, 2002; Evers et al., 2016). A longitudinal case study provides a single setting with multiple observations over an extended period in a specific context (Eisenhardt, 1989; Pettigrew, 1997). Public procurement is regarded as a process, and longitudinal data are required to observe how processes develop over time (cf. Langley et al., 2013). Accordingly, our data allow us to investigate an SSP in depth and on a real-time and retrospective basis. Nordin and Agndal (2008) emphasize the longitudinal nature of processes in service sourcing contexts. An exploratory and qualitative approach is justified because the focus of this empirical study is on the pre-tender phase of the public procurement process, which is an under-researched area (Igarashi et al., 2013). A systematic combining approach (Dubois and Gadde, 2002) was applied in which the context and boundaries of the phenomenon were built progressively as theory interacted with method and empirical observations.

This study applies information gathered from two pre-tender phases in the catering context (hereafter, Catering A and Catering B) in a Finnish municipality (hereafter, the Municipality) between June 2014 and November 2017. The Municipality decided to outsource all its catering services; thus, specifying these services was a genuine development target for the Municipality and a motivation for the current study. It can therefore be said that the case selected the researchers (Dubois and Gadde, 2014, p. 1280).

3.1 Data collection

Two researchers gathered the data during separate phases of the procurement process, which were: (1) before the pre-tender phase, (2) during the pre-tender phase, and (3) retrospectively after the pre-tender phase. Table 1 summarizes the data collection purpose and data sources underpinning the different data collection phases (Appendix one provides more detailed information on the data).

Table 1

Summary of the data collection during separate phases of the procurement.

<i>Data collection phase</i>	<i>Purpose</i>	<i>Informants</i>	<i>Data source</i>
Before pre-tender phase	Understanding the context: Municipality's procurements, PU's role, and the network of stakeholders	Municipality and PU personnel	Workshops Thematic interviews Documents
Pre-tender phase	Mapping pre-tender phase activities	Municipality and PU personnel	Workshops Thematic interviews with PU and Municipality personnel
	Observing the type of information exchanged and how it was exchanged	Potential catering providers, PU personnel	Semi-structured interviews with the providers Documents
	Understanding and sensing the atmosphere of the interaction		Observations of buyer-provider meetings
After supplier selection	Understanding the outcomes of pre-tender phase activities in relation to service specification	PU personnel Selected catering providers	Thematic interviews

We collected data from actors with different perspectives on the studied phenomenon (Piekkari et al., 2010, p. 113). Our main contact was the Municipality's centralized procurement unit (hereafter, the PU), particularly the service manager who was hired to manage the procurement of the catering services. We collected both primary and secondary data (Table 2). The *primary data* include interviews, observations, and workshop discussions. Numerous thematic face-to-

face and Skype interviews and workshops with Municipality and PU personnel were arranged throughout the research project. The data obtained were complemented with e-mail and telephone conversations. The interviews with the PU were conducted mainly with the service manager and Project Manager. Additional personnel from the Municipality, such as legal counsel and personnel from the PU participated in the workshops and in some interviews. Due to the forthcoming competitive tendering, the suppliers did not join the workshops but were instead interviewed. The *secondary data* consist of tender documents, such as the initial and final RFQs and material prepared for meetings with potential suppliers.

Table 2

Data collection methods.

<i>Case</i>	<i>Method</i>	<i>Duration</i>	<i>Time</i>
Catering A	<i>Observations</i>		
	-1 information session	60 min	
	-5 technical dialogues	90 min each	Sep–Dec 2014
	Municipality and PU personnel		
	<i>Thematic interviews, regular workshops, Skype meetings, e-mails</i>		Jun 2014–Nov 2017
	Potential service providers		
Catering B	-5 <i>interviews</i>	30-60 min	Sep–Oct 2015
	Selected service provider		
	-1 <i>interview</i>	60 min	Nov 26 2017
	<i>Observations</i>		
	-1 information session	60 min	
	-7 technical dialogues	60 min each	Oct–Nov 2015
Secondary data: Example documents	Municipality and PU personnel		
	<i>Thematic interviews, regular workshops, Skype meetings, e-mails</i>		Jun 2014–Nov 2017
	Potential service provider		
	- 7 <i>interviews</i>	30-90 min	Mar–Apr 2016
	Selected service providers		
	-2 <i>interviews</i>	80/75 min	Nov 2017
Secondary data: Example documents	Initial and final RFQs, contract draft, service definition, service processes, assessment of quality, pre-prepared material for technical dialogues		

The service manager acted as a gatekeeper by paving the way for interviews with the catering providers that participated in the pre-tender phases. Eight catering providers that participated in market dialogue activities were interviewed (coded from 1 to 8, see Table 3). The service providers included small local catering providers and mid-sized and large multisectoral companies, and the interviewees were typically managers or directors of the large firms and CEOs of the small firms (see Table 3). Some providers (1, 2 and 4) participated in both the tendering process and were interviewed two or three times.

Table 3

Catering providers participating in market dialogue activities.

<i>Provider</i>	<i>Number of interviews and interviewees</i>	<i>Catering A/B</i>	<i>Company information</i>
1	3 interviews with 3 different interviewees	A and B	International family-owned company. Ca. 15,000 employees.
2	3 interviews with 3 different interviewees	A and B	Incumbent provider in both cases. Multisectoral company. Ca. 1200 employees.
3	1 interview	A	Local entrepreneur. Fewer than 5 employees.
4	2 interviews with the same interviewee	A and B	Local entrepreneur. Fewer than 19 employees.
5	1 interview	A	Multisectoral company. More than 1000 employees.
6	1 interview	B	Local family-owned company. Fewer than 30 employees.
7	1 interview	B	Multisectoral company. More than 1000 employees.
8	1 interview	B	Multisectoral company. Fewer than 100 employees.

3.2 Data analysis

The data analysis was conducted throughout the research process. Four researchers analyzed the data, focusing on the pre-tender phase activities. Three researchers specialize in management, and one researcher specializes in procurement law. Such a group of researchers with complementary knowledge from two fields has the advantage of being able to observe everyday practices and contextualize the collected data from diverse perspectives (Coughlan and Coughlan, 2002). This arrangement permitted us to integrate theories from the private sector within the limits of the laws and regulations concerning public procurement and guaranteed the correct interpretation of the tender documents.

Consistent with a systematic combining approach, the data analysis featured matching, that is, going abductively back and forth among the theoretical frameworks, data sources, and analysis (Dubois and Gadde, 2002). The researchers involved in the data collection delivered the interview transcripts and observation and workshop memos to the research team. The data were first analyzed separately by the researchers and subsequently discussed within the team. The data analysis was a constant and reflective process, and any conflicting findings were discussed within the research team. In situations where the PU's and providers' perceptions were in conflict (e.g., in the context of the atmosphere of the technical dialogues, see Appendix 2), we relied on our observations. Furthermore, in the different versions of the RFQ, we could check the outcomes of the dialogues (e.g., if the providers' suggestions for development had been acknowledged).

To describe and analyze the data and understand what was going on (Wolcott 1994), we applied different types of triangulation (Denzin, 1978). First, we applied data triangulation (primary data from interviews, workshops, and observations and secondary data from tender documents and material prepared for meetings with potential providers). Second, we used method triangulation

(direct observations, interview recordings, and document studies). Third, we conducted theoretical triangulation, which involved utilizing ideas from private- and public-sector research. In addition, we applied two types of investigator triangulation. Four researchers interpreted the data, and the findings were discussed in workshops with the Municipality. The unit of analysis was the pre-tender phase and its various episodes (cf. Holmlund, 2004), and especially the roles and involvement practices of its stakeholders. We applied Wolcott's (1994, p. 12) D-A-I method—that is, description, analysis, interpretation—in which the description aspect concentrates on the question *what is going on here?*; the analysis answers the question *how do things work?*; and the interpretation element addresses processual questions of meanings and contexts and answers the question *what is to be made of it?* The table in Appendix 2 describes how we used the D-A-I structure with an example revealing our reasoning. The analysis addresses the identification of the essential features of the three focal stakeholders' roles and involvement in the SSP consisting of six phases or episodes within Catering A, and five episodes within the Catering B (Figure 2). Table 5 summarizes our findings by describing the episode-specific stakeholder roles and practices and our analysis of the meaningfulness of the actions taken.

3.3 Validity and reliability of the study

Different strategies were used throughout the research process to establish validity and consistency (see Table 4). To ensure construct validity, multiple sources of evidence were used, which were: Municipality and PU personnel, catering providers, and documents. Using multiple respondents and both sides of the interacting dyads is regarded as a wise choice "*in order to capture variety of perceptions and meanings*" (Dubois and Araujo, 2007:175). Murray (2009:99) also cautions against "*over reliance on procurement managers as the sole key respondents.*" Continuous access enabled us to exchange information and evaluate the findings along with Municipality and PU personnel during our meetings and workshops, which also functioned as credibility checks (cf. Hartmann et al., 2014). In most interviews, two researchers were present to take notes, which were compared after the interviews (cf. Yin, 2009). All interviews were audio recorded and transcribed for the analyses. Market dialogue interactions were not recorded due to their sensitive nature, but notes were taken. We organized the collected data and reported it to the Municipality during the workshops. For example, after the supplier interviews, we presented a summary of the suppliers' perceptions of the technical dialogues without revealing the sources, and subsequently discussed the main issues with the PU. Furthermore, a draft of the research report was sent to PU personnel and selected service providers for comments. Our multifaceted data allowed for distinct types of triangulation as previously explained.

Table 4

Summary of the research credibility elements (Gibbert et al., 2008; Roehrich and Lewis, 2014; Yin, 2009).

	<i>Strategy</i>	<i>Operationalization</i>	<i>Phase</i>
Construct validity	Multiple sources of evidence	Multiple perspectives: data obtained from the buyer and providers via multiple informants	Data collection
	Established a chain of evidence	Documents, transcripts, and notes from observations were collected and studied	Data collection and analysis
	Key informants reviewed a draft of the research report	PU personnel and selected providers reviewed the manuscript of the research report	Data composition
External validity	Replication logic	Analytical generalization: generalization from empirical observation to theory rather than a population	Research design
Reliability	Interview guide	Provider interviews included the applied procedures and questions	Data collection
	Case study database	Compilation of case study database including interview notes and transcripts, observation notes, and documents	Data collection
Internal validity	Pattern matching	Matching research questions, theory triangulation, researcher triangulation, and multiple perspectives	Data analysis

3.4 Case description

Our two cases investigate the pre-tender phases of a municipality's catering services by focusing on the co-development of a service specification. In the Municipality, procurement is decentralized, that is, different operating units (e.g., the welfare unit) provide services to their customers (e.g., hospital kitchens). The units use collective supply contracts and are responsible for making decisions about procurement and monitoring the agreements (see e.g., Patrucco et al., 2016). In 2014, the Municipality initiated an outsourcing process related to all its catering services, which had previously been provided internally. The tender process was divided into four segments (25% each) and it was anticipated the whole process would run from 2015 to 2018. The value of the procurement (total value of EUR 24.8 million, ca. 10.6 million meals per year) exceeded the threshold beyond which EU public procurement regulations come into force; thus, both EU directives (Directive 2004/18/EC; Directive 2014/24/EU) and national law (The Act on Public Contracts 348/2007) were applied, and an open tender procedure was implemented in which any provider could tender. Our study reports findings related to the pre-tender phases of the first two segments as follows: Catering A (August–December 2014) and Catering B (August 2014–Autumn 2016). Figure 2 illustrates the approximate timelines of the two pre-tender phases. The length of the Catering B tender is explained by a change in the customer base as one hospital withdrew from the centralized contract; therefore, the tender process was suspended in the spring of 2016 and reactivated in the autumn of 2016.

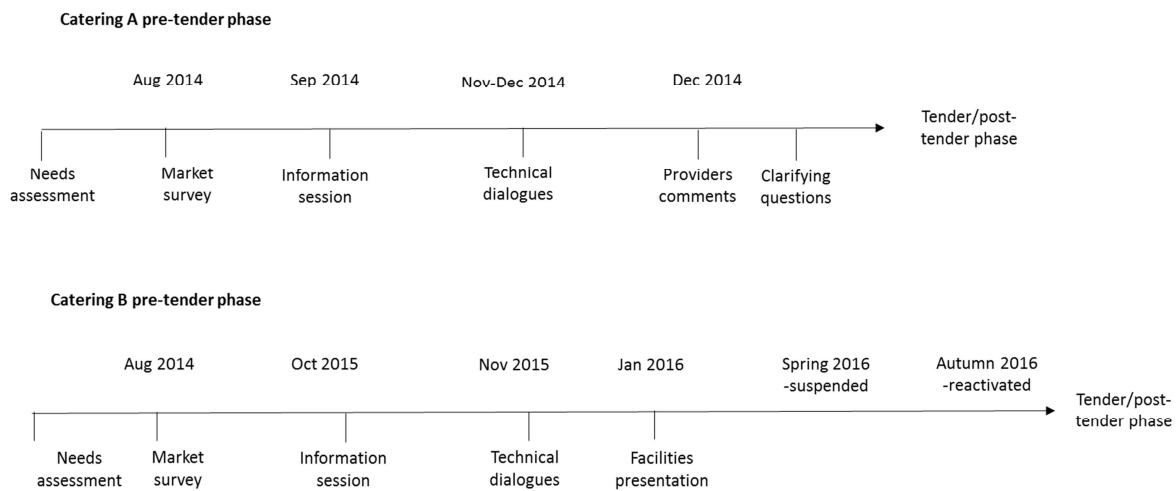


Fig. 2: Catering A and Catering B procurement process timelines.

The Municipality's welfare unit is responsible for providing catering services to its customers, included among which are hospitals and care homes. The PU acted as an intermediary and supervisor on behalf of the Municipality in verifying compliance with external regulations and internal procedures (cf. Patrucco et al., 2018). The PU also played a central role in developing the service specifications (cf. Bessant and Rush, 1995) and acting as an intermediary between the different stakeholders. The internal customers of the catering services are those employees who use the services in their daily processes, such as, kitchen supervisors of hospitals and care homes (see Figure 3). *Catering A* concerned food deliveries to end-customers, such as senior citizens, persons with disabilities, and persons with a drug addiction. *Catering B* involves the Municipality's hospitals and their end-customers including patients, staff, and patrons of hospital cafeterias. The planned duration of both contracts was three years.

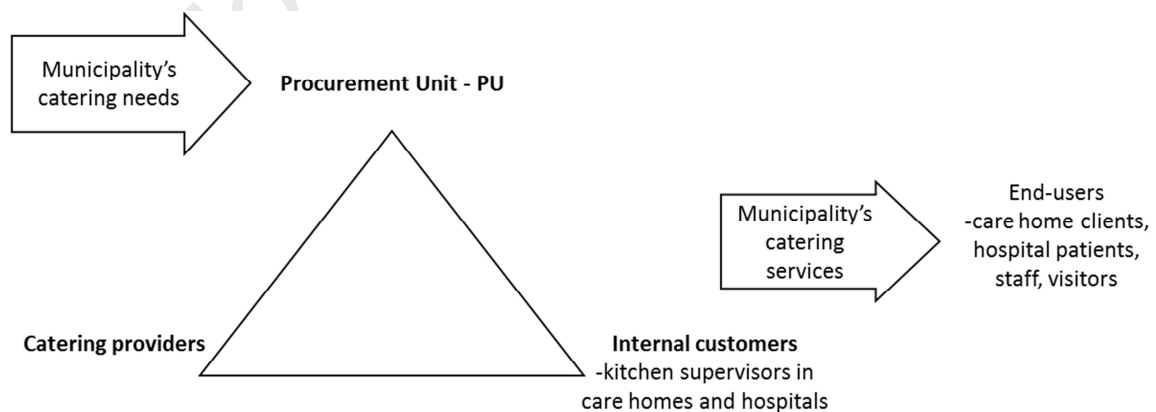


Fig. 3: Focal stakeholders in the Municipality's catering services.

4 Case study findings

4.1 Need for stakeholder involvement in an SSP

The literature review conducted to support the current research indicated that the need to involve stakeholders in the SSP depends on the 1) complexity of the service, 2) the level of innovativeness sought, 3) buyer-perceived uncertainty, and 4) the provider's buyer-specific experience (see Fig. 1). Exploring municipal catering services in general, and the two procurement cases in particular, revealed that municipal catering services are complex; and there are several reasons for that: First, the end-customers' perceptions of the food quality are highly subjective (Bryceland and Curry, 2006). Second, the public provision of catering services is expected to promote healthy eating habits and support sustainable food production, which have important consequences for the inhabitants' health and the economy of the municipality (Aranceta, 2003; Raulio et al., 2010). For example, at hospitals, exemplary food service and nutritional care have beneficial effects on the recovery of patients and their quality of life (Kondrup, 2004). Third, there were demands related to sustainability, local production (Rimington et al., 2006), support for small entrepreneurs, food hygiene (Lehtinen, 2012) and food waste (Sonnino and McWilliam, 2011). Fourth, from the logistics perspective, food products have unique characteristics, and the logistics solutions developed for other product groups are not directly applicable to the food industry (Fredriksson and Liljestr and, 2015). Specifically, hospital catering and the associated logistics are extremely complex due to the Municipality's various types of kitchens, logistics issues, and meal delivery processes.

The public procurement context adds complexity because the procurement process is constrained by EU laws and restrictions and by political decisions (Murray, 2009; Telgen et al., 2012). For example, the buyer should follow equality principles and ensure that competition is not distorted (Arrowsmith, 2014; Lenferink et al., 2013); thus, buyers cannot favor a single provider (Warland and Mayer, 2017). Our catering cases were challenging for the buyer in this respect because one potential supplier was the former internal catering provider.

The spur for the Municipality to outsource its catering services was the need to reduce costs and simultaneously to develop the services. The aim was not to purchase something that "*does not yet exist*" (Uyarra and Flanagan, 2010, p. 127) but to develop regular catering procurement activity in an innovative way. Edquist et al. (2015, p. 7) define this type of procurement as: "*regular procurement which is carried out in such a way that new and innovative solutions are not excluded or treated unfairly.*" In a workshop with the Municipality, the following main aims for the tender were defined: providing better services to citizens, preventing diseases with the help of correct nutrition, and maintaining and developing municipal kitchens. The reason for applying the practice of a market dialogue was to use the catering providers' expertise in specifying the services. Furthermore, the PU and Municipality intended to learn from the sequence of tendering.

Buyer-perceived uncertainty (Selviaridis et al. 2013) was extensive because the services had previously been delivered through an internal service provider. The catering services had developed over time and were largely managed by custom and practice, and formalizing and documenting these services were major challenges (cf. O'Flynn and Alford, 2008: 216). The

incumbent catering provider's buyer-specific experience was substantial because it had served as the Municipality's internal catering provider for a considerable time, while the new catering providers were in the opposite situation because they had no prior cooperation experience with the Municipality.

Based on the above, we interpret the focal procurement cases as challenging and necessitating stakeholder involvement to derive the best possible service specification. In the following analysis, we evaluate the pre-tender processes of our empirical cases, and the involvement of stakeholders accordingly.

4.2 Service specification process, stakeholder roles, and involvement practices

In this section, we scrutinize the SSP of the purchased catering services, in which the SSP consisted of a sequence of seven recognized episodes containing different activities producing four outcomes (versions of the RFQ), which are illustrated in Figure 4 and discussed below.

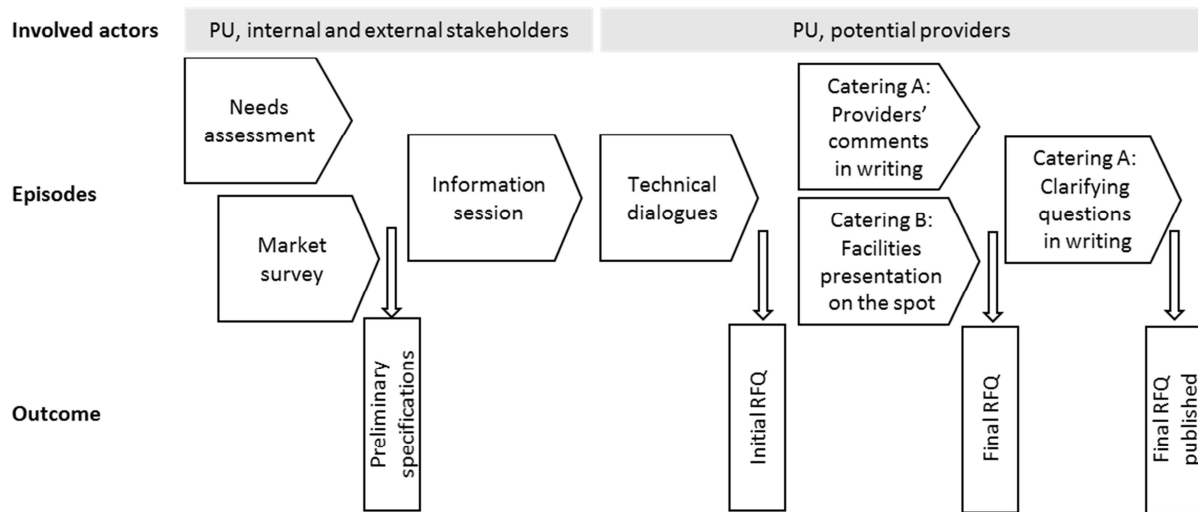


Fig. 4. Actors, episodes, and outcomes of the investigated SSPs.

Preliminary service specifications

Due to the PU's limited understanding of the Municipality's requirements for catering services, the SSP process started with an *internal needs assessment*. Information regarding the internal customers' and other stakeholders' needs was circulated to various units of the Municipality. The Municipality had no structured process for involving internal customers in the needs assessment

(cf. Haensel et al., 2018). Accordingly, the Municipality authorized the PU to act as an intermediary and *relationship initiator* (Keränen, 2017a) among the different stakeholders. The PU organized an extensive needs assessment (cf. Bryntse, 1996) and used internal and external information sources (cf. Igarashi et al., 2017) to create the preliminary service specifications. The external stakeholders included different interest groups, such as customer and entrepreneur associations; safety, health, and employment services; and politicians. The PU also engaged the welfare unit (e.g., managers responsible for the care of the elderly and for home delivery services) and several other internal units, such as the health office and the department heads of various service sectors, such as IT services, legal services, and janitor services. Using the information acquired from these actors, the PU developed the first draft of the *preliminary service specification*. The draft included the minimum requirements related to the technical details of the meals; raw materials; nutritional values; employee qualifications; order, delivery, and invoicing processes; reporting; environmental issues; sanctions; and monitoring.

The PU's capabilities were related to the tendering process rather than to the content of the service processes. Accordingly, the PU performed *bridging activities*, such as project management (Bessant and Rush, 1995) and information gathering and communication (Howells, 2006). The PU's involvement had no elements of meaningful involvement in the sense of professionalism and strategic foresight (cf. Johnson and Leenders, 2003). The internal customers were not among the stakeholders participating in the internal needs assessment and were not involved during the various episodes of the development process. The highest level of involvement would have required internal customers to be part of the development team and to take part in the decision making.

The PU's market knowledge was limited, and a *market survey* was conducted to map the potential providers. Entrepreneur associations were consulted and a search of the Internet conducted to identify potential providers. For Catering B, market information gathered in connection to Catering A was used; however, a further search was conducted to determine whether new catering providers had appeared.

Initial RFQ

The PU organized *market dialogue activities* to develop the initial tender documents in cooperation with potential service providers (cf. Essig and Batran, 2005). First, all providers were invited to an *information session*, which was open to all interested actors. The main themes of the session were the content and scope of the services; contract duration; required qualifications; social responsibility; and quality assurance. In addition, practical issues, such as the schedule of the tender process, publicity, and safeguarding of confidential information, were communicated. Accordingly, providers obtained information about the tendering process that enabled them to decide whether to tender for the contract. The providers were also able to enroll for a face-to-face *technical dialogue* session. These sessions were set up to discuss the tentative plans for the content of the service, contract items, sanctions, and award criteria. Internal stakeholders, including the welfare unit, were invited, but only a few attended. The initial RFQ was developed as an outcome of the information sessions and technical dialogue sessions. A process-oriented method (Axelsson and Wynstra, 2002) was applied, and the focus was on how

the goal of the service should be met. Internal customers did not participate in the dialogues, which attracted the following criticism from the providers:

...the role, expectations, and needs [of the internal customer] ...I wonder if they became clear enough? (Provider 2).

The candidate providers had varying levels of prior experience of a public tendering process, and moreover, their knowledge of the Municipality and its catering needs varied. Provider 2 (the incumbent provider) inevitably had detailed knowledge of the catering services in place (cf. O'Flynn and Alford, 2008; Selviaridis et al., 2013).

We are the current provider, and our situation is different. However, that has both pros and cons (Provider 2).

The downside of the approach was that most of the time allocated to the technical dialogue was used to discuss the details of the current services provision. Provider 2 had a role that did not entirely fit the provider roles defined by Selviaridis (2013). In the internal needs assessment, the PU developed detailed information about the complex services despite the provider's potential ability to function as a *developer* due to its extensive buyer-specific experience, leading Provider 2 to assume a *fine-tuning* role. Furthermore, Provider 2 could have hindered the development of the services and encouraged the PU to require services similar to those that had been previously provided. However, by highlighting any flaws in the RFQ, Provider 2 was able to help the buyer guarantee a fair tendering process (Selviaridis et al., 2013). If a potential provider with unrealistic cost estimates had won, the internal customer would have faced problems associated with low-quality services (cf. O'Flynn and Alford, 2008). Accordingly, the provider functioned as a development *prohibitor* in regard to service development and an *equalizer* in ensuring fair competition.

The large providers (1, 2, 5, 7, and 8) had experience of market dialogues (mainly related to long-term Public Private Partnership, projects) but no buyer-specific experience of the Municipality and its catering services. These providers could have helped develop the services, but the PU was risk-averse and unwilling to make too many changes to the current services. These providers were well prepared for the technical dialogues. However, the buyer led the specification discussions, and the providers focused on creating cost savings and operational synergies for the Municipality; thus, the role of these providers was also limited to fine-tuning the resource levels (cf. Selviaridis et al., 2013). The providers were generally disappointed by the verbal interaction. For example, in the technical dialogues, the PU presented several tables containing technical details, followed by the following question: "*can you provide this for us?*" Furthermore, some providers questioned the necessity of these sessions in their current form:

...information sessions were completely useless...I had the feeling that this [information] could have been sent by e-mail using bullet points (Provider 7).

They [technical dialogues] were more like events where we were asked different questions, which left us feeling that they [PU] are just asking and wanting us to do their work... (Provider 1).

The small catering providers (3, 4, 6) had never participated in an extensive public tender and had no experience of cooperating with the Municipality or of a public procurement process in general. These providers had minimum involvement in the market dialogue activities and mainly played a *translating role* (cf. Selviaridis et al., 2013), but without the required close interaction with the PU. Furthermore, the scale of the tender was not communicated clearly enough, which caused frustration among the entrepreneurs.

The whole issue [the tender] was a misunderstanding. I thought that they would listen to the entrepreneurs that the tender would have been in smaller lots (Provider 4).

I had misunderstood the whole system, and I would not have participated [in the technical dialogue] if I had understood correctly (Provider 3).

Final RFQ

In Catering A, following the technical dialogues, the PU sent a draft of the RFQ to the potential providers to elicit their comments. For the PU, the main aim of this procedure was to ensure that the RFQ was formally correct and that there were no major mistakes. The interested providers were given a deadline to submit their comments and questions, and the PU subsequently compiled the answers and distributed them to all potential providers. The service providers were not pleased with their role as proof-readers of the terms of the RFQ. There was time pressure with tight deadlines and a loss of focus on the essential issues. For example, the providers were expected to comment on the entire RFQ (150–180 pages) in a very short time.

The Municipality sent us the entire RFQ and all materials, and there were about two weeks; in that time, we were supposed to be able to read through it all, but it would have taken several people working on it full time (Provider 2).

In Catering B, due to the tight time schedule, this procedure was replaced with a *facility presentation* in which the providers had an opportunity to familiarize themselves with the hospitals and their logistics and delivery processes. The PU specified a date and time, and the providers had to register for the presentation. Attending these presentations was problematic for the providers. First, there was too little time to find the right person to attend, particularly among providers located far from the Municipality. Second, there was not enough time to react if something appeared in the presentation that changed the provider's view of the tender documents. Furthermore, some providers would have preferred this activity to be scheduled before the written comments.

...so that it would not happen that you have four days until the deadline for tender and suddenly an answer comes that changes our calculations and everything, and then, we are in trouble (Provider 1).

Publishing the final RFQ

For Catering A, the PU organized a written *needs clarification* in a procedure similar to that used for commenting on the RFQ. The potential service providers could submit questions online for a predefined period, and the answers were compiled and distributed to all potential providers. The

service providers and the PU regarded both the written procedures (providers' comments and clarifying questions) as necessary, but there were some severe shortcomings in the practical arrangements (in addition to the tight schedule). A major problem was the sequential information flow. There was no time to pose a counter question if the answer was unclear, which caused frustration among the providers:

Those questions are a good way to clarify the procedure, but the answers come far too late...if there are two to three days to submit the tender, and we are talking about million euro deals, it makes no sense (Provider 8).

... when you have this opportunity to ask by a given deadline, and then, the answer comes. What if the answer does not satisfy you? (Provider 2).

4.3 Evaluation of the SSP

In this section, we critically analyze the implemented SSPs through the lens of meaningful involvement, which we define as: *cooperative roles and practices that are suitable for the existing situation and that are understood and implemented by the cooperative actors*. The procurement cases discussed in this study are complex, and the aim of the SSPs was to find innovative solutions to catering function needs. Furthermore, the buyers were uncertain regarding the services' content and processes, and the providers had no prior experience of cooperating with the buyer, the exception being the incumbent provider. Accordingly, the analyzed SSPs could benefit from intensive stakeholder involvement. The service manager of the PU agreed that the providers' input during the pre-tender phase resulted in only minor adjustments to the specifications, which mainly addressed faults in the preliminary RFQ. Although the aim of the pre-tender phase interaction was to develop the services by utilizing the providers' expertise, it was more important to the PU to design an RFQ that prompted as many providers as possible to submit a tender.

At least it became clearer that the RFQ is such that we will get tenders, because it is important here (*PU, service manager*).

Accordingly, the SSP and involvement practices appeared too superficial and formal to spawn fruitful discussions among the stakeholders. Table 5 summarizes the episodes and the stakeholders' roles and involvement in the investigated SSPs. The roles and involvement of the focal stakeholders are evaluated in relation to the meaningfulness of the involvement.

Table 5. Contrasting the involvement process and episodes with the ideal involvement emerging from the literature.

Episode	The role(s) of and practices adopted by			Critical evaluation of the meaningfulness of involvement
	Procurement unit	Providers	Internal customers	

Needs assessment	Assembles a multisector team to assess the needs. Conducts a series of internal discussions.	Not involved.	Not involved.	No involvement within the triadic setting. However, the involvement of both internal customers and providers could have been useful in this early phase to determine the real needs and possible innovative practices to fulfill the needs.
Market survey	Conducts a market survey by involving internal and external sources.	Not involved.	Not involved.	It was neither necessary nor possible to involve providers in this episode. The internal customers could have had relevant information regarding potential providers. The most relevant sources of information for this purpose were the external sources used.
Information session	Arranges information sessions with formal presentations of initial RFQ build on a contractual basis.	Participated as a passive audience.	Not involved.	As an official information session, the session worked fairly well. However, there was no room for stakeholder involvement in terms of discussion and dialogue. The main problem was that during the session, the PU presented the preliminary service specifications without allowing room for discussion or further development of the value-generating features of the service. Furthermore, the providers were unwilling to share their ideas in the presence of competitors.
Technical dialogues	Facilitating one-to-one technical dialogues, lasting for 1.5 hours (A) and 1 hour (B). Leads discussions on the basis of the contract document.	Not possible to take developing role because the service concept with a preliminary contract was taken for granted.	Not involved.	Minimal or no involvement within the triadic setting. The PU ensured that due to the extensive needs assessment, it was able to represent the internal customers, whereas the providers argued that discussion directly with the internal customers could have been helpful to enhance mutual understanding. Internal customers did not participate, and actually, there was no real need for them to participate due to the already fixed contract. Internal customers were not involved in the preparation of the dialogues either. The absence of internal customers was harmful, but it is obvious they felt it was a waste of time to participate in a discussion that addressed issues beyond their expertise (contractual issues).
Providers' comments (in writing) (Catering A)	Sends a draft of the RFQ (contract) to the potential providers and asks for comments. Replies to questions openly. Did not make all corrections.	Corrected some faults and noted unclear issues.	Not involved.	Due to the fixed and contract-based format of the RFQ consisting of 150–180 pages, the providers that participated in the technical dialogues were unable to comment on anything but some minor details in the contract. They were disappointed to be used as only proof-readers of the contract.
Clarifying questions (in writing) (Catering A)	Arranges the opportunity for the providers to submit questions online for a predefined time. Compiles and distributes the answers to all potential providers.	Posed some questions and obtained answers.	Involved only if PU could not answer a question.	No time was allocated for counter questions. Accordingly, not all uncertain points were clarified. Internal customers could have been involved to answer the questions directly and to ensure collective understanding.
Facilities presentation (Catering B)	Arranges for providers to explore the internal customer facilities.	Only a few providers attended.	Not involved.	Was arranged at short notice, which made it impossible for some providers to participate. Furthermore, the presentation was organized too late, and the providers did not have enough time to make changes in the tender if they encountered something unexpected.

Our analysis led us to isolate the following shortcomings of the SSPs implemented, particularly in light of meaningful involvement as it was defined in this study.

Lack of early involvement

The literature related to supplier involvement clearly highlights the importance of early involvement. The fact is that the more fixed a plan is when first presented to stakeholders, the fewer opportunities there are for the stakeholders to make a significant contribution to the content. The providers felt that everything was predefined and that there was no genuine desire

to develop the specifications. Furthermore, the internal customers were not involved in the different episodes of the SSP.

Mixing of contractual and value-generating issues

The first version of the service specification presented to the potential providers was in a contract format including administrative issues alongside the detailed specifications of the service. The contractual issues dominated the value adding issues, which could help to develop the services. Therefore, from the service specification perspective, the focus was on the wrong issues. For the PU, it was important to keep the budget and strictly follow the appropriate laws and restrictions.

“It is good that they [providers] understand our perspective, that the Municipality has a budget that we have to stick to and follow what procurement law says” (PU, Service Manager).

During the introductory phase and that of the process design, it can be important to separate contractual issues, such as the responsibilities and penalties typical of contractual content, from the genuine value-generating issues of the service and to clarify those issues to the participants (Ylimäki and Vesalainen, 2015). In the cases analyzed, this distinction was not made, which gave rise to confusion among the participants and undermined the focus on value-generating issues as noted by Provider 1 as follows:

“Sometimes, the lawyers talk quite a lot; it feels like the fear of the Market Court [a special court in Finland, hearing e.g. public procurement cases] is really big” (Provider 1).

Lack of dialogical capacity in the arenas of interaction

In our empirical study, it became clear that the PU did not understand the term *dialogue* in the same way it is defined in the literature. The term seemed to be used interchangeably with *negotiation* but refers to any interaction other than negotiation, something prohibited by formal public procurement regulations during the pre-tender phase of an open tender. It is also obvious that if the parties engage in discussion on the basis of a contract document, the positions the parties take are more adversarial than cooperative. This type of involvement cannot be regarded as meaningful either in terms of eliciting situation-specific needs or of the dialogical capacity of the episode.

Stakeholders’ poor understanding of the roles and the level of involvement expected in a collaborative SSP

The roles parties adopt depend on the nature of involvement anticipated by the party that orchestrates the cooperation. In the current study, the stakeholders were unaware of their expected roles; mainly because the PU, as the intermediary and orchestrator of the process, either did not have a clear understanding of the stakeholder roles or the roles were interpreted in a very formal way. The triadic constellation suggests that the intermediary liaises between customers and service providers. In the cases studied, the PU chose to act as an information broker between internal customers and service providers. Truly professional involvement would have required

proactive information acquisition (Johnson and Leenders, 2003). By limiting its role to that of an information broker and administrator and presenting the service requirements to the providers in the form of a preliminary RFQ, the PU ensured the providers were unable to participate in the co-development process; thus, the providers perceived the SSP as rather unproductive. Stakeholder involvement varies from mere information sharing to stakeholder membership in the teams responsible for NSD. The preceding point relates to the involvement of both internal customers and service providers (Selviaridis et al., 2013)(Selviaridis et al., 2013)(Selviaridis et al., 2013)(Selviaridis et al., 2013)(Selviaridis et al., 2013)(Selviaridis et al., 2013)(Selviaridis et al., 2013)(Selviaridis et al., 2013)(Selviaridis et al., 2013)(Selviaridis et al., 2013).

Information overflow and insufficiency of time to learn and to prepare a contribution

During the process, the PU offered the potential providers extremely detailed information. However, the time granted to react to it and prepare input to the following discussions was too short. Furthermore, in a process that is new to stakeholders, an introductory information session about the roles and co-development practices could be helpful to ensure the parties are on the same page (Hedaa and Ritter, 2005) with regard to the meaning of co-development during the pre-tender phase. Furthermore, direct communication between the providers and the internal customers during the market dialogue sessions could have helped them reach a collective understanding of the practical issues. The internal customers and potential service providers did not meet during the process, leading to a situation in which service processes with customer needs become a closed system with very limited information to inspire innovation. It is crucial to open the closed system and provide internal customers and other stakeholders with new information about models and ideas to implement services.

Furthermore, the lack of time impeded the PU's aim to learn from the sequence of pre-tender phase interaction. In fact, according to the providers and our observations, Catering A's pre-tender phase was organized more efficiently than that of Catering B. The market dialogue activities, particularly in Catering B, were hindered by time pressure and the lack of managerial capabilities given the scale and scope of the tendering process being undertaken (cf. O'Flynn and Alford, 2008). Too little time was devoted to documentation during, and in the periods between, the tendering processes. Without proper internal information exchange and documentation, Catering B could not learn from Catering A. Internal information exchange and learning were further challenged by changes in PU personnel between the two pre-tender phases. The PU did not act as a team in the co-creation process; instead, information remained with individuals (cf. Zheng and Caldwell, 2008), which caused problems with continuity and learning. Schotanus et al. (2010, p. 58) also noted that if members of a purchasing group have no internal support and if representatives change frequently, the learning curve of the group will be hampered.

5 Discussion

In this section, we answer our research question "*How could an SSP be designed in a public procurement context in order to enhance the development of services?*" by contrasting the literature-driven stakeholder roles and involvement practices with the realm of the public

procurement context exposed through the findings of the two case studies conducted. As a result of our analysis, we propose a new model for a collaborative SSP during the pre-tender phase of public procurement. The model describes meaningful stakeholder involvement as a triadic setting, in which the core actors are the PU, service providers, and internal customers. The proposed model for an SSP aims to improve the process to avoid the obvious shortcomings identified in the empirical case study. The model illustrates an SSP related to a complex service procurement, in which neither the buyer nor the providers know the content of the service to be commissioned nor the processes that will facilitate its provision, and moreover, have no prior cooperation experience. The model is illustrated in Figure 5 and explained in detail below.

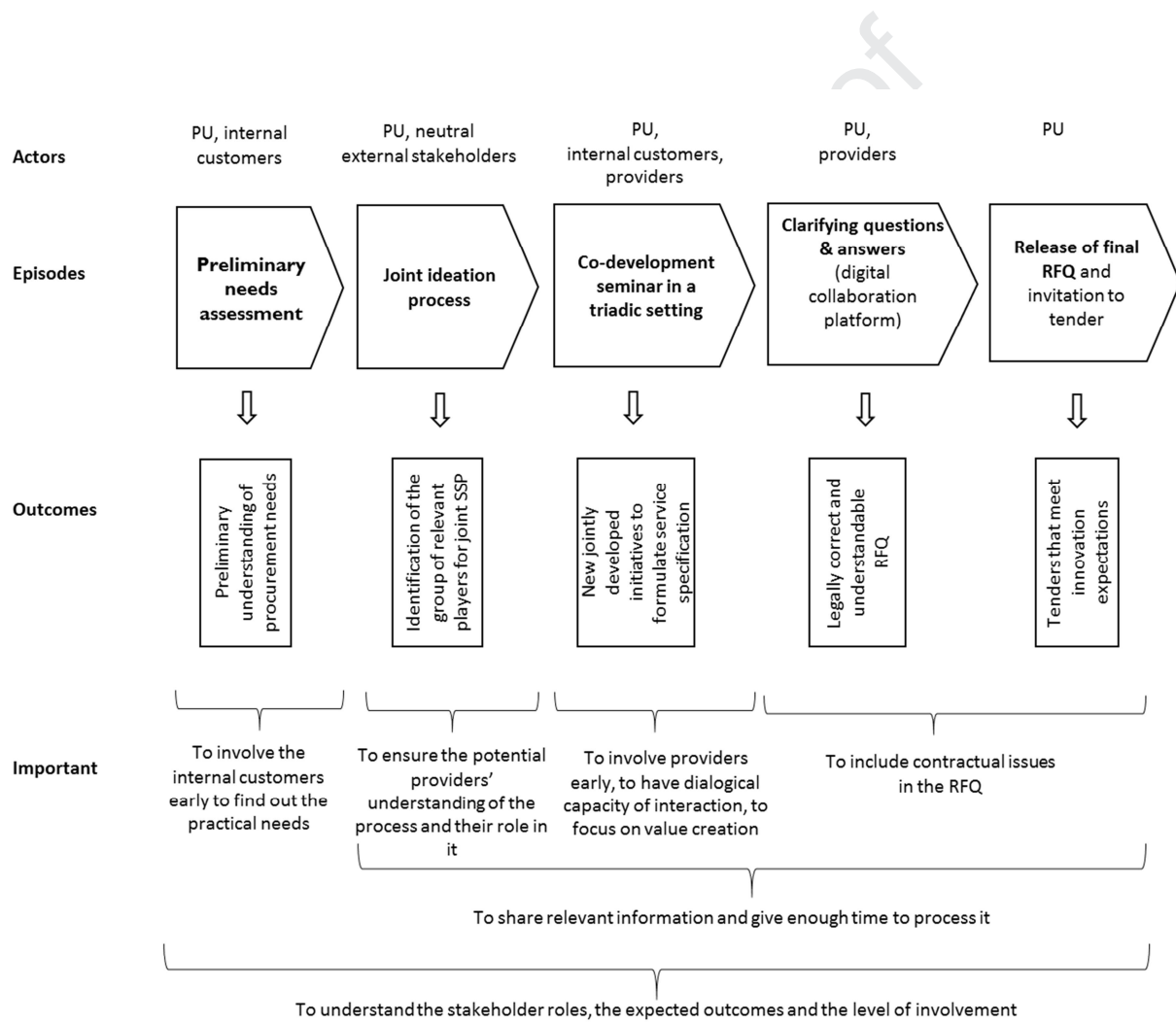


Fig. 5. Meaningful stakeholder involvement in an SSP as a triadic setting in the context of complex service procurement.

Actors, episodes, and outcomes of an SSP in the context of complex service procurement

In our model, the PU would act as an orchestrator in the SSP. The PU's role in the SSP is to be the enabler of innovative solutions that ensure the procurement is undertaken—“*in such a way that new and innovative solutions are not excluded or treated unfairly*” (Edquist et al., 2015, p. 7). The process starts with a *preliminary needs assessment* in which the PU involves internal customers. Involving internal customers is essential in order to gain common understanding of the current practices and the need for, and opportunities for, development. Furthermore, internal customers may have important knowledge of potential service providers and end-customers. The level of internal customers' and service providers' involvement during the remainder of the SSP can be realistically evaluated and defined via a profound needs assessment. Accordingly, the internal customers have a high level of involvement in the early SSP process.

Internal customers also have connections to other relevant external and neutral stakeholders, for example, entrepreneur associations. The PU could involve these stakeholders in a *joint ideation process*, which is the second episode in our model. By involving external stakeholders, the PU could increase its knowledge of what the markets can offer and acquire a broader perspective of the service needs and requirements. The PU can thereby also get help in identifying the group of relevant providers to join the SSP.

The third episode implies further ideation, in the form of co-development seminars in triadic settings consisting of the PU, service providers, and internal customers. The invitation to the seminar should be published via an electronic notification channel, and should include preliminary information regarding the needs, but that should not be in the form of a draft contract. The purpose of the seminar and its rules must be clarified in the invitation. Furthermore, it is essential to be clear about the roles assigned to the potential providers and the required level of involvement. Being aware of the buyer's needs and the expected level of involvement would make it possible for the providers to understand the level of innovativeness sought, and they could then decide if they have the resources to take part in the tender and are determined to do so. These seminars are important from the co-development perspective; and involving the three focal actors in such dialogues is essential. The co-development seminar might include a facility presentation, and the providers should be encouraged to propose their own ideas for development, which requires a friendly and trusting atmosphere and sufficient time allocated to foster those ideas that emerge. New, jointly developed initiatives are an ideal outcome of these dialogues, and the PU could include them in the preliminary RFQ.

In the fourth episode, instead of the sequential written procedures applied in our cases, we suggest that *clarifying questions and answers* and the proofreading of the RFQ be performed on a *digital collaboration platform*. Doing so would involve the PU setting the deadline for questions and answers, information being disseminated efficiently, and that information being delivered equally to all providers (cf. McKevitt and Davis, 2014). The expected outcome of the discussion on the digital collaboration platform is a legally correct and understandable RFQ. Finally, an outcome of a successful co-development process would be a mutual understanding of the required services and the level of innovation sought, which would result in tenders meeting innovation expectations.

In simple procurement operations—where the situational factors are the opposite of those in the cases analyzed here—for involvement to be meaningful, the SSP process must be simpler and

less time consuming. For example, there may not be a need for separate dialogues with providers. Instead, to help the buyer to create an understandable and legally correct RFQ, a group discussion and/or a facility walkthrough may be a suitable method to involve the potential providers and to obtain relevant tenders.

Important involvement practices

The recognized shortcomings in our cases were 1) lack of early internal customer and provider involvement, 2) mixing of contractual and value-generating issues, 3) lack of dialogical capacity, 4) poor understanding of the roles and level of involvement 5) information overflow and insufficient time to process the information, and (6) absence of initiatives for internal learning and process development. Overcoming these shortcomings is important to the development of the SSP.

Early involvement of internal customers is important at the very outset of the SSP if the PU is to acquire a preliminary understanding of the needs of the procurement operation. It is essential to ensure the meaningful involvement of relevant potential providers in the dialogues and the dialogical capacity of interaction in the joint triadic development process to develop the service specifications. In these dialogues, it is important to focus on *value-generating issues*. *Contractual issues* are important in developing a legally correct RFQ, but they should not prevent productive dialogue in which the providers are encouraged to put forward their innovative ideas in a receptive atmosphere. The PU as an orchestrator should define the *actors' roles* in each episode at the beginning of the process. It should also ensure that there is a collective understanding of the roles and expected *level of involvement* throughout the SSP. Enough time should be allocated to *information exchange* and processing. Throughout the process, the focus of the co-development efforts in the triadic setting should be on value creating issues. Furthermore, documenting and learning from the successes and failures of each co-development process is important. The suggested digital collaboration platform can help manage documentation and sharing information equally among the focal stakeholders.

6 Conclusions

This study adopts a critical lens of meaningful involvement to address buyer's, service providers', and internal customers' joint service specification in two cases representing the pre-tender phases of public procurement processes. The objective was to define the co-development process and the actors' roles and involvement practices in relation to the realm of public procurement. As a result, we developed a model of meaningful stakeholder involvement in an SSP as a triadic setting in the context of complex service procurement.

Our findings add to the prior studies discussing the need for collaborative and trusting relationships in a triadic setting in the very early phase of public procurement (Uenk and Telgen, 2019, p. 15). Furthermore, we contribute to the research on actor roles in centralized public procurement by answering the call by Keränen (2017a, p. 209), who particularly points out the importance of studying roles that can be harmful instead of developmental. In our empirical

cases, the practice of involving stakeholders was new to all parties, and from this perspective, it is understandable that the full potential of stakeholder involvement was not realized, particularly from the perspective of innovativeness.

When proposing improvements in the SSP, the focus is on a triadic setting of stakeholders, and we highlight the role of the PU as an intermediary among the key stakeholders, especially among the internal customers of the service and the external service providers. We create a model that has both theoretical and practical meaning. From a theory development perspective, the model defines the ideal co-development for service specification during the pre-tender phase of public procurement in the context of complex services. For practitioners, the model offers guidelines for the design of such a process. From the theoretical and practical perspectives, the ideal model of involvement does not mean that there is only one correct way to implement joint development. As the objects of procurement and situations vary in terms of complexity, it is important to apply procedures aligned with the current needs. Accordingly, co-development processes may vary between low- and high-intensity involvement. Against this background, PUs, as intermediaries or orchestrators of cooperation, are in key positions to design cooperation processes based on the current conditions.

We recognize the limitations of our study. First, the study is based on a limited number of cases from one country, and second, open tendering was applied in both the tendering processes. Further studies should focus on diverse types of services and/or different tendering procedures (e.g., negotiated or restricted procedures). However, as an explorative study, these findings provide a basis for the development of public services and competitive tendering processes in general while acknowledging that, in the context of public procurement in the EU Member States, EU directives and national laws delimit the broader framework for interaction between buyers and suppliers. These findings are also applicable to countries outside the EU, given that the impact of national legislation would have to be factored in.

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Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC.

National legislation of Finland

Laki julkisista hankinnoista 348/2007, The Act on Public Contracts 348/2007 (Unofficial translation).

APPENDIX 1: The most important information sources.

Examples of the studied documents		
Initial RFQ, including appendixes (draft contract, service definition, service processes, assessment of quality), ca. 90 pages		
Pre-prepared material for technical dialogues, ca. 30 pages		
RFPs, including appendixes (draft contract, service definition, service processes, assessment of quality), 150–180 pages		
Observations	<i>Date</i>	<i>Duration</i>
Catering A: Information session	16.9.2014	60 min.
Catering A: Technical dialogue 1	10.12.2014	120 min.
Catering A: Technical dialogue 2	19.11.2014	120 min.
Catering A: Technical dialogue 3	19.11.2014	120 min.
Catering A: Technical dialogue 4	26.11.2014	120 min.
Catering A: Technical dialogue 5	27.11.2014	120 min.
Catering B: Information session	29.10.2015	60 min.
Catering B: Technical dialogue 1	12.11.2015	60 min.
Catering B: Technical dialogue 2	12.11.2015	60 min.
Catering B: Technical dialogue 3	13.11.2015	60 min.
Catering B: Technical dialogue 4	13.11.2015	60 min.
Catering B: Technical dialogue 5	16.11.2015	60 min.
Catering B: Technical dialogue 6	17.11.2015	60 min.
Catering B: Technical dialogue 7	19.11.2015	60 min.
Interviews with Municipality personnel and PU personnel	<i>Date</i>	<i>Duration</i>
Service Manager	6.6.2014	60 min.
Service Manager	4.11.2014	120 min.
Service Manager	23.10.2015	30 min.
Service Manager, Project Manager, City Counsel	17.11.2015	45 min.
Service Manager	26.4.2017	80 min.
Interviews with providers	<i>Date</i>	<i>Duration</i>
Catering A: Provider 1, Key Accounts Service Manager	22.9.2015	60 min.
Catering A: Provider 2, Sales Director	24.9.2015	50 min.
Catering A: Provider 3, CEO / Owner	5.10.2015	50 min.
Catering A: Provider 4, CEO	5.10.2015	20 min.
Catering A: Provider 5, Client Solutions Manager	14.10.2015	45 min.
Catering B: Provider 3, CEO	29.3.2016	30 min.
Catering B: Provider 6, Manager	29.3.2016	40 min.
Catering B: Provider 7, Account Manager	6.4.2016	90 min.
Catering B: Provider 2, Sales Director	7.4.2016	55 min.
Catering B: Provider 1, Key Account Manager	18.4.2016	90 min.
Catering B: Provider 8, Business Development Manager	28.4.2016	50 min.
Catering A: (Selected) provider 1, Service Director	26.4.2017	60 min.
Catering A and B: (Selected) provider 2, Director of Food Service	13.11.2017	80 min.
Catering A and B: (Selected) provider 2, Senior Manager, Manager	27.11.2017	70 min.
Regular meetings and workshops with Municipality and PU personnel June 2014–November 2017		

Participants: e.g., Head of the Procurement Unit, Purchasing Manager, Service Manager, Project Manager, City Counsel, Legal experts.

Journal Pre-proof

APPENDIX 2: Analysis logic applying the D-A-I method (an example).

Description <i>What is going on here?</i>	Analysis <i>How do things work if contrasted with theoretical points of departure?</i>	Interpretation <i>What is to be made of it, i.e., are the roles and involvement practices meaningful?</i>	Empirical proof <i>Based on observations, workshop discussions, interviews, and documents</i>
<i>The PU organizes one-on-one technical dialogues with all providers willing to have such a conversation.</i>	<i>Dialogical capacity in these episodes was poor. The providers were forced to adopt a simple fine-tuner role.</i>	<i>The sessions called technical dialogues only involved fine-tuning the initial service specification and contract. No real dialogue developing the value-generating features of the service was identified. Technical dialogues were the only episodes in the SSPs studied in which a possibility for a genuine dialogue between the PU and a provider existed. However, the timing of the technical dialogues was too late to make a real contribution to the service specification. Contractual issues, such as responsibilities and sanctions, dominated the discussions over the real value-generating issues of the service.</i>	<p><i>According to the observations during the meetings, the atmosphere was mostly reserved, and the interaction was led and dominated by the PU.</i></p> <p><i>Providers' comments during subsequent interviews, such as the following: "the atmosphere [in the technical dialogue] is a bit like now you have the opportunity to ask, so ask! It is quite one-sided" (Provider 2).</i></p> <p><i>The PU had a different perception of the atmosphere as follows: "we tried there [in the technical dialogue][to ensure] that it would be a kind of relaxed discussion, so that it would give better results, I think it was a relaxed and open discussion".</i></p> <p><i>The final RFQ did not include the providers' suggestions for development.</i></p>

A triadic model of meaningful stakeholder involvement to specify public services

Triadic setting involves buyers, service providers, and internal customers

Co-development of the pre-tender phase of public procurement

Cooperative roles and practices that are suitable for complex service procurement

Focus on value creating activities and sharing relevant information