

UNIVERSITY OF TWENTE.

Faculty of Behavioural, Management and Social Sciences
Department of Technology Management and Supply

Master Thesis Part II (201500102)

Master of Science (M.Sc.) Business Administration
Purchasing & Supply Management

Increasing the Legitimacy of Tenders in Dutch Municipalities

Submitted by: B.G. (Bianca) ten Pierik
S2594951

1st Supervisor: Dr F.G.S. (Frederik) Vos, MSc MSc MSc
2nd Supervisor: Prof. Dr. L.A. (Louise) Knight
1st Practical Supervisor: Mr Practical Supervisor A (Municipality X)
2nd Practical Supervisor: Mrs Practical Supervisor B (Municipality X)

Number of pages: 79
Number of words: 20.959
Version: 3

4 January 2022

Acknowledgements

This master thesis was written to finish my master's degree in Business Administration. After much hard work I can proudly present my final version of the master thesis. I would like to thank my supervisors from the University of Twente, Frederik Vos and Louise Knight, for their useful feedback throughout the process. Furthermore, special thanks go out to Practical Supervisor A and Practical Supervisor B from Municipality X. They have introduced me to the municipality, gave me essential information for writing this thesis and took the effort to have weekly meetings with me, to help me to try my best as possible. Lastly, I would like to thank my family, friends and colleagues who also supported me a lot while I was working on my thesis.

Enschede, 4 January 2022

Bianca ten Pierik

Abstract

Introduction: Public procurers have to comply with a wide variety of rules and regulations. The degree of compliance to these rules and regulations is called legitimacy. However, in municipalities with a decentralized purchasing structure, the responsibility of conducting legitimate tenders lies on the shoulders of the operational purchasers. Despite the responsibility, through news articles and interviews with people involved, it turns out that the purchasing and especially tender procedures of Dutch municipalities lack legitimacy and have a stronger focus on efficiency. Performing legitimate tenders, and by that sticking to the European Tender Law, is important to avoid further restrictions on spending public money within a municipality.

Purpose: Prior to this research, limited research was conducted on the shift from efficient purchasing to legitimate purchasing. Therefore, the purpose of this research is to discover factors that possibly are of influence on the willingness to perform legitimate tenders. The research question of this research is: *“Which elements increase the willingness to perform legitimate tenders for operational purchasers in Dutch municipalities?”*

Design: The first part of the research design is a literature review, which aims to discover factors that are of influence on maverick buying and non-compliant working behaviour, as they might be applicable to the willingness to perform legitimate tenders as well. The second part of the research has a qualitative design. 15 employees of the Dutch municipality X, that are allowed to spend public money on behalf of Municipality X, were interviewed to discover elements that increase the willingness to perform legitimate tenders.

Findings: The elements found can be roughly categorized into six categories: knowledge factors, motivational factors, personal preference factors, control factors, organizational factors, and risk avoidance and fear factors. The elements were found to be interconnected, an increase of knowledge could at the same time enhance the motivation of operational purchasers to perform legitimate tender procedures. Also, the increase of knowledge on tender procedures would decrease the fear and shame some operational purchasers have due to a lack of knowledge on tender procedures.

Contributions: The research contributes to literature by researching an area that was not thoroughly researched yet, because many studies focus on the efficiency of tenders. Moreover, the research contributes to practice as well, by providing the elements through which the legitimacy of tenders can be increased.

Table of Content

| | |
|--|----|
| 1. The Art of Legitimate Tender Procedures in Public Organizations..... | 1 |
| 1.1 The Jungle of Rules within Public Procurement..... | 1 |
| 1.2 Academic relevance: More than maverick buying..... | 2 |
| 1.3 Practical relevance: Focusing on legitimacy again in the public sector..... | 3 |
| 2. Theoretical Framework | 4 |
| 2.1 Rule and process complexity in public procurement: The European Tender Law for public procurement..... | 4 |
| 2.1.1 The implications of the Tender Procedure Law 2012 for Dutch Municipalities: increased pressure of conformity to legitimacy | 6 |
| 2.2 Principal-agent problems: following own interests decreases the legitimacy of tenders | 8 |
| 2.3 Maverick Buying in the Public Sector: regularly defined as purchasing while not regarding fixed processes and procedures..... | 12 |
| 2.3.1. Personal preferences, knowledge, and motivation as drivers for non-compliant working behaviour | 14 |
| 2.4 Self-regulating teams: Possibly advantageous for public organizations..... | 16 |
| 2.2.1 Self-regulating teams are supervising themselves | 17 |
| 2.5 Proposition synthesis and research model: knowledge, motivational, managerial, and personal preference dimensions | 20 |
| 3. Methodology | 23 |
| 3.1 Initial Literature Review Approach | 23 |
| 3.2 Research design: qualitative primary data and secondary data..... | 23 |
| 3.3 Case Study Reviewing Municipality X and Other Municipalities..... | 26 |
| 3.4 Sampling Procedure: Non-probability sampling..... | 27 |
| 3.5 Measurement and interview protocol..... | 30 |
| 3.6 Data Analysis Procedure | 31 |
| 4. Results | 33 |

| | |
|---|----|
| 4.1 Personal Preferences: Supplier Relationships and Previous Experiences lead to Trust | 33 |
| 4.2 Motivational factors: Tender procedures are often considered as burdensome, where intrinsic motivation is of high importance for the legitimacy of tenders | 36 |
| 4.3 Organizational factors: Organizational Freedom, and the need for a guide and sharing knowledge and advice | 38 |
| 4.4 Knowledge factors: Ignorance is high, and clear guidelines need to be defined | 41 |
| 4.5 Risk avoidance and fear factors: It is not just knowledge that limits the legitimacy of tenders, but people just are afraid to do something wrong | 43 |
| 4.6 Control factors: A lack of control on whether people tender legitimately, and no organizational overview decrease the legitimacy of tender procedures..... | 45 |
| 4.7. New conceptual model includes knowledge factors, motivational factors, organizational factors, control factors and personal preference factors, with an interaction effect between knowledge and personal preferences and Risk avoidance and fear factors..... | 47 |
| 4.7 Prevalence of factors across respondent groups: conducting fewer tender procedures indicates higher level of personal preferences | 50 |
| 5. Discussion and conclusion | 51 |
| 5.1 Discussion of results: Personal preferences, motivational factors, organizational factors, knowledge factors, Risk avoidance and fear factors and control factors play a large role in the willingness to perform legitimate tenders..... | 51 |
| 5.1.1. Agency theory: individuals like to pursue their own interests because of personal preferences, motivation, knowledge, risk avoidance and the lack of control | 51 |
| 5.1.2 Non-compliant working behaviour: Tender procedures are perceived as complicated because of a lack of knowledge, furthermore personal preferences play a large role..... | 52 |
| 5.1.3. A free organizational structure decreases the level of creativity, alignment, and control, information streams are important..... | 53 |
| 5.2 Practical implications | 53 |
| 5.3 Limitations and implications for future research | 55 |

| | |
|---|----|
| References | 57 |
| Appendices | 61 |
| Appendix 1: Journal Research | 61 |
| Appendix 2: Keyword Research | 63 |
| Appendix 3: Interview backup protocol..... | 65 |
| Appendix 4: Coding scheme of the interviews | 68 |
| Appendix 5: Interview matrix | 71 |

List of tables and figures

| | |
|---|----|
| Figure 1: Types of agency problems (Panda & Leepsa, 2017) | 8 |
| Figure 2: Conceptual model on the willingness to perform legitimate tenders in Dutch municipalities | 22 |
| Figure 3: Organization structure of Municipality X (Municipality X, 2019) | 26 |
| | |
| Table 1: Elements that are present in public procurement, but to a smaller extent in private procurement, adapted from Telgen et al. (2007)..... | 5 |
| Table 2: Threshold values and tender procedures for decentral governments (European Commission, 2019; Municipality X, 2017; Sloots et al., 2020)..... | 7 |
| Table 3: Causes for principal-agent problems as proposed by the literature, from a principal perspective..... | 10 |
| Table 4 Causes for principal-agent problems as proposed by the literature, from an agent perspective..... | 11 |
| Table 5: Drivers for maverick buying and non-compliant working behaviour as proposed by the literature | 16 |
| Table 6: Effects of maverick buying and non-compliant working behaviour | 13 |
| Table 7: Factors for successful self-regulating teams as found in the literature..... | 19 |
| Table 8: Sampling selection criteria for the thesis research..... | 28 |
| Table 9: Overview of interviews..... | 29 |
| Table 10: The six steps of thematic analysis as proposed by Nowell et al. (2017) | 31 |
| Table 11: Personal supplier preferences, as mentioned in the interviews..... | 31 |
| Table 12: Motivational factors, as mentioned in the interviews | 32 |
| Table 13: Journal research | 61 |
| Table 14: Relevant hits in keyword research | 63 |

1. The Art of Legitimate Tender Procedures in Public Organizations

1.1 The Jungle of Rules within Public Procurement

Public procurement is subject to a large variety of rules and regulations. These rules and regulations partly originate from the Aanbestedingswet 2012, the Dutch tender law, which was renewed in July 2016 (Municipality X, 2017; Pianoo, 2015; Rijksoverheid, 2012). The Aanbestedingswet 2012 is based on the European directive 2014/24/EU (European Commission, 2014; Rijksoverheid, 2012). Dutch municipalities risk to become under custody of the province when they break the tender law. Almost 13% of all Dutch municipalities was under custody of their province in 2017 (FAMO, 2019). However, processes should also not be made too complex, because then the willingness to perform legitimate tenders is believed to decrease. The paradigm between rules and regulations on one hand (legitimacy) and practical solutions and a good price-quality ratio and a limited bureaucracy (efficiency) is something that keeps researchers and purchasing advisors occupied. Both legitimacy and efficiency are important, as only focusing on one element might decrease the other element (Jeong & Kim, 2019).

Dutch municipalities are flatly structured, and a few of them make use of a self-steering teams organization structure. Within these teams, budget responsible employees are responsible for operational purchasing as well (Practical Supervisor A, 2021). A large responsibility therefore lies on the shoulders of operational purchasers within Dutch municipalities. To prevent municipalities to become under the custody of a province, the willingness to perform legitimate tenders of budget responsible employees (operational purchasers) is crucial.

However, something restrains the operational purchasers from performing legitimate tenders. The concept of maverick buying and non-compliant working behaviour have been widely researched in academics. For example, in a municipality with a decentralized purchasing structure, the operational purchasers themselves do not have sufficient knowledge and education as found in the results of this master thesis. In addition, individual motivation plays a role in e.g. maverick buying, but might also apply to the willingness to perform legitimate tenders (Karjalainen, 2008). Next to this, an organization with a self-steering teams structure and decentralized purchasing experiences limited control on whether the rules are actually considered or if the rules are neglected.

It evokes a principal-agent problem, in which the agent acts in his or her own interest instead of following the principal's principles. Not legitimately performing tenders is furthermore connected to maverick buying, which is roughly defined as purchasing outside of existing frame contracts or not following the standard processes and procedures (Lonsdale & Watson, 2005; Rothkopf & Pibernik, 2016). To conclude, there is an indication that following the tender rules and regulations might be hindered by a plenitude of factors. This research therefore seeks to explore the elements that influence stakeholders on whether to perform legitimate tenders, as the matter has only received limited academic attention. The gap that is covered by the thesis, is by identifying new elements that influence the willingness to perform tender procedures, such as management controls, knowledge, and risk avoidance.

The research question that is investigated in this thesis is:

“Which elements increase the willingness to perform legitimate tenders for operational purchasers in Dutch municipalities?”

1.2 Academic relevance: More than maverick buying

The thesis addresses a gap in the existing literature by focusing on legitimacy within purchasing of Dutch medium-sized municipalities. Moreover, academic literature mainly focuses on maverick buying (buying outside of existing frame contracts) and non-compliant behaviour in general (Gao et al., 2021; Karjalainen et al., 2008; Karjalainen & van Raaij, 2011; Rothkopf & Pibernik, 2016). Karjalainen et al. (2008) have conducted research into non-compliant working behaviour in purchasing, however, their research does neither address agency theory nor the difference between hierarchical organization cultures and empowered organization cultures, while this research looks at the notion of empowered organization cultures. The results of this thesis have shown that not only non-compliant working behaviour and its antecedents (such as a lack of knowledge) influence the willingness to perform legitimate tenders. In contrary, a lack of management controls and a shame of not knowing the tender rules also (negatively) influence the willingness to perform legitimate tenders.

Scott et al. (2018) also describe that organization structures other than a hierarchical structure may evoke other research implications. The research of Parker et al. (2018) describes that governments are driven by more than just economic motivations, although the other motivations have not all be strictly defined yet for purchasing in

municipalities. Furthermore, agency theory was found to play a role in increasing the willingness to perform legitimate tenders. When employees know what is expected from them, by clear guidance, they are more willing to perform legitimate tenders. The findings of this thesis, such as that management controls, organizational structures, and a shame about not knowing the tender rules and regulations influence the willingness to perform legitimate tender procedures, were not found in literature prior to the research. Thus, the research is helpful for academics that are interested in increasing legitimacy by influencing operational purchasers' behaviour within flat organizations in public sector procurement.

1.3 Practical relevance: Focusing on legitimacy again in the public sector

The thesis provides purchasing managers and advisors with practical guidelines on how to increase legitimacy of tenders by influencing operational purchasers. Dutch municipalities risk to become under custody of the province when they do not perform legitimate tenders, this is decided on by the municipality's accountant. Becoming under custody implies that a municipality needs permission for every expenditure. Almost 13% of all Dutch municipalities was under custody of their province in 2017 (FAMO, 2019; Practical Supervisor A, 2021). In the results section of this research, it turns out that the respondents had the need for a handbook with practical guidelines, which could be developed by purchasing professionals to enhance purchasing legitimacy. A handbook helps with increasing the awareness and knowledge about tender procedures, which momentarily was found to be the most mentioned cause of tenders that are not performed legitimately. Next to this, a focus on legitimacy could be regained by focusing on the knowledge and motivation levels of operational purchasers, as well as decreasing the fear they have to lose preferred suppliers.

The structure of the thesis is as follows. Firstly, Dutch tender rules and regulations are investigated, whereafter the advantages and disadvantages of a self-steering team organization structure are explored. Thirdly, principal-agent problems and agency theory are investigated. The last part of the theoretical framework focuses on the drivers for maverick buying, whereafter a conceptual framework is developed. Propositions are formed, whereafter the research methodology is explained. Then, the results are highlighted, by which the researcher aims to contribute to the literature with the elements that cause operational purchasers in Dutch municipalities to not perform legitimate tenders. Finally, in the discussion, the limitations of the research will be explained.

2. Theoretical Framework

In this section, the theoretical foundation of the research is presented. The description of the literature search process is enclosed in chapter 5.

2.1 Rule and process complexity in public procurement: The European Tender Law for public procurement

Public procurement must comply with a wide range of rules and regulations, after all, the public organizations are spending public money. The rules and regulations distinguish public procurement from industrial procurement. In this section, the most important differences between public procurement and industrial procurement are explored, whereafter the Dutch Tender Procedure Law 2012 (Aanbestedingswet 2012) is highlighted. Lastly, the reasons why operational procurers would not become or stay legitimate will be explored.

Both public and private sector procurers seek the contract that provides the best benefits, and they search for the appropriate services and goods for a reasonable price, preferably with the best price-quality ratio. But according to Telgen et al. (2007), this is the only distinct similarity between the two types of purchasing. Table 1 displays the elements that distinguish public sector procurement from private sector procurement, that Telgen et al. (2007) refer to in their work adapted with more elements that are present according to other scientists.

Table 1: Elements that are present in public procurement, but to a smaller extent in private procurement, adapted from Telgen et al. (2007)

| External demands | Internal demands | Context | Process demands | Multiple roles |
|----------------------------|--|------------------|--|-----------------------|
| Transparency | Many goals at the same time | Budget-driven | Law and organizational procedures | Large buyers |
| Integrity | Political goals | Personal beliefs | Long-term relationships hard | Reciprocity |
| Accountability | Many stakeholders' different objectives | | Cooperation with other public organization | Setting rules and law |
| Exemplary behaviour | Value for money (price-quality) (Bergman & Lundberg, 2013) | | | |

A distinction between public and private sector procurement could be established through five categories: (1) external demands, (2) internal demands, (3) context, (4) process demands and (5) multiple roles (Telgen et al., 2007). The first category, external demands, describes the expectations suppliers and society has for the public organization's purchasing policy. These expectations are more present in public procurement because it regards societal money, in contrary to the private sector. The second category regards internal demands. While private organizations might also have many goals at the same time, the political goals are more at hand in public organizations, where policy shapes procurement. Next to the political goals and the high amount of stakeholders in public organizations, value for money is also a key part of public procurement (Bergman & Lundberg, 2013). Thirdly, the context. Public procurement is budget-driven, and the budgets are dependent on higher levels of government. For Dutch municipalities, this means they are dependent on the province they are in and the Dutch government. Moreover, personal beliefs on the field of politics of employees play a greater role in public procurement because the public sector defines the rules and not only have to comply with them. The fourth category is process demands. Public procurement must comply with rules, tender laws, and organizational procurement, which makes it more complicated to establish long-term supplier relationships. Furthermore, there are no outstanding or

threatening competitors within the public sector in The Netherlands, which makes it favourable for buying organizations to collaborate and thus receive advantages at their suppliers. Lastly, the fifth category, multiple roles. Public organizations take on multiple roles: they simultaneously are purchasers and policymakers. The relatively high monetary value of their spending allows public organizations to make a change in society (Telgen et al., 2007). The five overarching categories, internal demands, external demands, context, process demands and multiple roles, state the importance of (employing) public procurement experts in contemporary society. While every category must be considered as important, this research mainly focuses on the internal, context and process demands. By shaping these three influenceable categories, employee mindset could be changed or shaped according to the rules and regulations municipalities are obliged to comply to. However, the external demands and multiple roles municipalities take must also be considered as they might affect conducting legitimate tender procedures by employees too. Now that the demands within public procurement, namely external, internal, context, process and multiple role demands are discussed, we continue with the implications of the Tender Procedure Law 2012, which could be considered as another demand.

2.1.1 The implications of the Tender Procedure Law 2012 for Dutch Municipalities: increased pressure of conformity to legitimacy

Explaining every single directive and rule for private sector procurement would go beyond the scope of this thesis. Therefore, we will highlight some of the main directives and rules that have been set for public sector procurement.

The current Dutch Tender Procedure Law 2012 (AW2012) entered into force in 2013, the current version dates from 1 July 2016 (Pianoo, n.d.). The law is based on the European guidelines for tender procedures, and by the law, European rules are applied within The Netherlands (European Commission, 2014). The law contains four basic principles: (1) non-discrimination, by which governments may not make distinctions based on nationality, to give every supplier an equal change, regardless of their home country. Secondly, (2) equal treatment of entrepreneurs and suppliers, which implies that governments should treat all entrepreneurs equally by means of terms and conditions and the supply of information. Thirdly, (3), transparency, as entrepreneurs should receive sufficient information about requirements and tender procedures. By being transparent, the equal treatment of entrepreneurs and suppliers is also ought to be increased. And lastly, (4) proportionality, the requirements of the tender should be proportionate to the work and size

of the work, service, or goods. All four basic principles are interconnected so that they strengthen each other.

The Dutch Tender Procedure Law 2012 makes a distinction between several types of governments, depending on the size of the tender and the governance level of the organization. The two types of governments are the central government (e.g. Rijksoverheid or the Dutch State) and the decentral government, for example, the 12 Dutch provinces and the 352 municipalities as of 1 January 2021 (CBS, 2020). In the Dutch Tender Procedure Law 2012 and its supplementing Guide on Proportionality, four types of tender procedures are distinguished as the main procedures. More procedures exist, such as the competitive dialogue or the competitive procedure with negotiation, but they are less common and thus not focused on in this thesis. The choice for the procedure is based on several aspects, namely the size of the tender, transaction costs for the contracting authority and suppliers, the potential number of suppliers/registrants, desired outcome, tender complexity, the type of tender and the market characteristics (Sloots et al., 2020). The four types of tenders are 1 on 1 (single negotiated tender), multiple negotiated tenders, national public tenders and European tenders (Municipality X, 2017; Sloots et al., 2020). Table 2 shows which procedure to choose at which budget, according to the AW2012. The budgets are guidelines and not fixed, except for the European threshold.

Table 2: Threshold values and tender procedures for decentral governments (European Commission, 2019; Municipality X, 2017; Sloots et al., 2020)

| Procedure | From | To |
|-------------------------------------|------------------------|---|
| 1 on 1 / Single negotiated * | €0 | €30.000 (services and goods) €150.000 (civil works) |
| Multiple negotiated * | €30.000 €150.000 | €125.000 (services and goods) €1.500.000 (civil works) |
| National public * | €125.000 €1.500.000 | €214.000 (services and goods) €5.350.000 (civil works) |
| European | €214.000 €5.350.000 | No limit |

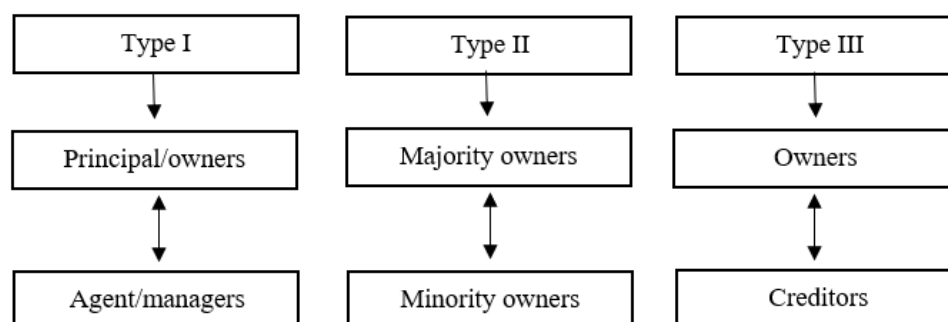
*: Most Dutch municipalities stick to these thresholds for single negotiated, multiple negotiated and national public procedures, though they are not included in the European Tender Procedure Law (Municipality X, 2017).

For all types of tenders, a distinction is made between two categories. Firstly, tenders for services and goods (products), which have a lower threshold value than the second category, civil works. The goal of the threshold values is to comply with the four previously described basic principles of tender procedures. Furthermore, a division is made between public and non-public procedures. In public procedures, all possible suppliers are invited to participate in a tender procedure, while in non-public procedures, the number of suppliers that is invited to participate is limited to three to five. There is no difference in threshold between public and non-public procedures. When a non-legitimate tender procedure is performed, the purchaser would not regard the threshold values, which is undesirable as the wrong procedure would be chosen. (FAMO, 2019; Practical Supervisor A, 2021). Now that we know more about when tender procedures have to be conducted, we will look more into agency theory, which might be linked to the willingness to perform legitimate tenders.

2.2 Principal-agent problems: following own interests decreases the legitimacy of tenders

Agency theory investigates on how and why people in organizations work according to an organization's standards and expectations. Agency problems have been present in both public and private organizations for many years, and agency theory is one of the oldest theories in history of management and economics (Panda & Leepsa, 2017). Panda and Leepsa (2017) define three types of agency problems, depending on the stakeholders involved.

Figure 1: Types of agency problems (Panda & Leepsa, 2017)



The first type of agency problem can be considered as the ‘classical’ principal-agent problem between the principals/owners of a firm and the agents/managers. This conflict is created by an asymmetry of information between the parties involved, and it is strengthened by the fact that humans naturally are interested in maximising their own benefits. This thesis focuses on a Type I agency problem, where conflicting interests and an asymmetry of information play main roles. Public organizations are not stock-listed and do not have classical owners/creditors; therefore, the Type II and Type III agency problems are not relevant for this research.

The interest of both the principal and agents may interfere with each other. Then a principal-agent problem arises, especially when the agent does not act in the principal’s interest and vice versa (Cannon et al., 2015; Eisenhardt, 1989; García et al., 2015). Gao et al. (2021) suggest that principal-agent problems are caused by unawareness of the principal on the real and true beliefs and interests of the agent (Chrisidu-Budnik & Przedańska, 2017). Shrestha et al. (2019) confirm that principal-agent problems origin at the time competing interests appear, and that principal-agent problems are centralized around two central problems. Firstly, ‘adverse selection’, when the principal chooses or hires an agent that might not be the best person to conduct a certain task. Secondly, ‘moral hazard’, which occurs when the agent chooses to follow his or her own interests, even when that may not be the best for the organization or does not meet the principal’s ideals (McTigue et al., 2020; Shrestha et al., 2019). In addition, principals may have another risk perceptions than agents, because something that is a risk to a principal may be considered as a benefit by an agent (Panda & Leepsa, 2017).

McTigue et al. (2020) furthermore argue that ‘a critical element is that the agent normally has more information, as they are the ones acting in the market or field of action, thus the principal may be concerned that they cannot monitor the situation adequately and rely too much on the agent’ (p. 2). Eisenhardt (1989) adds to this that principal-agent problems are evoked because it is hard or costly for the principal to control the agent’s thoughts and behaviour. In the ideal situation, the behaviour and output of agents could be predicted and controlled by the principals, because then, a better overall firm output could be realized (Panda & Leepsa, 2017). In Dutch municipalities, this possibly causes problems, as the principle is not as closely involved with the field of action as the agents themselves (self-steering teams or individuals that operate within self-steering teams). The agents are also believed to be provided with more information on their work than

principals are. In any case, the principal's success is dependent on the agent's behaviour (Chrisidu-Budnik & Przedańska, 2017).

When an agent is following his or her own interests over the principal's interest, this is called opportunism (Chrisidu-Budnik & Przedańska, 2017). A reason for opportunistic behaviour is that agents are seeking for the maximum result with the lowest effort possible (Pires & Guimarães, 2015). Opportunism is strongly linked to principal-agent theory, as classic principal-agent organization structures are vulnerable to opportunism (Vafai, 2009). It is important to prevent opportunistic behaviour from occurring, they might cause increased costs, lower efficiency and a longer time to reach fixed goals of the principal, therefore they are not desired (Cannon et al., 2015). These undesired effects also origin from principal-agent problems in general. Although effective monitoring by the principal is crucial to prevent the development principal-agent problems, the monitoring is difficult and costly (Bendickson et al., 2016; Parker et al., 2018). The increased costs are also referred to as opportunity costs, referring to the previously mentioned term opportunism (Chrisidu-Budnik & Przedańska, 2017). However, not only increased costs for management are problematic when considering principal-agent problems. The agent might not be intrinsically motivated to follow the common interest, and put effort into a certain task, when a principal-agent problem occurs (Eliaz & Spiegler, 2018). Principal-agent problems might decrease the legitimacy of tenders as well, but this should be either rejected or confirmed by this thesis research.

Table 3: Causes for principal-agent problems as proposed by the literature, from a principal perspective.

| Causes from principal perspective | Explanation |
|---|--|
| Awareness (Gao et al., 2021) | The true beliefs of the agent may be unknown |
| Adverse selection (Shrestha et al., 2019) | Employee might not be the best person to perform the task |
| Unclear information (Chrisidu-Budnik & Przedańska, 2017) | Miscommunication from principal perspective |
| Low involvement (McTigue et al., 2020) | Low involvement of principal with agent's daily business |
| Risk perception (Panda & Leepsa, 2017) | Principal perceives risks differently from agent and thus acts differently |

To conclude this section, table 3 and 4 highlight the various causes of principal-agent problems as proposed by the literature. The tables give an overview of both the causes from a principal perspective, as well as the causes from an agent perspective. The various elements are relevant because they might be the origin of the lack of legitimate tenders in public organizations.

Table 4 Causes for principal-agent problems as proposed by the literature, from an agent perspective.

| Causes from agent perspective | Explanation |
|--|--|
| Awareness (García et al., 2015) | Being unaware of what the principal expects |
| Opportunism (McTigue et al., 2020; Panda & Leepsa, 2017; Shrestha et al., 2019) | Following own beliefs instead of principal's goals |
| Communication(Chrisidu-Budnik & Przedńska, 2017) | Miscommunication from agent perspective |
| Risk perception (Panda & Leepsa, 2017) | Agent perceives risks differently from principal and thus acts differently |

2.3 Maverick Buying in the Public Sector: regularly defined as purchasing while not regarding fixed processes and procedures

A phenomenon that is related to not following purchasing rules and regulations, and in fact could also be considered as a form of a principal-agent problem, is maverick buying. Rothkopf and Pibernik (2016) describe maverick buying as the off-contract purchases of services and goods, while there already are existing frameworks or contracts for the product or service category. Other scientists go further in their definition, by mentioning that maverick buying includes all purchases that do not follow the standard process and procedure (Lonsdale & Watson, 2005). This translates to the level of legitimacy of a public organizations, as a low level of legitimacy indicates that fixed processes and procedures were not followed. Karjalainen et al. (2008) define maverick buying as “the off-contract buying of goods and services for which an established procurement process is in place based on pre-negotiated contracts with selected suppliers” (p. 248). For a lack of legitimacy in public procurement, this definition is applicable too, as municipalities tend to have fixed procurement guidelines or processes (Municipality X, 2017; Practical Supervisor A, 2021). This section explores the drivers for maverick buying, as they might be applicable to the lack of legitimacy in public procurement as well. The definition of Lonsdale et al. (2005) of maverick buying will be used in this thesis, as it is the broadest definition that involves not following fixed processes and procedures.

About 35-50 per cent of all purchasing transaction in private organizations is estimated to be a maverick transaction, while in public procurement this percentage is even higher, with an estimation of 40-50 per cent (Rothkopf & Pibernik, 2016; Scott et al., 2018). On first sight, this seems a high percentage, but small purchases as flowers and pencils also belong to this. Most maverick purchases take place while purchasing consumable goods or the so-called indirect purchases, that do not directly contribute to the main activities of an organization. By eliminating maverick buying, costs savings could be made up to 20 to 30 per cent (Karjalainen & van Raaij, 2011; Scott et al., 2018). The reason why maverick buying causes extra costs is that the purchase prices often are higher when there is no contract, for example, volume discounts, and the processing time often increases, which also imply increased costs (Karjalainen et al., 2008). Furthermore, when there is a high amount of maverick purchases, it becomes harder to monitor an organization’s expenses (Karjalainen & van Raaij, 2011), because there are more invoices. Next to the high number of invoices, there are also more relationships that need to be maintained than when there are little to no maverick purchases. Contracted suppliers that

are not awarded a purchase order may become offended because agreements are not followed up, this might harm the preferred customer status of the public organization. Lastly, maverick buying impose extra risks, because the terms and conditions of new suppliers might not always be reviewed well enough (Karjalainen et al., 2008).

Although maverick buying is not desired, or even prohibited in theory, it might be a way to increase efficiency within purchasing. Here, the paradigm between legitimacy and efficiency returns, as mentioned in the introduction of this thesis. An appropriate balance between those is important. When public procurement is not legitimate, a municipality may find itself in the custody of the province. This is not desired, as then all purchases must be checked and confirmed by the province, which means that procedures are extended and employees cannot work as freely as they could before (Practical Supervisor A, 2021). In the next section, the concept non-compliant working behaviour is described, which is closely related to maverick buying.

Table 5: Effects of maverick buying and non-compliant working behaviour

| Effects of maverick buying and non-compliant working behaviour | Reference |
|---|---------------------------------------|
| Increased costs | (Karjalainen et al., 2008) |
| Increased processing time of invoices and orders | (Karjalainen & van Raaij, 2011) |
| Monitoring organizational expenses becomes complicated | (Karjalainen & van Raaij, 2011) |
| More relationships to be maintained | (Practical Supervisor A, 2021) |
| Procurement rules and regulations are not followed | (Lonsdale & Watson, 2005) |
| More principal-agent problems, conflicts of interest | (Chrisidu-Budnik & Przedzińska, 2017) |

2.3.1. Personal preferences, knowledge, and motivation as drivers for non-compliant working behaviour

Now that we know what maverick buying is, it is also important to understand the drivers for it. Literature has widely investigated the causes for maverick buying and so-called non-compliant working behaviour, in which employees do not comply with the policy of organizations in general. Drivers for non-compliant working behaviour related to purchasing and maverick buying vary both in and between the private and public sector. Kulp et al. (2006) define five causes for non-compliant purchasing behaviour: the first (1) one is a personal preference for a certain supplier by an employee. This preference could originate from a previous contract with the supplier or a previous job position of the employee. Secondly, (2) unidentified suppliers, which are suppliers for which no contract was set up yet. Thirdly, (3) when the product does not match the final user's requirements, but a framework for the purchase has already been set. Fourthly (4), in the situation of the quick need for a new product or service, when employees do not take a sufficient amount of time to identify the contracts. Fifthly (5), lack of information, which was found to be the most important cause and especially hard for indirect materials (Karjalainen et al., 2008; Kulp et al., 2006). Indirect materials are also the category where most maverick buying occurs, these are the materials that do not directly contribute to the core business of an organization (Scott et al., 2018).

The five previously mentioned factors by Kulp et al. (2016) are not the only factors that contribute to non-compliant purchasing behaviour. Karjalainen et al. (2008) furthermore suggest that knowledge plays a large role within non-compliant purchasing behaviour, by being unaware of certain rules and regulations, and the risks and consequences that their behaviour evokes. Rothkopf and Pibernik (2016) mention similar drivers for maverick buying and non-compliant purchasing behaviour. Unawareness of frame contracts, employees that place their own interests above the company's interests (opportunism) or awarding contracts to other suppliers outside of the frame contracts because perceived benefits from other suppliers are all reasons for maverick buying according to Rothkopf and Pibernik (2016). As mentioned before in the introduction of this thesis, Bergman and Lundberg (2013) stated that public procurement is about purchasing goods and services of high quality for the lowest price possible. This lowest price requirement might evoke non-compliant behaviour and maverick purchases because operational purchasers might have personal supplier preferences, a quick need for a product or service or an inability to identify the economically most advantageous supplier.

These factors may negatively influence the ability to meet a lowest price requirement by the operational purchaser (Kulp et al., 2006; Rothkopf & Pibernik, 2016). To summarize all factors that were suggested as drivers for maverick buying and non-compliant working behaviour in literature, table 5 and 6 were composed.

Table 6: Drivers for maverick buying and non-compliant working behaviour as proposed by the literature

| Drivers for maverick buying and non-compliant working behaviour | Reference |
|--|-----------------------------|
| Knowledge factors | |
| Lack of information on specific need or situation | (Rothkopf & Pibernik, 2016) |
| Unawareness of frame contracts | (Rothkopf & Pibernik, 2016) |
| Lack of knowledge on how to perform tenders | (Karjalainen et al., 2008) |
| Motivational factors | |
| Aim for best price-quality ratio | (Bergman & Lundberg, 2013) |
| Aim to increase efficiency | (Kulp et al., 2006) |
| Opportunism | (Rothkopf & Pibernik, 2016) |
| Personal preference factors | |
| Personal preference for certain supplier | (Kulp et al., 2006) |
| Quick need for a service or an item | (Kulp et al., 2006) |

2.4 Self-regulating teams: Possibly advantageous for public organizations

Many Dutch municipalities have a typical flat organizational structure. This implies that there are no traditional managers as in traditional organizations, except for the municipality board secretary and a few concern principals/managers (Aardema & Korsten, 2009). The board secretary and the concern principals are the final responsible employees and each has self-regulating teams below him or her (Practical Supervisor A, 2021). Self-regulating teams of about 10-15 people manage themselves, which means that responsibilities have to be divided within a team. These responsibilities vary from budget management to HRM and problem-solving. The self-regulating setup might have some distinct advantages and disadvantages compared to a more structured organization with multiple management levels. This section explores the notion of teams, self-steering teams, and their implications.

Various scientists have tried to conceptualize the concept ‘team’, however, they do not all provide equal or similar definitions. The lack of equal definitions may be a result of the application of teams in a wide variety of companies and (governmental) organizations. Mussnug and Hughey (1997) define a team as “a group of employees working towards a specific goal, interacting to share information about the best procedures or practices, and making decisions which encourage all team members to perform in their full potential” (p.

20). Kozlowski and Ilgen (2006) add to this that teams are established to perform tasks that cannot be completed by one person, because of a lack of, among others, knowledge, and time. Next to the advantage of jointly completing tasks, well-performing teams deliver more “productivity, innovation, and employee satisfaction” (Rosseau et al., 2006, p. 541). A combination of these three definitions is used for the definition of ‘team’ for this thesis.

Reiter-Palmon et al. (2021) describe four phenomena (success factors) that are of influence on team performance: (1) team cognition, in which team members should share the same perspective on responsibilities, desired knowledge and their tasks. Secondly, (2) communication both within the team and also between teams in a multi-team system as some Dutch municipalities have. Well-structured communication processes decrease the chance of misunderstandings and improve knowledge distribution both within and across the team(s). Thirdly, (3), coordination is proposed, which is about the distribution of tasks within the team and across the teams in a multi-team system. The last phenomenon described by Reiter-Palmon et al. (2021) is (4) coaching, which is about team leadership. When there are fewer management levels within an organization, managers may seem more approachable which is beneficial for the overall team performance. The leadership component also involves team diversity: a more diverse team performs better than a non-diverse team, because the presence of people with different backgrounds, educational levels and personalities leads to different inputs and outputs/results from each team member (Batenburg et al., 2015). Next to the internal environment, team performance is also influenced by the external environment. The external environment is harder to influence for the organization and the teams themselves (Herath et al., 2017). Nonetheless, in cases where the external environment cannot be changed, the team should be flexible and adapt to its environment in order not to interfere with the environment.

2.2.1 Self-regulating teams are supervising themselves

Now that the success factors of team performance are discovered, success factors and bottlenecks of self-regulating teams will be investigated. A self-regulating team is defined as a team that has “the freedom and authority to lead themselves independent of external supervision” (Stewart & Barrick, 2000, p. 139). Next to their regular jobs, members from a self-regulating team are ought to perform team management and coordination tasks. Moreover, in self-regulating teams, team members are allowed to make decisions themselves and evaluate their work and fellow team members (Magpili & Pazos, 2017). As a consequence, team members have less time for their ‘direct’ tasks as described

in their job position. However, Hauschildt and Konradt (2012) state that “previous research has demonstrated positive relationships between self-leadership and employee motivation and task performance” (p. 497). This is confirmed by the research of Konradt et al. (2009), in which they indicate a positive influence of self-leadership on performance.

Nonetheless, a well-performing self-regulating team should be made up of equally motivated individuals, it cannot perform well with only one or some motivated individuals (Magpili & Pazos, 2017). Magpili and Pazos (2017) describe that team members should master team-specific necessary skills. When team members do not master these, they will be less motivated, have lower expectations and will try to protect both their job position and reputation (Hoda et al., 2013).

Table 7: Factors for successful self-regulating teams as found in the literature

| Within-team factors | Explanation | Reference |
|---------------------------------------|---|------------------------------|
| Team cognition | Shared perceived responsibility on team tasks by team members | (Reiter-Palmon et al., 2021) |
| Team coordination | Distribution of tasks within a team | (Reiter-Palmon et al., 2021) |
| Team communication | Level of communication within a team | (Reiter-Palmon et al., 2021) |
| Team coaching | Coaching of a team by principal | (Reiter-Palmon et al., 2021) |
| Team diversity | Level of diverse education, culture, backgrounds | (Batenburg et al., 2015) |
| Team-specific necessary skills | Mastering the skills that are organization-specific, also communication skills and ability to learn and adapt | (Hoda et al., 2013). |
| Motivation | Individual motivation of a team member | (Magpili & Pazos, 2017) |
| External factors | Non-influenceable factors | (Herath et al., 2017) |

To conclude this section, a self-regulating team is a team that is allowed to and free to and challenged to make their own decisions. Also, a self-regulating team is desired to perform their own management tasks. Conditions for successful teams are cognition, communication, coordination, and coaching. For successful self-regulating teams, these conditions are also important. Regardless of all advantages, self-regulating teams have disadvantages too. All team members should be equally motivated so that the team can perform well. When team members do not master the necessary skills, they tend to be less motivated, and are defensive to their job position and reputation. Furthermore, if the factors from table 5 are not fulfilled, the team performs less well than a team that does match these factors.

2.5 Proposition synthesis and research model: knowledge, motivational, managerial, and personal preference dimensions

In this section, the propositions will be formed by synthesizing all factors that could be of influence on tender legitimacy in municipalities. The factors that possibly are of influence on the willingness to perform legitimate tenders in Dutch municipalities that were found in the theoretical framework, could be grouped into four dimensions: (1) knowledge factors, (2) motivational factors (3) managerial factors and (4) other personal preferences. The content of each dimension is explained below.

Knowledge factors

The first few factors that origin from theory are knowledge factors. Sufficient knowledge on tender procedures could positively influence the willingness to perform legitimate tenders, as knowledge also influences the level of maverick buying (Karjalainen et al., 2008; Kulp et al., 2006). Rothkopf and Pibernik (2016) furthermore describe that maverick buying is, among others, evoked by an unawareness of frame contracts. Next to the procedure knowledge, an individual is believed to be informed about the Dutch Tender Procedure law, to make sure the tender could be performed legitimately in the basis. The last factor that makes up the first proposition is the awareness of frame contracts. When an operational purchaser is aware of the frame contracts, the willingness to perform legitimate tenders might increase, as the operational purchaser does not need to find things out by himself or herself. The combination of these factors leads to the following proposition:

Proposition 1: Knowledge factors positively influence the willingness to perform legitimate tender procedures

Motivational factors

The second proposition focuses on motivational factors. The first and second factor are about the individual motivation that an operational purchaser has to perform legitimate tenders. It is believed that if an individual is motivated to perform legitimate tenders and not motivated to focus more on efficiency, the overall willingness to perform legitimate tenders increases, as described in teams literature (Magpili & Pazos, 2017). Next, the overall team performance. It is considered that the willingness to perform legitimate tenders increases when the team the operational purchaser belongs to is motivated or performs well as a self-structured team. Magpili and Pazos (2017) furthermore describe that individual motivation is crucial for a team to perform well. This might as well translate to the legitimacy of tenders, but that is something that should be tested in this research.

Furthermore, an individual might be more interested in efficient tenders instead of legitimate tenders, which creates a conflict of interest (Gao et al., 2021). Together, these factors result in the following proposition:

Proposition 2: Motivation positively influences the willingness to perform legitimate tender procedures

Managerial factors

Proposition 3 focuses on agency theory. When the principals (purchasing advisors in Dutch municipalities) are aware of the agents' expectations (operational purchasers) and vice versa, the willingness to perform legitimate tender procedures is positively affected (Gao et al., 2021; Garcia et al., 2015). Secondly, adverse selection, the selection of an employee by the manager which might not be the best employee to perform the certain task, is believed to have a negative influence. Especially in the self-steering team's environment, this might be problematic. Lastly, a high involvement of the principal (purchasing advisor) with the agent's (operational purchaser) daily business may increase tender legitimacy (McTigue et al., 2020). When combining these factors, the following proposition arises:

Proposition 3: Effective management positively influences the willingness to perform legitimate tender procedures

Personal preference factors

The fourth and last dimension is about personal preference factors. It is expected that opportunism, personal supplier preferences, a low-risk perception and a quick need for a product or service decrease the willingness to perform legitimate tenders. Opportunism originates from agency theory, by which researchers argue that it is hazardous when one is following his or her own beliefs instead of the principal's or common goals (McTigue et al., 2020; Panda & Leepsa, 2017; Shrestha et al., 2019). Opportunism occurs due to human nature. Kulp et al. (2006) furthermore mention personal supplier preferences and a quick need for a product or service induce maverick buying, which also possibly translates to a lower legitimacy in public procurement.

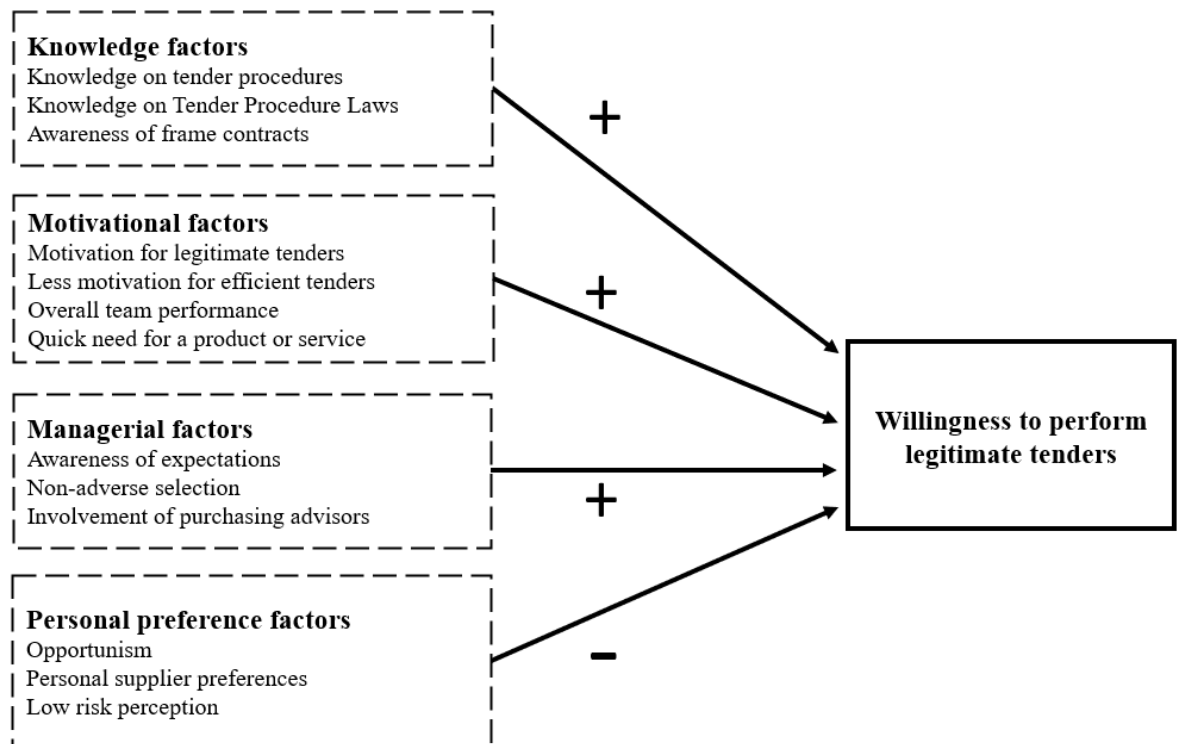
Regarding personal supplier preferences, an operational purchaser might have from a previous job, or previous good experiences. Lastly, Panda and Leepsa (2017) refer to a

low or different risk perception as a threat in agency theory. The risk perception of purchasing advisors may be different from the risk perception of operational purchasers (Panda & Leepsa 2017). In case an operational purchaser does not recognize any risks for not performing legitimate tenders, the overall willingness to perform legitimate tenders might decrease. Together, these factors compile the personal preference dimension.

Proposition 4: Personal preferences negatively influence the willingness to perform legitimate procedures

Figure 2 displays the conceptual model that was formed according to the four identified dimensions. The propositions that are associated with the conceptual model are highlighted below the figure.

Figure 2: Conceptual model on the willingness to perform legitimate tenders in Dutch municipalities



3. Methodology

To obtain the goal of this study, to investigate which factors are of influence on the willingness to perform legitimate tender procedures by operational purchasers in Dutch municipalities, an appropriate research method should be chosen. In this chapter, the research methodology is presented, and the choices made are explained.

3.1 Initial Literature Review Approach

In this chapter, the initial literature review approach is presented. A distinction is made between journal research and keyword research, which will be explained in the relevant section.

Firstly, all seemingly relevant journals were selected from a list of business journals. Then, the count of all articles of each journal between January 2019 – May 2021 is listed in the second column, next to the journal name. The articles of each journal were assessed by scanning the titles and abstracts. Subsequently, the count of papers that seemed relevant according to their title and abstract was noted in the third column. The fourth column contains the amount of usable and assessed papers. Lastly, the fifth column contains important keywords from the relevant papers, which help to find additional relevant literature in the second part of the initial review. Next to purchasing journals, journals about strategic management and organization science were focused on as they focus on the key constructs from the central research question.

In appendix 2, the keyword research that was performed is displayed. The keywords were picked from the results of the journal research, whereafter the initial hits, hits in the period of the last 25 years and the hits only in relevant subject areas (business) were noted. The keyword research was conducted through Elsevier's Scopus.

3.2 Research design: qualitative primary data and secondary data

This section describes the research design. Firstly, the theoretical framework was written after conducting a literature review. By highlighting and analysing important findings from contemporary literature, the researcher aimed to find relevant (background) information for the research that was conducted. The academic articles that were reviewed preferably originate from the year 2015 or later, to stay up to date and to avoid conclusion based on outdated information. The case for this study is the Dutch municipality

Municipality X, which will be introduced later in this thesis. The case was selected because it is believed to be one of the most average Dutch municipalities in terms of the number of inhabitants (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2021). Furthermore, the municipality is flatly structured and has a self-steering team structure, which is believed to be an interesting setting. Information about Municipality X was derived from documents that the researcher has access to, as well as the two supervisors of Municipality X that were assigned to the researcher. The preparatory (background) information on the processes of Municipality X is needed to easier interpret the results of the qualitative research later in the thesis. Lastly, information on the Aanbestedingswet 2012 (AW2012; Dutch Tender Procedure Law 2012) will be derived through European law, documents of Municipality X and PIANOo, the Dutch Expertise Centre of Tenders.

The research itself has a qualitative design. The methodology that is chosen to conduct the research is a case study. The method (or: type) of case study are semi-structured interviews. A limitation to qualitative research, and more specifically to manually transcribed and coded interviews, is a misinterpretation and biases of the findings by the researcher (Daly & Lumley, 2002). Additionally, respondents could give socially desired answers, which would decrease the reliability of the research (Reinecke et al., 2016). A systematic misunderstanding or misinterpretation of the questions by the respondents would also cause reliability and validity issues (Queirós et al., 2017). Thus, it is important to highlight the anonymity of respondents during the interview and the possibility to elaborate on questions (Gummesson & Lee, 2005). Considering this, the researcher should be careful about elaborating too much on a question, and by that trying not to steer the respondent into a certain (desired) answer direction. Furthermore, the questions should be understandable for the participant (and in no case ambiguous) to obtain results as reliable and valid as possible (Barnham, 2015). When desired so by the participant, the researcher should provide additional information on a question to make the expectations for the participant as clear as possible. Despite these areas of concern, qualitative research also has advantages. The qualitative approach with semi-structured interviews and an exploratory character was chosen over quantitative research because it is relatively easy (compared to a quantitative approach) to get the answer to ‘why’ questions in qualitative research, something this master thesis revolves around (Barnham, 2015). The qualitative approach allows the researcher to look further into the beliefs of the respondents, while this is harder to do with quantitative research (Rusinova et al., 2009). Therefore, the qualitative approach is chosen for this research. The type of research design

is also conceptualized as thematic analysis, which is “a search of themes that emerge as being important to the description of the phenomenon” (Fereday & Muir-Cochrane, 2006, p. 3).

The semi-structured interviews were conducted online via Microsoft Teams. The COVID-19 pandemic was still ongoing. Prior to the qualitative research, the research had to be ethically approved by the ethics committee of the Faculty of Behavioural, Management and Social Sciences of the University of Twente. The ethical permission form was submitted 2 weeks prior to the data collection. Before the interview, each participant was asked for consent for recording the interview via an informed consent form, to be able to transcribe and code the interview afterwards and to be able to process the interviews in the results section of the thesis.

3.3 Case Study Reviewing Municipality X and Other Municipalities

Municipality X is a mid-sized municipality within The Netherlands, which inhabits approximately 30.000-70.000 people (Municipality X, 2019). The municipality employs two purchasing advisors (1.5 FTE) that have deep knowledge of purchasing, tenders and tender regulations, whereafter the operational procurement is conducted by other stakeholders (there are about 90 budget responsible employees) in the organization (Practical Supervisor A, 2021). The organizational structure of the municipality with 400 employees (380 FTE) can be characterized as flat with 29 self-regulating teams. The teams are divided over three focus fields, ‘dienstverlening’ (services), ‘samenleving’ (society) and ‘bedrijfsvoering’ (operations), of which the purchasing advisors are part of the self-regulating team ‘financieel beleid’ (financial policy). All teams report to the ‘concern opdrachtgevers’ (concern principals), who in their turn report to the town clerk. Figure 3 shows an overview of the organizational self-regulating teams’ structure within Municipality X.

Figure 3: Organization structure of Municipality X (Municipality X, 2019)

Note: Figure 3 taken out to ensure anonymity

The flat organizational structure has its advantages, however, for purchasing it is not always considered optimal. As other employees than the purchasing advisors conduct operative procurement and are not closely involved in the public procurement laws and AW2012, not all tenders are conducted legitimate according to the AW2012. By violation of the AW2012, not all suppliers are given equal chances and Municipality X risks a penalty. The penalty includes a municipality's custody under the province, which means that each transaction should be approved and monitored by the province (Municipality X, 2017; Practical Supervisor A, 2021).

3.4 Sampling Procedure: Non-probability sampling

In this section, the sample and the sampling procedure will be elaborated on. The research question was answered through 15 in-depth interviews with operational purchasers from Municipality X and/or other comparable municipalities. Within Municipality X, there are about 90 employees directly involved with purchasing. The amount of about 15 semi-structured interviews is based on the principle of saturation. After 12 to 16 interviews, researchers are believed to reach thematical saturation, the situation in which no new themes are discovered when the amount of interviews is increased above 16 (Guest et al., 2016; Weller et al., 2018). The sample must be as representative as possible. This was aimed for through interviewing stakeholders from various positions and teams within the municipality. By doing so, the research is more generalizable. However, as the research is about sensitive information (a public organization, municipality not complying to the government's rules), it was chosen to only interview stakeholders from Municipality X, as the researcher had two supervisors working at this municipality.

The 15 stakeholders were selected through non-probability sampling, in which not every member of the population has an equal chance of becoming part of the sample (Babbie, 2016). The participants were selected with the help of the student's supervisors of the Municipality X, as the researcher does not have direct bonds with possible participants. This is also described by Babbie (2016) as purposive or judgmental sampling. An advantage of non-probability sampling is that it is doable to find a sufficient number of participants within the limited time frame and that the entire population does not have to be known. However, disadvantages also exist, the participants may all have a good, positive relationship with the student's supervisor, and may thus be biased (Small, 2009).

Thus, the sample would have been more representative to use probability sampling, but as there is no list of all stakeholders with purchasing departments of medium-sized

municipalities in the east of The Netherlands, this would have been impossible within the limited time frame (Babbie, 2016). Therefore, non-probability sampling is used.

Table 8: Sampling selection criteria for the thesis research

| Criterion | Explanation |
|---|--|
| Known by the supervisors of Municipality X | Thus they are stakeholders in the same or similar process, in the case of external purchasing advisors. |
| Should operate within a Dutch municipality | To stay within the scope of the research |
| Threshold: half of the interviewees should be operational purchasers or stakeholders | To increase the reliability and validity of the research; to increase the generalizability of the research |

Table 8 displays an overview of the sampling criteria. As a result, 15 interviews were conducted in the time frame of August 30th, 2021 – September 17th, 2021.

The overview of interviewees is displayed in table 9. The sample consisted of interviewees from various fields within the municipality: greenery, waste, civil works, housing, sewage, and buildings. Interviewees A-E are allowed to perform tender procedures, but do not do this very often. Interviewees F-N are in charge of projects or a certain attention field of the municipality. Interviewee O is the town clerk or general municipality manager.

Table 9: Overview of interviews

| <i>Interviewee</i> | <i>Position</i> |
|--------------------|---|
| A | Legal assistant |
| B | Team coach |
| C | Building manager |
| D | Contact person participation projects |
| E | Implementer |
| F | Program manager |
| G | Project manager |
| H | Project leader |
| I | Project leader |
| J | Commissioner |
| K | Commissioner |
| L | Commissioner |
| M | Commissioner |
| N | Commissioner |
| O | Town clerk (general municipality manager) |

3.5 Measurement and interview protocol

The goal of the semi-structured interviews was to obtain an answer to the central research question, “*Which elements increase the willingness to perform legitimate tenders for operational purchasers in Dutch municipalities?*”. Due to the nationality and Dutch mother language of the participants, all interviews were held in Dutch. This way, the participants were expected to share more detailed information and to be more comforted than when speaking English or another second language.

The interview did not follow a strict protocol to avoid biased results or to suggest possible factors to the respondents. However, the questions were be asked in a same manner to keep the results valid and reliable. In case a participant did not speak a lot or answers briefly, the extended version of the questionnaire was used, which is to be found in the appendices of this thesis.

The open questions are listed below.

- Could you tell me more about your job position?
- Have you ever seen someone performing a non-legitimate tender procedure and what where the reasons for that?
- Could you name reasons why people would not perform legitimate tender procedures?
- Could you tell me more about the knowledge you and your colleagues have regarding tender procedures?
- Could you tell me more about the effect of your management in relation to people performing legitimate tenders?
- Could you tell me more about people’s personal preferences that may affect the legitimacy of tenders?
- What do you think is most important to increase the legitimacy of tenders?

The questions were asked in such a manner that the participant was ought to not have the feeling to speak about him- or herself. The reason for this is that the participant may be more open while having the feeling of speaking about other people rather than admitting his or her own mistakes (not being compliant to the tender rules). Furthermore, the questions were asked in such a manner that all four propositions are covered. The question ‘What do you think is most important to increase the legitimacy of tenders’ was asked to prioritize the drivers for more legitimate tenders in case the research results would be

applied in practical situations. Also, a relatively open question, ‘Could you name reasons why people would not perform legitimate tender procedures’ was asked to perhaps broaden the research model. This question was asked before other questions regarding the propositions, as we then speak about the participant’s own view instead of already being influenced by the research propositions.

3.6 Data Analysis Procedure

Once collected, the data was analysed. As all interviews were recorded (with the prior consent of the participant), the raw output were audio files that contain the interview. All audio files were transcribed using Word Online because the researcher has had good experiences with this tool before.

The transcribed files were coded by thematic analysis using Atlas.ti coding software. Thematic analysis looks for patterns across interviews, and by this obtaining a sufficient amount of information to either reject or not reject the research propositions (Clarke & Braun, 2016). Nowell et al. (2017) describe thematic analysis as a six-step process, that is presented in the table below.

Table 10: The six steps of thematic analysis as proposed by Nowell et al. (2017)

| Step number | Content |
|----------------------------|------------------------------------|
| 1. Data familiarization | Getting to know the data |
| 2. Initial code generation | Coding each interview |
| 3. Theme search | Detecting themes across interviews |
| 4. Theme analysis | Analysing the themes, merge themes |
| 5. Naming themes | Naming new themes |
| 6. Reporting | Process in report/thesis |

There is not just one right way to perform a thematic analysis (Clarke & Braun, 2016). Nowell et al. (2017) claim that by following the six steps, the reliability and validity of the research increases. In the first step, data familiarization, the researcher reads all available transcripts and is allowed to already start thinking about possible codes. As the analyst in this research is the same person as the data collector, the analyst is already quite familiar with the data. In the second phase, the actual initial codes are generated. Some of the initial codes will already exist, as they are discovered by assessing the literature. The initial code generation in this research is more about discovering additional codes and

confirming or rejecting the research model rather than only generate new codes. By doing so, the codes could be merged into overarching themes in the third step. The themes are looked for within and across transcripts. In the fourth step, theme analysis, the formed themes were evaluated. There might be themes that do not have enough evidence to be considered a significant theme, and therefore might be merged or deleted. In the fifth phase, the newly formed themes were assigned a name and the last step, reporting, is about processing the themes into a theory or confirming or rejecting propositions (Nowell et al., 2017). Some themes were already defined by the literature review, such as motivation, team performance and other elements that are mentioned in the propositions. However, new themes were also discovered during the thematic analysis, and therefore it is a combination of inductive and deductive coding.

Coding the interviews resulted in 163 initial codes. However, a lot of the codes were found to be so-called ‘splinter codes’ or ‘shattered codes’, meaning they were too descriptive, or they were very similar to another code (e.g. ‘lack of knowledge’ ‘not enough knowledge’ ‘non-sufficient knowledge’). After merging and deleting the too descriptive or similar codes, 65 codes were left. These codes could be allocated within six overarching code groups, which will be explained on in the results section of this master thesis.

4. Results

In this chapter, the results of the qualitative research are presented. The results will be presented through five sections, in which each section represents a dimension that is of influence on the willingness to perform legitimate tenders by operational purchasers in municipalities in The Netherlands. The dimensions of factors that were found during the interviews are personal preferences, motivational factors, organizational factors, knowledge factors, Risk avoidance and fear factors and control factors. Whilst the knowledge dimension, motivational dimension and personal preference dimension were already identified by the literature review, the managerial factors were more found in a broader sense, just like the organizational factors. Two new sets of factors were identified by the interviews, namely Risk avoidance and fear factors and control factors. The research model earlier presented could be identified through the data, but an updated version of the research model can be found at the end of this chapter, because it was necessary to update the research model due to the new findings. An overview of the results can be found in table 20 in the appendices. In this chapter, firstly the personal preference factors are presented, followed by the motivational factors. Organizational factors, knowledge factors, Risk avoidance and fear factors, and control factors. Then, the new conceptual model is presented whereafter the prevalence of factors across respondent groups is described.

4.1 Personal Preferences: Supplier Relationships and Previous Experiences lead to Trust

The first group of factors that was found to be of influence on the willingness to perform legitimate tenders, is about personal preferences. Table 11 gives an overview of the findings of the interviews related to personal preferences of the purchasers in a Dutch municipality.

Firstly, the relationship with a supplier was found to be of influence on the willingness to perform tenders. Although the tender rules prohibit selecting a supplier based on a personal relationship, through the basic principles of non-discrimination and equal treatment (Pianoo, 2015), personal relationships could be of influence on the willingness to perform legitimate tenders. Interviewee D states about this: “Ideally, you would just go to your preferred supplier. Over the years, you do build relationships with companies. You know what to expect from them”. Knowing what to expect of a supplier also becomes clear through a statement of interviewee K: “You always have companies which you know in advance, where you have good contacts. You know how the service is

run, so you always hope that they register and secondly, that they have good offers”. Furthermore, begrudging is another notion that returns in the interviews. Interviewee L mentions that sometimes, they already know a certain supplier and have good contacts there, so the question of ‘why don’t we actually grant the tender to them once’ arises. Additionally, Interviewee C states that it costs time and money to build a new supplier relationship, the feeling of having to start all over again with a new supplier could provoke Interviewee C of granting a tender to a new supplier. To prevent this from happening, Interviewee C would make use of an external advisor, who would be able to grant the tender more neutrally. Altogether, the interviewees are aware that officially, they cannot grant a tender based on their relationship with a certain supplier.

The fact of having a relationship with certain suppliers is closely related to having a previous good experience with a supplier. Interviewee F states: “The other side of the coin is that colleagues often just have a certain preference for party X or Y because of their expertise, or because they have worked with them in the past”. Knowing what to expect from a supplier, because their actual goods and services may differ in a qualitative sense from what they offer in a tender registration, makes purchasers believe they can make use of products and services of a higher quality rather than the uncertainty of doing business with a new supplier. Stable supplier relationships and previous good experiences with suppliers are therefore closely related to trust. Purchasers tend to trust known suppliers more than unknown suppliers, because they know what to expect from a known supplier and they can make a better estimation of the quality of the products and services. Interviewee O confirms this by mentioning that people that mostly work operationally, have long lasting supplier relationships, in which the purchaser trusts the supplier and vice versa.

Next to personal preferences based on trust, relationships and previous good experiences, some interviewees mentioned that they would rather grant a tender to a local supplier than a supplier which is further away, such as somewhere in the west of The Netherlands or in another European country. This violates the non-discrimination principle of the European tender law. For example, Interviewee H mentioned “We will not ask people from far away to work here”. Also, Interviewee J mentioned that purchasers might be likely to grant a tender to a local supplier because “they have a connection with the working field, not necessarily located in Municipality X, but who have a connection with it. Suppliers that frequently want to work for Municipality X, because then they do better

quality work. When you need a supplier from far away for once... Sometimes it turns out it is a one-off after all and they would not do their work as well”.

Lastly, there could be a need for a certain product or service, which is believed to be produced by only one supplier. The need for a specific product or service sometimes leads to disregarding the tender rules and regulations. Interviewee O mentions the case of maintenance or contract renewal of specific software, which is solely produced by one manufacturer. Sourcing software from another supplier after the contract ends after e.g. 4 years, would mean that the systems of the municipality need to be adjusted. This costs more money and effort than simply renewing the service contract with the original supplier.

All these factors lead to a personal preference for a certain supplier. As visible in table 11, aspects of personal preferences that affect the willingness to perform legitimate tenders, were widely mentioned across almost all interviews. The most prevalent factors that were mentioned are a previous good experience with a supplier and a good relationship with a certain supplier. However, the interviewees have also noted that a purchaser may not base their choice of supplier on personal preferences, indicating that they do feel responsible and know that this is not allowed.

Table 11: Personal preference factors that are of influence on the willingness to perform legitimate tenders

| Personal preferences | | |
|-----------------------------|--|---------------------|
| Factors | +/- Willingness to perform legitimate tenders | Interviewees |
| Supplier relationship | - | A, C, D, I, L, N, O |
| Good experience | - | C, D, F, G, I, M, N |
| Trust | - | C, D, E, O |
| Local supplier | - | D, H, J |
| Specific product or service | - | E, O |

As can be seen in table 11, personal preferences are likely to decrease the willingness to perform legitimate tenders. Now that we have discovered that personal preferences are likely to decrease the willingness to perform legitimate tenders, we continue with another factor that could be linked to personal preferences: motivation.

4.2 Motivational factors: Tender procedures are often considered as burdensome, where intrinsic motivation is of high importance for the legitimacy of tenders

This section describes the motivational factors that were found to be of influence on the willingness to perform legitimate tenders in Dutch municipalities. Table 12 shows the aspects that were discovered through the interviews. The full table of open and axial codes can be found in the appendices of this thesis.

The first motivational factor that was found, regarded workflow. According to interviewee F, tender procedures are something “which happens in the flow of work, on which people are not always focused enough”. The workflow factor is closely related to the fact that tender procedures cost time. Interviewee F further explains this by mentioning that a lot of information is required for tender procedures, and tender procedures require a lot of thinking and investigating, which takes time. Next to that, purchasers may have other priorities. Interviewee J states “I would like to know more about tender procedures, but yes... Other priorities so to say”. As the procurement of goods and services is not the only task of the interviewees, and not their focus, there are many more projects for them which also need attention. Interviewee M states “You cannot expect us to know everything”. Another motivational factor that was found within the field of motivational factors, is the administrative workload. Various interviewees mention that they can imagine that tender procedures are perceived as burdensome with a lot of paperwork, such as interviewees D, F and K. It connects to the previously mentioned factors of that tender procedure take time and disrupt the workflow.

Moreover, the last two motivational factors that were discovered during the interviews were historical routines and intrinsic motivation. Historical routines manifest themselves through the following statement of interviewee A: “We have always done it like that”. By this statement, Interviewee A emphasizes that some people use this statement because they hope that then they will not have to do any tender procedures. Additionally, interviewees D and L mention that some employees simply ‘do not feel like tender procedures’ or ‘are not in the mood for tender procedures. Historical routines are believed to be highly connected to intrinsic motivation, as an individual that just does not feel like doing tender procedures is considered to have a low motivation for conducting legitimate tender procedures. Interviewee D mentioned that he or she just does not like conducting tender procedures. Nonetheless, most of the interviewees mentioned that they were motivated, and they thought their fellow colleagues are motivated too. ... mentioned that “I

think that everybody tries their very best to do everything according to the rules”. Concerning the previously mentioned factors, intrinsic motivation is ought to have a positive effect on the willingness to perform legitimate tenders. The most prevalent answers related to motivational factors were the priorities that people may have other than performing legitimate tenders, and the intrinsic motivation people have.

Table 12: Motivational factors that are of influence on the willingness to perform legitimate tenders

| Motivational factors | | |
|-------------------------------|--|---------------------|
| Factors | +/- Willingness to perform legitimate tenders | Interviewees |
| Workflow | - | F, L |
| Time-consuming | - | F, K |
| Priorities | - | D, F, J, L, M, O |
| Large administrative workload | - | D, E, F, K |
| Historical routines | - | A, D, F, L |
| Intrinsic motivation | + | D, F, I, J, K, O |

As can be seen in table 12, the relatively time-consuming character of tender procedures compared to the ease of just granting a tender, by the higher administrative workload and other priorities decrease the willingness to perform legitimate tenders. Now that we have discovered several motivational factors on an individual level, we continue with organizational factors.

4.3 Organizational factors: Organizational Freedom, and the need for a guide and sharing knowledge and advice

This section describes the organizational factors that were found to be of influence on the willingness to perform legitimate tenders.

The flat organizational structure of Municipality X gives employees a lot of freedom to implement the policy formed by the municipal council. However, the freedom also has its drawbacks. Interviewee N states: “We have the freedom to do a lot. Sometimes that can go wrong, because people believe they can just request three offers rather than walk through an entire European tender procedure”. Next to that, Interviewee L states that through the freedom, people will just stick to the old and familiar tender procedures, such as simply requesting three offers and granting the tender to the economic most advantageous tender (EMAT), because they also do not have sufficient knowledge to realise that there are other manners to grant a tender or to perform a tender procedure.

Together with the freedom of the flat organization comes responsibility. Interviewee F mentions that he feels highly responsible for conducting tenders in a legitimate and right manner. The factor responsibility is not only applicable on individual responsibility, but also on team responsibility. Not every team contains people with extensive knowledge on purchasing and tender procedures, but the responsibility of every team about conducting responsible tender procedures is equal. Also, because there is no centralized purchasing department, the self-steering teams have a larger responsibility by having to prepare and conduct the tender procedures themselves. Interviewee A states that “by the new organizational structure, by this, tender procedures from A to Z have also become our responsibility”. This indicates an extra workload for the self-steering teams. The responsibility of the teams also creates a risk that things go wrong. Interviewee N mentions that “the entire self-steering construction can make it easy for things to go wrong” because there is less control on what people and teams do, and there is no specific control on whether people are following the rules.

Regarding knowledge and information sharing, the organizational structure of the municipality Municipality X with no centralized official purchasing department makes that all knowledge about purchasing is ‘shattered’ throughout the organization. Interviewee M mentions that the knowledge is shattered and that there is no one that merged all knowledge about tenders and purchasing to a certain guide.

Interviewee N furthermore explains his/her view on sharing knowledge about tender procedures within self-steering teams: “If within a team there is at least someone who has the knowledge on the procurement law, the knowledge is more accessible for others within that team”. Knowledge could not only be shared within a self-steering team, but it is also possible to share it across teams: Interviewee E mentions that he knows an employee of another team (not an appointed purchasing advisor) who knows a lot about tender procedures, which helps Interviewee E to also conduct legitimate tender procedures. Moreover, Interviewee N mentions that tender procedures are about collaborating, by which it would help to share knowledge across teams, as everybody would learn from that. Another thing to consider is that not all information on tender procedures is easily accessible throughout the organization according to Interviewee F and K, which prevents them from conducting legitimate tender procedures.

Almost all interviewees (A, B, C, D, E, G, J, K, L, M, and N) indicated that they appreciate asking for advice by colleagues, within the team, but they also thankfully make use of the advice by the purchasing advisors. They know who to go to for advice, this is clear for the interviewees. Therefore, it is important that advice is accessible for all operational purchasers because it will increase tender legitimacy and the control of whether the operational purchasers do everything right. People are willing to ask for advice if they know where to find it.

However, what is important for both knowledge sharing and the responsibility that comes with the self-steering team organizational structure is the alignment across teams. Interviewee A mentions the example that he/she sometimes hires temporary external consultants. The price for one consultant does not exceed the threshold for European tender procedures, but in the end, it turns out other people from other teams hire external consultants from the same company and for the same goal. When adding up all expenses, it turns out that this example should have been granted through a national or European tender procedure. Interviewee F states about this: “We need each other, because without people and resources I can’t do my job”. It highlights the importance of alignment across teams, which increases the ability of team members to perform legitimate tenders. Next to alignment, trust within teams is mentioned by interviewees K and O. By trusting team members, they would be more likely to ask someone for help, which could be beneficial for the willingness to perform legitimate tender procedures.

Additionally, the time that it takes to adopt a new working method is considered as an organizational factor. Interviewee G for instance mentions “If someone just graduates university or start this work, they do not have a lot of knowledge, they need to learn”, and Interviewee F mentions “it takes time before people know how it works”. An organization could investigate on how to make this process go smoother with the aim to increase the legitimacy of tender procedures. The last organizational factor that is believed to have a low frequency of tenders within the self-steering team. This could mean that knowledge fades away over time, as no one within the team performs tenders regularly.

Table 13: Organizational factors that are of influence on the willingness to perform legitimate tenders

| Organizational factors | | |
|-----------------------------------|--|------------------------------------|
| Factors | +/- Willingness to perform legitimate tenders | Interviewees |
| Freedom | - | L, N, O |
| Responsibility | + | A, C, E, F, I, L N |
| No control | - | L, N |
| Scattered knowledge | - | A, M |
| Knowledge sharing | + | E, I, K, M, N, O |
| Information sharing | + | F, K |
| Possibility to ask for advice | + | A, B, C, D, E, G, I, J, K, L, M, N |
| Alignment | + | A, C, E, H, L |
| Trust | + | K, O |
| Adopting new work method | - | E, F, G, K, N |
| Experience with tender procedures | + | B |

In table 13, it becomes clear that sharing information, knowledge and advice is beneficial for the willingness to perform legitimate tenders. The most prevalent answers were the feeling of responsibility that operational purchasers experience, which is beneficial for the willingness to perform legitimate tenders. Next to that, sharing knowledge and advice were found to be drivers for the willingness to perform legitimate tender procedures. We will now continue the analysis with the actual knowledge factors that were found during the interviews.

4.4 Knowledge factors: Ignorance is high, and clear guidelines need to be defined

The fourth set of factors that is believed to influence the willingness to perform legitimate tenders is knowledge related. This section describes all factors that were found during the interviews.

The first two factors, ignorance, and knowledge, are closely related to each other and to the concept 'knowledge' itself. All interviewees, except interviewee H, stated they could imagine that the level of knowledge is highly related to the willingness to perform tenders. For example, Interviewee C stated, "My knowledge level is just not high enough", which Interviewee K agreed on by mentioning "I think I don't know enough about it". It is remarkable that Interviewee H insisted on the fact that the level of knowledge is positively related to (the willingness to) perform legitimate tenders. During the interview, Interviewee H mentioned that he would just cut a large contract into smaller contracts if the tender threshold is exceeded, just so he would not have to perform a tender procedure. This is prohibited by the European tender law, thus indicating a non-sufficient level of knowledge on this field by interviewee H. Tender procedures are furthermore perceived as too complex, as for example mentioned by interviewee O, "People cannot do it alone anymore". The lack of knowledge is not only a 'conscious' thing. The factor ignorance is more related to 'not knowing' or being unconscious about that a purchase should have been done through a tender procedure. Interviewee F mentions that "no one would consciously conduct tenders illegitimately" and that it is more an unconscious thing, which is done "without malicious intents" according to interviewee C.

Something that could help to improve the willingness to perform legitimate tenders, is creating a handbook or clear guidelines. The freedom as perceived by the operational purchasers sometimes strikes with doing legitimate tenders. Interviewee L describes: "the procurement law says you have to conduct a tender procedure, but the way to do it is not really clarified or described". Interviewee C further explains that people tend to contract very traditionally when they do not have sufficient knowledge of the tender law. This, together with the statement of interviewee L, indicates that the (willingness to perform) legitimate tenders would go up if people would have more knowledge on the topic. Interviewee B besides describes the desire for an easy guide or handbook to look things up, which makes it easier to perform legitimate tender procedures.

Many of the interviewees did not have specific purchasing or tender related education, while they are allowed (by the municipality) to perform tender procedures. The lack of education may contribute to the level of tender legitimacy. However, interviewees A, C, J, K, and L state that they like to seek for advice of external advisors, because they tend to be more neutral towards suppliers and the external advisors have a lot of knowledge on the tender law. By this, the operational purchasers do not have to have as much knowledge as they would need when performing tenders themselves.

Lastly, urgency is believed to be of influence on the willingness to perform legitimate tenders. It turned out that not all interviewees knew there are special speed procedures for when there is not enough time for a regular tender procedure. Speed procedures may be conducted when the urgent situation may not arise through the actions of the procurer or municipality itself, and it must be impossible to meet the regular deadlines (Pianoo, 2015). Knowing about when, how, and why these speed procedures may be conducted, the willingness to perform legitimate tenders could increase.

Table 14: Knowledge factors that are of influence on the willingness to perform legitimate tenders

| Knowledge factors | | |
|--|--|---------------------------------------|
| Factors | +/- Willingness to perform legitimate tenders | Interviewees |
| Ignorance | - | A, B, C, F, G, H, I, J, M, N, O |
| Knowledge | + | A, B, C, D, E, F, G, I, J, K, L, M, O |
| Presence of guidance and formal procedures | + | B, L, O |
| Education | + | C, D, F, H, I, J, K, L, M, O |
| External advisors | + | A, C, J, K, L |
| Urgency | - | C, F, G, J, I, K, N |

As presented in the table, increased knowledge about tender procedures would increase the willingness to perform legitimate tenders. The knowledge factors were found to be very prevalent in general during the interviews. Many interviewees believed the willingness to perform legitimate tenders could be enhanced by increasing the level of knowledge within the organization. We now continue with something that arises through a lack of knowledge: fear to conduct tender procedures.

4.5 Risk avoidance and fear factors: It is not just knowledge that limits the legitimacy of tenders, but people just are afraid to do something wrong

In this section, the so-called risk avoidance and fear factors that are of influence on the willingness to perform legitimate tenders are discussed. Risk avoidance was not included in the research model; however, it was a factor discovered through the interviews. In the overarching concept of risk avoidance, six factors are included.

The first factor, pressure, regards the political pressure that individuals experience when they do (or do not) perform a legitimate tender procedure. In the end, the operational purchasers spend public money which they feel responsible for, and they feel pressured by the municipal politics. Interviewee M describes this by mentioning “But you just know that it could also be very politically sensitive if you do not go through the tender and procurement procedures all correctly”. In addition to the pressure that is experienced, shame of not knowing the rules was mentioned during the interviews. Interviewee B mentioned “Or maybe there is shame there, that they should know the rules but that they actually do not know them”. The shame indicates that the operational purchasers are aware of (a part of) the tender rules and regulations, but that they feel like they do not have sufficient knowledge.

Moreover, it turns out the interviewees have more general fear, they are afraid for the unknown. Interviewee L describes that “A lot of people are afraid. They do not say it out loud, but you hear it between the lines. People are afraid to put questions to a consulting firm and then maybe lose the old, trusted parties that have been around for 20 years and have a newcomer”. This is connectable to the personal preference factors earlier mentioned in this chapter. Tender procedures additionally evoke a fear of quality loss and a fear of losing control at the operational purchasers. Interviewee N mentioned: “I have not experienced anything like this in this municipality, but in recent years people have thought, we are going to tender privately after all. Because then, we have more control over which supplier we get”. Additionally, Interviewee E mentioned “In the business world you can make your own choices about which supplier you choose. And there we work with supplier assessments, if a supplier does not comply or does not deliver, we would not do business with the supplier again. But it is not easy for a municipality to arrange it like that. I think that is a disadvantage of European tender procedures”. This as well implicates a fear of quality loss and a fear of losing control.

Furthermore, the fact that it is hard to exclude companies in tender procedures is mentioned. Interviewee D states about this: “And then you come to the selection, while you know that there are one or two suppliers among them, you would rather not see. But they fill out the forms in such a way that you can hardly ignore them.”. The result of this is risk adverse behaviour, by just selecting a supplier of which they know delivers good quality.

Table 15: Risk avoidance and fear factors that are of influence on the willingness to perform legitimate tenders

| Risk avoidance and fear factors | | |
|--|--|---------------------|
| Factors | +/- Willingness to perform legitimate tenders | Interviewees |
| Pressure | + | C, M |
| Shame | - | B, L |
| Fear | - | L |
| Fear of quality loss | - | C, D, E, H, J, L, N |
| Exclusion | - | D, E, L, M |
| Risk averse | - | L, N |

It can be seen that shame of not knowing the tender rules and the fear of quality loss and losing control has a negative influence on tender legitimacy, but that risk avoidance itself does not directly influence the willingness to perform legitimate tenders, but does this through knowledge and personal preferences: knowledge (people feel ashamed that they do not know information that they should have known) and personal preferences (people are afraid to lose control and get a non-preferred supplier). Next, we continue with the last set of factors that was found, control factors.

4.6 Control factors: A lack of control on whether people tender legitimately, and no organizational overview decrease the legitimacy of tender procedures

The last group of factors that are of influence on the willingness to perform legitimate tender, are control factors. This section describes the factors related to control.

In municipality X, the self-steering organization structure gives purchasers plenty of freedom. However, this seems to also have a downside. The organization lacks a form of control regarding tender procedures and in case a tender is conducted illegitimately, the purchaser only hears this afterwards sometimes rather than there is a system of prior control. Interviewee F mentions: “As a budget holder (operational purchaser), I can grant a tender without properly walking through a legitimate tender procedure. There is nothing that stops me from awarding a contract that in fact should have gone through a tender. Except afterwards, the purchasing advisors mention afterwards like, hey, how can you spend tons of money without a tender procedure?”. Interviewee N confirms this by mentioning “The disadvantage of those self-managing teams is that you can do quite a lot of things on an island. So if there is, for example, one person that deals with public lighting... That person does everything, but if he does not do it legitimately, then it is just a question if somebody would notice.”. The lack of control furthermore becomes clear through that it is possible to perform a tender procedure without the help of the purchasing advisor or just another colleague from the self-steering team. Interviewee F mentions this through “I think it is still too easy now, without having followed the proper procedure, to be able to grant a tender. In other words, there is no emergency brake or 4-eyes principle somewhere”.

Next to the lack of control, there is no structured process on tender procedures within the organization. Interviewee F states: “I think in our municipality, we are not so much of a fixer of things. We agree on a lot, but not on securing and writing down these things. We make little use of standardized procedures, such as a checklist for example.”. Structuring things, with an eye on the lack of knowledge most purchasers have, would increase the willingness to perform legitimate tenders. Interviewee N adds to this, “There are no processes at which the project leader must have something determined, decided or agreed upon before he can do anything. So there is a lot of freedom, and therefore a lot of room to make mistakes”.

Furthermore, Interviewee N mentioned that he/she feels like that the role of the purchasing advisors could be stronger: “And then the role of procurement, that could be stronger, I think. If you just have two purchasing advisors who must do everything for the municipality, just the two of them, that must be very difficult”. Increasing the number of purchasing advisors within a municipality would increase the level of control on legitimacy, which in turn could increase the willingness to perform legitimate tenders.

Lastly, interviewees do not experience a central overview on procurement within the municipality. Interviewee A explains about this: “We hire people from time to time. Also the field service does a lot with that company. So because we do a lot of business with that company, apparently that had to be tendered. Yes, if you don't know that or are unfamiliar with it. Let alone from the new organizational structure, that we have been given this kind of thing on our plate, you actually expect that it also goes through human resources, for example, that from human resources that might be monitored, so then you don't know whether you cross a certain boundary that makes tendering necessary.”. A central overview would prevent these things to happen and is beneficial for the overall legitimacy of tenders.

Table 16: Control factors that are of influence on the willingness to perform legitimate tenders

| Control factors | | |
|------------------------|--|----------------------|
| Factors | +/- Willingness to perform legitimate tenders | Interviewees |
| Lack of control | - | A, F, I, J, L, N, O, |
| No process | - | F, L, N |
| Shortage | - | N |
| No overview | - | A, E, F, N |

Table 16 shows that the lack of control is of negative influence on the willingness to perform legitimate tenders. The most prevalent factor here was the lack of control on the legitimacy of tenders throughout the entire organization.

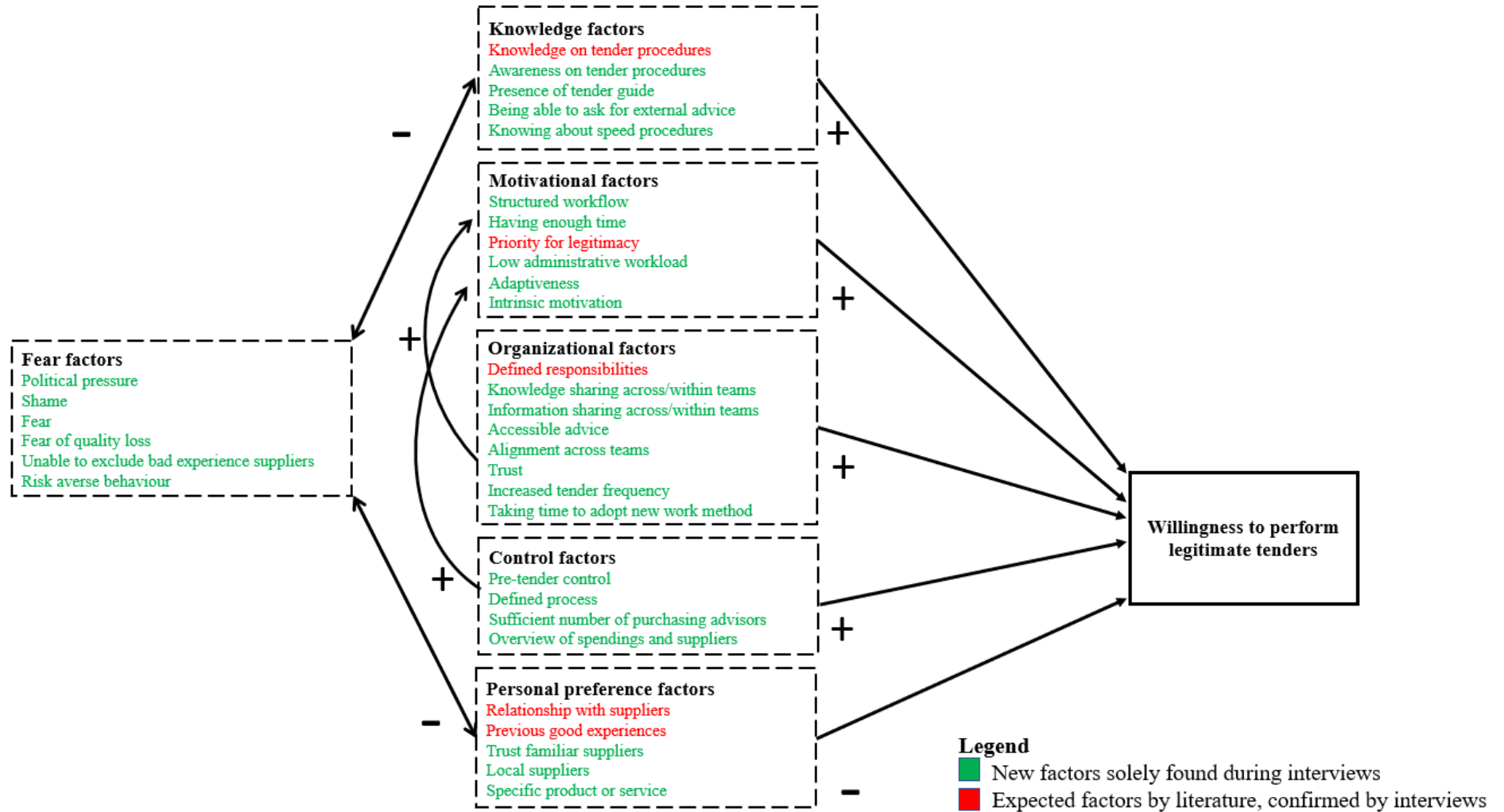
4.7. New conceptual model includes knowledge factors, motivational factors, organizational factors, control factors and personal preference factors, with an interaction effect between knowledge and personal preferences and Risk avoidance and fear factors

The previously mentioned literature linked with the interview results lead to the following revised research model on the next page.

All factors that were expected by the literature are highlighted in red in the figure. Everything that is marked green, were factors that were not exactly described in the literature review.

Knowledge, motivation, organization, control and personal preferences are believed to have direct influence on the willingness to perform legitimate tenders. Meanwhile, fear is believed to interact with knowledge, because a lack of knowledge creates a fear of making mistakes and vice versa. Fear furthermore interacts with personal preferences: employees are afraid to be unable to exclude certain suppliers, and therefore they might not perform a (legitimate) tender procedure. Next, better organizational alignment is believed to positively influence the motivation to perform legitimate tender procedures. Finally, there is an effect between control and motivation: increased control is believed to increase motivation.

Figure 4: Updated conceptual model



4.7 Prevalence of factors across respondent groups: conducting fewer tender procedures indicates higher level of personal preferences

In the methodology section, it was mentioned that interviewees A-E may conduct tender procedures, but do not do this very often. Interviewees F-N are in charge of projects or a certain attention field of the municipality. Interviewee O is the town clerk or general municipality manager. Table 17 shows the sets of factors and the group of respondents in which it was mentioned most. It is remarkable that personal preferences were most mentioned by the group of interviewees that perform the least tender procedures. Respondents F-N had motivation, organization, knowledge, risk avoidance and control as their most prevalent groups of factors. Knowledge was found to be the most prevalent factor, as it was mentioned in almost every interview. This indicates self-consciousness among the respondents. As the interviewees A-E do not very often perform tender procedures, they might not experience or perceive the various factors as many as interviewees F-N. It could be stated that interviewees A-E do not, due to a lack of knowledge, perceive the other factors.

Table 17: Prevalence of factors in respondent groups

| Set of factors | Respondents |
|-----------------------|--------------------|
| Personal preferences | A-E |
| Motivation | F-N |
| Organization | F-N |
| Knowledge | All groups |
| Risk avoidance | F-N |
| Control | F-N |

5. Discussion and conclusion

This chapter discusses the results of the qualitative research that were found in the previous chapter. First, the results will be discussed, whereafter theoretical and practical recommendations will be given regarding increasing the willingness to perform legitimate tender procedures. Then, the limitations of the research will be discussed. Lastly, the implications and suggestions for future research will be given.

5.1 Discussion of results: Personal preferences, motivational factors, organizational factors, knowledge factors, Risk avoidance and fear factors and control factors play a large role in the willingness to perform legitimate tenders

During the interviews, six overarching dimensions of factors which affect the willingness to perform legitimate tenders: personal preferences, motivational factors, organizational factors, knowledge factors, Risk avoidance and fear factors and control factors. The dimensions that were found in literature were knowledge factors, motivational factors, managerial factors, and personal preference factors. The risk avoidance and control factors were therefore found by this master thesis research. The ‘managerial’ dimension as found during the literature review prior to the interviews, was renamed into ‘organizational’ dimension as that name was thought to fit the subject better. Table 17 displays an overview of the dimensions and the factors that each dimension contains.

5.1.1. Agency theory: individuals like to pursue their own interests because of personal preferences, motivation, knowledge, risk avoidance and the lack of control

In the theoretical framework of this thesis, principal-agent theory was highlighted. In sense of the legitimacy of tenders, the operational purchasers would not act in the best interest of the principal (purchasing advisors) by pursuing their own interests rather than conduct legitimate tender procedures. This was confirmed by the interviews, as some procurers tend to award a tender to a preferred supplier and by this pursue their own interest. McTigue et al (2020) and Shrestha et al. (2019) mentioned that this could be due to moral hazard, this is confirmed by the results of this thesis. The other problem in agency theory, adverse selection, arises when a selected agent is not the best individual for a certain task (McTigue et al., 2020; Shrestha et al., 2019). It is connectable to the lack of knowledge many operational purchasers have, which was a result of the interviews. Also, it turned out that intrinsic motivation is of high importance. When the operational purchaser is not intrinsically motivated, the willingness to perform legitimate tender decreases. This

is supported by the results of this thesis, as multiple respondents indicated that they do not feel motivated to perform legitimate tenders. Moreover, Chrisidu-Budnik & Przedańska (2017) write about miscommunication between principal and agent. As discovered during this master thesis research, it is important to make clear information available on tender procedures, so the ignorance of the operational purchasers on the topic decrease.

5.1.2 Non-compliant working behaviour: Tender procedures are perceived as complicated because of a lack of knowledge, furthermore personal preferences play a large role

The next topic that was covered in the theoretical framework, were the drivers for non-compliant working behaviour and maverick buying. Kulp et al. (2006) have identified multiple drivers for maverick buying: aim to increase efficiency, personal supplier preferences, non-appropriate frame contracts, and a quick need for a purchase. All of these, except for non-appropriate frame contract, were supported by the interviews as having a negative effect on the willingness to perform legitimate tenders. However, ‘aim to increase efficiency’ was found not to be a literal aim to increase of efficiency but preferring an efficient process over following the rules and staying legitimate. The personal preferences were furthermore found to be mostly related to granting tenders to local suppliers.

Rothkopf and Pibernik (2016) furthermore have mentioned the lack of information. The interviews supported this. It turns out many operational purchasers do not have sufficient knowledge on tender procedures and legitimacy; therefore they automatically perceive tender procedures as complicated and burdensome. Bergman and Lundberg (2013) furthermore mention aim for the best price-quality ratio as a driver for non-compliant behaviour. This was not supported by the interviews to be of influence on the willingness to perform legitimate tenders. In fact, through the interviews was discovered that many operational purchasers do not strive for the lowest price, because they are afraid a supplier is incompetent or delivering bad quality products and services. It turns out that many operational purchasers put quality as their number one criterium to select a supplier.

5.1.3. A free organizational structure decreases the level of creativity, alignment, and control, information streams are important

The last topic covered in the theoretical framework was the flat organizational structure that many Dutch municipalities maintain. Reiter-Palmon et al. (2021) defined four success factors that are of influence on team performance: cognition, communication, coordination, and coaching. Team cognition, both within and across teams, was found as important for the willingness to perform legitimate tenders as well. For team members, it is important that information is easily accessible, e.g. by having team members that have extensive knowledge on tender procedures. This links to Reiter-Palmon et al.'s (2021) communication success factor. The better the within- and across team communication, the higher the willingness to perform legitimate tenders. Concerning coordination, the alignment of teams is of high importance and was supported by the interviews in this thesis. When teams within an organization are well aligned, the distribution of knowledge and information tends to be better and therefore the willingness to perform legitimate tenders increases. Lastly, coaching. Respondents have mentioned they have a lot of freedom within the municipality, so much freedom that they even think no one would mention if they willingly performed illegitimate tenders. By better coaching by purchasing advisors, operational purchasers would experience more control and therefore are more pressured to perform legitimate tenders. Future research could be conducted in this area, by, for instance, researching the relationship between organizational control and the willingness to perform legitimate tenders with the level of pressure employees perceive as a mediator.

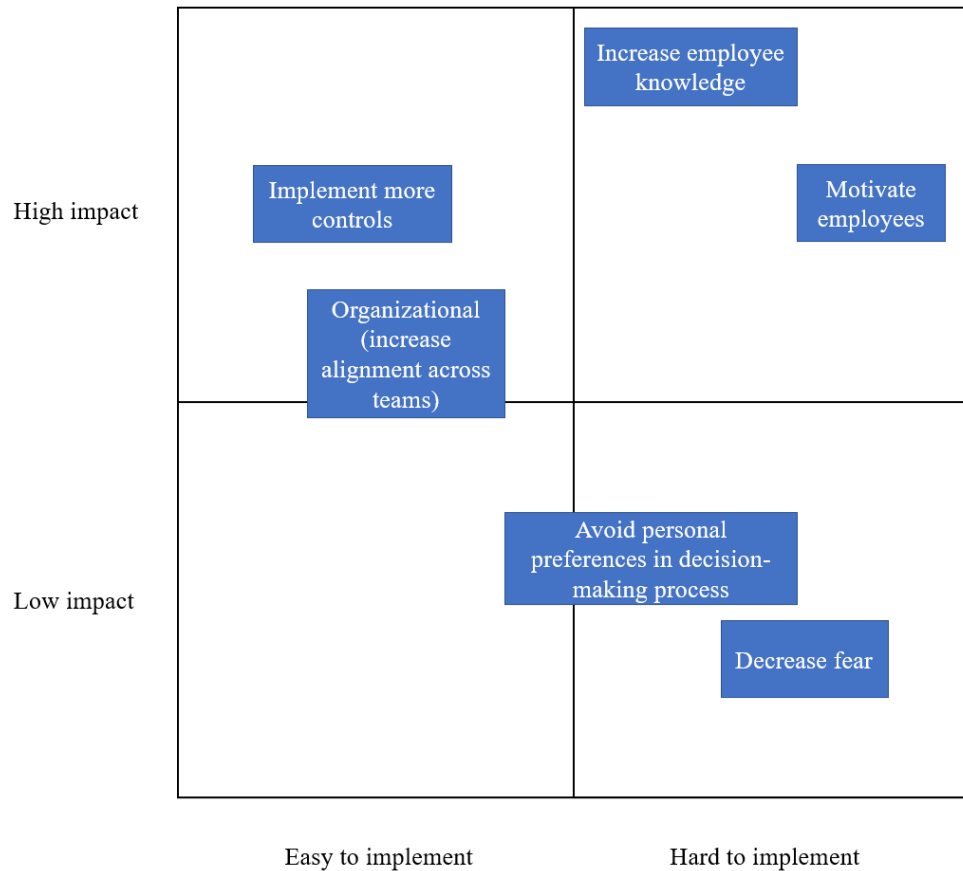
5.2 Practical implications

This research furthermore brings practical implications to purchasing advisors of (Dutch) municipalities. Organizations could stimulate their employees' willingness to perform legitimate tenders by responding to the six found dimensions of this research: knowledge, motivational, organizational, control, risk avoidance and personal preferences. To enhance knowledge (1), and by that the willingness to perform legitimate tenders, organizations could develop trainings, handbooks, and guidelines for their operational purchasers. To increase employee motivation (2), the amount of paperwork required for a tender procedure could be reconsidered and lowered. In an organizational perspective (3), the alignment across work teams should be enhanced so information will be more

accessible. The accessibility of information could further be implemented by appointing a member in each team that knows more about tender procedures, who functions as a person who people in their team could go to with their questions. Furthermore, the control on tender procedures should be sufficient (4). With a sufficient amount of control, the willingness to perform legitimate tenders is expected to increase. Fifthly (5), Risk avoidance and fear factors. By enhancing knowledge on tender procedures, the fear of people about conducting tender procedures could be decreased. Lastly the personal preferences (6), which are thought to be the hardest to influence, as they are intrinsic. Clear agreements on which grounds suppliers could be excluded, could help with the personal preferences.

Figure 5 shows the six dimensions on two various scales: the impact (high or low) on the willingness to perform legitimate tenders when the factors in a certain dimension are positively influenced and the ease of implementation (high or low) that comes with it. The control and organizational dimensions can be seen as quick wins: it must be rather easy to implement a system of control and communication to enhance the willingness to perform legitimate tenders, and it is believed to have a large impact. The knowledge and motivational dimensions would also have a large impact on the legitimacy to perform legitimate tenders as found in the interviews, but changing mindset is hard and it takes time before people learn, as mentioned by interviewee G. However, creating a handbook for purchasing is not that hard, but motivating people to stick to it is harder. This brings a challenge not to just Municipality X, but also to other municipalities and even the provinces and national government by having to motivate purchasers to perform legitimate tenders and stating the importance of it. Influencing people's personal preferences and the fear people experience are believed to have a low impact, because personal preferences will always remain.

Figure 5: Impact and ease of implementation of dimensions



5.3 Limitations and implications for future research

Although the literature review and qualitative research within this master thesis were conducted in a systematic manner, the research also contains several limitations, which could also be seen as opportunities for future research, which will as well be mentioned in the next section.

The first limitation of this master thesis is generalizability. The sample group for the qualitative research, the interviews, consisted of 15 people that all work for the same Dutch municipality. The respondents were from just one organization, in contrary to for instance Hoda et al. (2013), who have sourced their respondents in their teams research through a network of software organizations, resulting in respondents from 23 different software companies which increases the generalizability of the research. Therefore the generalizability of this master thesis could be questioned, although many found factors were already present in literature. It gives an opportunity for future research by researching the generalizability of this research among other municipalities. However, in organizations

with a different organization structure, problems as a lack of motivation and knowledge are still believed to be persistent, because this research has shown that the employees from Municipality X all have different backgrounds and prior employers at which they could have gained additional knowledge on tender procedures. Another limitation of the research is that it does not measure the actual behaviour of the participants. Therefore, the respondents could have given socially desired answers in the interviews. Future research could make use of observations or a document analysis to limit the risk on socially desired answers.

For future research, it would be interesting to consider peoples actual actions and behaviour in tender procedures. This could be measured through e.g. document analysis, where documents of previous tenders are analysed and assessed on the degree to which the tender rules and regulations are followed and considered, such as Jeong and Kim (2019) did in their research. Another possible research method would be observations. Through observations, a researcher could observe the behaviour of purchasers of what they do when they have the need for a purchase. Both studies could then include the results from this master thesis as a basis of factors to focus on in the document analysis and observations. Interviewing people from other municipalities to confirm the research results, and by that increase the reliability of this master thesis, would also be desired.

References

- Aardema, H., & Korsten, A. (2009). Gemeentelijke organisatiemodellen. *Naar een collegiaal en samenhangend overheidsbestuur, Raad voor het openbaar bestuur*, 1-15.
- Babbie, E. R. (2016). *The practice of social research* (Fourteenth edition. ed.). Cengage Learning.
<http://www.dawsonera.com/depp/reader/protected/external/AbstractView/S9781473732315>
- Barnham, C. (2015). Quantitative and Qualitative Research: Perceptual Foundations. *International Journal of Market Research*, 57(6), 837-854.
<https://doi.org/10.2501/ijmr-2015-070>
- Batenburg, R., Van Walbeek, W., & Der Maur, W. (2015). Improving team performance. *Development and Learning in Organizations: An International Journal*, 29(5), 25-27. <https://doi.org/10.1108/dlo-05-2015-0048>
- Bendickson, J., Muldoon, J., Liguori, E., & Davis, P. E. (2016). Agency theory: the times, they are a-changin'. *Management Decision*, 54(1), 174-193.
<https://doi.org/10.1108/md-02-2015-0058>
- Bergman, M. A., & Lundberg, S. (2013). Tender evaluation and supplier selection methods in public procurement. *Journal of Purchasing and Supply Management*, 19(2), 73-83. <https://doi.org/10.1016/j.pursup.2013.02.003>
- Cannon, N., Bedard, J. C., & Schnader, A. L. (2015). The Principal-Agent Dilemma: Reframing the Auditor's Role Using Stakeholder Theory. *Accounting and the Public Interest*, 15(1), 22-26. <https://doi.org/10.2308/apin-51234>
- CBS. (2020). *Aantal gemeenten daalt in 2021 verder tot 352*. Retrieved 31-05 from <https://www-cbs-nl.ezproxy2.utwente.nl/nl-nl/nieuws/2020/53/aantal-gemeenten-daalt-in-2021-verder-tot-352>
- Chrisidu-Budnik, A., & Przedańska, J. (2017). The Agency Theory Approach to the Public Procurement System. *Wroclaw Review of Law, Administration & Economics*, 7(1), 154-165. <https://doi.org/10.1515/wrlae-2015-0059>
- Clarke, V., & Braun, V. (2016). Thematic analysis. *The Journal of Positive Psychology*, 12(3), 297-298. <https://doi.org/10.1080/17439760.2016.1262613>
- Daly, J., & Lumley, J. (2002). Bias in Qualitative Research Designs. *Australian And New Zealand Journal of Public Health*, 26(4), 299-300.
<https://doi.org/https://doi.org/10.1111/j.1467-842X.2002.tb00174.x>
- Eisenhardt, K. M. (1989). Agency Theory: an Assessment and Review. *The Academy of Management Review*, 14(1), 57-74. <https://doi.org/https://doi.org.ezproxy2.utwente.nl/10.2307/258191>
- Eliasz, K., & Spiegler, R. (2018). Managing intrinsic motivation in a long-run relationship. *Economics Letters*, 165, 6-9. <https://doi.org/10.1016/j.econlet.2018.01.018>
- European Commission. (2014). Directive 2014/24/EU of the European Parliament and of the Council on public procurement and repealing Directive 2004/18/EC. *Official Journal of the European Union*, 65-242. https://eur-lex-europa-eu.ezproxy2.utwente.nl/legal-content/NL/ALL/?uri=OJ%3AJOL_2014_094_R_0065_01
- Gedelegeerde verordening (EU) 2019/1828 van de Commissie, (2019).
- FAMO. (2019). *Controle rechtmatigheid inkoop en aanbestedingen*. Retrieved June 28 from <https://www.famo.org/nieuws/nieuwsarchief/controle-rechtmatigheid-inkoop-en-aanbestedingen/>

- Fereday, J., & Muir-Cochrane, E. (2006). Demonstrating Rigor Using Thematic Analysis: A Hybrid Approach of Inductive and Deductive Coding and Theme Development. *International Journal of Qualitative Methods*, 5(1), 1-11. https://doi.org/http://www.ualberta.ca/~iiqm/backissues/5_1/pdf/fereday.pdf
- Gao, G., Han, X., Ning, L., Ting, H.-F., & Zhang, Y. (2021). Principal-agent problem under the linear contract. *Journal of Combinatorial Optimization*. <https://doi.org/10.1007/s10878-021-00723-3>
- García, J. A., Rodríguez-Sánchez, R., & Fdez-Valdivia, J. (2015). The principal-agent problem in peer review. *Journal of the Association for Information Science and Technology*, 66(2), 297-308. <https://doi.org/10.1002/asi.23169>
- Municipality X. (2017). *Inkoop- en Aanbestedingsbeleid Municipality X 2017*.
- Municipality X. (2019). *Organisatie*. Retrieved 26-05 from https://www.gemeentebekelland.nl/Onze_organisatie/Organisatie
- Guest, G., Bunce, A., & Johnson, L. (2016). How Many Interviews Are Enough? *Field Methods*, 18(1), 59-82. <https://doi.org/10.1177/1525822x05279903>
- Gummesson, E., & Lee, N. (2005). Qualitative research in marketing. *European Journal of Marketing*, 39(3/4), 309-327. <https://doi.org/10.1108/03090560510581791>
- Hauschildt, K., & Konradt, U. (2012). Self-leadership and team members' work role performance. *Journal of Managerial Psychology*, 27(5), 497-517. <https://doi.org/10.1108/02683941211235409>
- Herath, D., Costello, J., & Homberg, F. (2017). Team problem solving and motivation under disorganization – an agent-based modeling approach. *Team Performance Management: An International Journal*, 23(1/2), 46-65. <https://doi.org/10.1108/tpm-10-2015-0046>
- Hoda, R., Noble, J., & Marshall, S. (2013). Self-Organizing Roles on Agile Software Development Teams. *IEEE Transactions on Software Engineering*, 39(3), 422-444. <https://doi.org/10.1109/tse.2012.30>
- Jeong, Y.-C., & Kim, T.-Y. (2019). Between Legitimacy and Efficiency: An Institutional Theory of Corporate Giving. *Academy of Management Journal*, 62(5), 1583-1608. <https://doi.org/10.5465/amj.2016.0575>
- Karjalainen, K., Kempainen, K., & van Raaij, E. M. (2008). Non-Compliant Work Behaviour in Purchasing: An Exploration of Reasons Behind Maverick Buying. *Journal of Business Ethics*, 85(2), 245-261. <https://doi.org/10.1007/s10551-008-9768-2>
- Karjalainen, K., & van Raaij, E. M. (2011). An empirical test of contributing factors to different forms of maverick buying. *Journal of Purchasing and Supply Management*, 17(3), 185-197. <https://doi.org/10.1016/j.pursup.2011.05.001>
- Konradt, U., Andreßen, P., & Ellwart, T. (2009). Self-leadership in organizational teams: A multilevel analysis of moderators and mediators. *European Journal of Work and Organizational Psychology*, 18(3), 322-346. <https://doi.org/10.1080/13594320701693225>
- Kozlowski, S. W. J., & Ilgen, D. R. (2006). Enhancing the Effectiveness of Work Groups and Teams. *Association for Psychological Science*, 7(3), 77-124. <https://doi.org/https://doi-org.ezproxy2.utwente.nl/10.1111/j.1529-1006.2006.00030.x>
- Kulp, S. L., T., R., Brandyberry, G., & Potts, K. (2006). Using Organizational control Mechanisms to Enhance Procurement Efficiency: How Glaxosmithkline Improved the Effectiveness of E-Procurement. *Interfaces*, 36(3), 209-219.

- Lonsdale, C., & Watson, G. (2005). The internal client relationship, demand management and value for money: A conceptual model. *Journal of Purchasing and Supply Management*, 11(4), 159-171. <https://doi.org/10.1016/j.pursup.2005.11.001>
- Magpili, N. C., & Pazos, P. (2017). Self-Managing Team Performance: A Systematic Review of Multilevel Input Factors. *Small Group Research*, 49(1), 3-33. <https://doi.org/10.1177/1046496417710500>
- McTigue, C., Monios, J., & Rye, T. (2020). The principal-agent problem in contracting public transport provision to private operators: A case study of the UK Quality Contract Scheme. *Utilities Policy*, 67. <https://doi.org/10.1016/j.jup.2020.101131>
- Ministerie van Binnenlandse Zaken en Koninkrijksrelaties. (2021). *Gemeenten (Inwoneraantal)*. Retrieved June 29 from <https://www.regioatlas.nl/gemeenten/sorteer/inwoneraantal>
- Mussnug, K. J., & Hughey, A. W. (1997). The Truth about Teams. *Training for Quality*, 5(1), 19-25. <https://doi.org/https://doi-org.ezproxy2.utwente.nl/10.1108/09684879710156487>
- Nowell, L. S., Norris, J. M., White, D. E., & Moules, N. J. (2017). Thematic Analysis. *International Journal of Qualitative Methods*, 16(1). <https://doi.org/10.1177/1609406917733847>
- Panda, B., & Leepsa, N. M. (2017). Agency theory: Review of Theory and Evidence on Problems and Perspectives. *Indian Journal of Corporate Governance*, 10(1), 74-95. <https://doi.org/10.1177/0974686217701467>
- Parker, D. W., Dressel, U., Chevers, D., & Zeppetella, L. (2018). Agency theory perspective on public-private-partnerships: international development project. *International Journal of Productivity and Performance Management*, 67(2), 239-259. <https://doi.org/10.1108/ijppm-09-2016-0191>
- Pianoo. (2015). *Aanbestedingswet 2012*. Pianoo. Retrieved 06-05 from <https://www.pianoo.nl/nl/regelgeving/aanbestedingswet-2012>
- Pianoo. (n.d.). *Aanbestedingswet 2012*. Retrieved 28-05 from <https://www.pianoo.nl/nl/regelgeving/aanbestedingswet-2012>
- Pires, V., & Guimarães, A. S. (2015). Social control of public expenditures in a multilevel principal-agent approach. *Revista de Economia Política*, 35(4), 878-894. <https://doi.org/10.1590/0101-31572015v35n04a11>
- Queirós, A., Faria, D., & Almeida, F. (2017). Strengths and Limitations of Qualitative And Quantitative Research Methods. *European Journal of Education Studies*, 3(9). <https://doi.org/10.5281/zenodo.887089>
- Reinecke, J., Arnold, D. G., & Palazzo, G. (2016). Qualitative Methods in Business Ethics, Corporate Responsibility, and Sustainability Research. *Business Ethics Quarterly*, 26(4), xiii-xxii. <https://doi.org/10.1017/beq.2016.67>
- Reiter-Palmon, R., Kennel, V., & Allen, J. A. (2021). Teams in Small Organizations: Conceptual, Methodological, and Practical Considerations. *Front Psychol*, 12, 530291. <https://doi.org/10.3389/fpsyg.2021.530291>
- Aanbestedingswet 2012, (2012). <https://wetten.overheid.nl/BWBR0032203/2019-04-18>
- Rosseau, V., Aubé, C., & Savoie, A. (2006). Teamwork Behaviors: A Review and an Integration of Frameworks. *Small Group Research*, 37(5), 540-570.
- Rothkopf, A., & Pibernik, R. (2016). Maverick buying: Eliminate, participate, leverage? *International Journal of Production Economics*, 179, 77-89. <https://doi.org/10.1016/j.ijpe.2016.05.020>
- Rusinova, K., Pochard, F., Kentish-Barnes, N., Chaize, M., & Azoulay, E. (2009). Qualitative research: adding drive and dimension to clinical research. *Crit Care Med*, 37(1 Suppl), S140-146. <https://doi.org/10.1097/CCM.0b013e31819207e7>

- Scott, M. A., Burke, G., & Szmerekovsky, J. (2018). Do as I do and Not as I Say: Exploring Price-Oriented Maverick Buying during Supplier Selection. *Decision Sciences*, 49(1), 25-65. <https://doi.org/https://doi-org.ezproxy2.utwente.nl/10.1111/dec.12262>
- Shrestha, A., Tamošaitienė, J., Martek, I., Hosseini, M. R., & Edwards, D. J. (2019). A Principal-Agent Theory Perspective on PPP Risk Allocation. *Sustainability*, 11(22). <https://doi.org/10.3390/su11226455>
- Gids Proportionaliteit, 1-69 (2020).
- Small, M. L. (2009). 'How many cases do I need?' On Science and the Logic of Case Selection in field-based Research. *Ethnography*, 10(1), 5-38. <https://doi.org/10.1177/1466138108099586>
- Stewart, G. L., & Barrick, M. R. (2000). Team Structure and Performance: Assessing the Mediating role of Intrateam Process and the Moderating Role of Task type. *Academy of Management Journal*, 43(2), 135-148. <https://doi.org/10.2307/1556372>
- Telgen, J., Harland, C., & Knight, L. (2007). Public procurement in perspective. In *Public Procurement: International cases and commentary* (pp. 16-24). <https://doi.org/10.4324/9780203815250-9>
- Vafai, K. (2009). Opportunism in Organizations. *Journal of Law, Economics, and Organization*, 26(1), 158-181. <https://doi.org/10.1093/jleo/ewn025>
- Practical Supervisor A, M. (2021). *Interview on 25-05-2021* [Interview].
- Weller, S. C., Vickers, B., Bernard, H. R., Blackburn, A. M., Borgatti, S., Gravlee, C. C., & Johnson, J. C. (2018). Open-ended interview questions and saturation. *PLoS One*, 13(6), e0198606. <https://doi.org/10.1371/journal.pone.0198606>

Appendices

Appendix 1: Journal Research

Table 18: Journal research

| <i>Journal</i> | <i>Papers in period 2019-2021</i> | <i>Papers relevant according to abstract</i> | <i>Usable and assessed papers</i> | <i>Keywords</i> |
|---|-----------------------------------|--|-----------------------------------|--|
| Journal of Supply Chain Management | 33 | 3 | | Public procurement, government policy, commitment |
| Journal of Purchasing and Supply Management | 97 | 7 | | Organizational structure, collegial advice, involvement, tender |
| International Journal of Procurement Management | 91 | 19 | | Change management, public procurement, barriers, ethical issues |
| Journal of Public Procurement | 38 | 10 | | Fraud, tenders, regulatory framework, legal |
| International Journal of Integrated Supply Management | 34 | 0 | 0 | - |
| Supply Chain Management: An international journal | 134 | 14 | | Cognitive capital, organizational relationships, purchasing function, HRM, commitment, cross-functional, competences |
| Strategic Management Journal | 288 | 11 | | Non-hierarchical teams, purchasing, organizational change, change management, engagement |
| Journal of Management | 207 | 26 | | Rule complexity, advice seeking, organization theory, work teams, unethical behaviour |

| | | | |
|--|-----|----|--|
| Organization Science | 161 | 18 | Legitimacy, organization theory, resource provision, inter-organizational relationships, specialist vs generalist, |
| Journal of Public Administration Research and Theory | 88 | 15 | Public organization, behavioural model, legitimacy, bureaucratic, policy |
| Journal of Organizational Change Management | | | |

Appendix 2: Keyword Research

Table 19: Relevant hits in keyword research

| <i>Keywords</i> | <i>Initial hits</i> | <i>Limit to 1996-2021</i> | <i>Hits only in relevant subject areas</i> | <i>Usable and assessed papers</i> | <i>Search key</i> |
|---------------------------|---------------------|---------------------------|--|-----------------------------------|--|
| Public Procurement | 11,444 | 9,840 | 1,988 | | TITLE-ABS-KEY (public AND procurement) AND PUBYEAR > 1996 AND PUBYEAR < 2021 AND (LIMIT-TO (SUBJAREA , "BUSI")) |
| Tender | 21,760 | 17,396 | 1,348 | | TITLE-ABS-KEY (tender) AND PUBYEAR > 1996 AND PUBYEAR < 2021 AND (LIMIT-TO (SUBJAREA , "BUSI")) |
| Commitment | 183,805 | 154,665 | 24,656 | | TITLE-ABS-KEY (Commitment) AND PUBYEAR > 1996 AND PUBYEAR < 2021 AND (LIMIT-TO (SUBJAREA , "BUSI")) |
| Change management | 508,163 | 443,668 | 40,877 | | TITLE-ABS-KEY (change AND management) AND PUBYEAR > 1996 AND PUBYEAR < 2021 AND (LIMIT-TO (SUBJAREA , "BUSI")) |
| Municipality | 71,082 | 63,755 | 4,306 | | TITLE-ABS-KEY (municipality) AND PUBYEAR > 1996 AND PUBYEAR < 2021 AND (LIMIT-TO (SUBJAREA , "BUSI")) |
| Legitimacy AND purchasing | 68 | 64 | 26 | | TITLE-ABS-KEY (legitimacy AND purchasing) AND PUBYEAR > 1996 AND PUBYEAR < 2021 AND (LIMIT-TO (SUBJAREA , "BUSI")) |
| Maverick | 1,491 | 131 | 120 | | TITLE-ABS-KEY (Maverick) AND PUBYEAR > 1996 AND PUBYEAR < 2021 AND (LIMIT-TO (SUBJAREA , "BUSI")) |

| | | | | |
|--|----|----|----|---|
| Self- regulating AND team OR self- steering AND team OR self- managing AND team | 38 | 21 | 19 | TITLE-ABS-KEY (self- regulating AND team OR self-steering AND team OR self-managing AND team) AND PUBYEAR > 1996 AND PUBYEAR < 2021 AND (LIMIT-TO (SUBJAREA , "BUSI")) |
|--|----|----|----|---|

Appendix 3: Interview backup protocol

Prior to the interview:

Thank you for participating in this interview for my Master thesis research project. By this interview, I aim to retrieve answers to either confirm or reject my propositions. I kindly ask you to honestly answer the questions. In case there is a question you would rather not give an answer to, please notify me. In this way, I could report the question as missing data for your case, and there are no false results. The interview will approximately take 45 minutes. During the interview, I will try to discover which internal, external and process factors are of influence on the legitimacy of tenders. By the legitimacy of tenders, I mean conducting tenders according to the rules and regulations that were set up by Municipality X and the government. Your answers and identity will stay anonymous so please feel free to answer all questions as honest as possible. If you have any questions during, before or after the interview, please also feel free to ask them.

Informed consent:

Would you mind if I record the interview? Yes/No

Before we start, do you already have questions? Yes/No

The questions

Note for the interviewer: for each question, if desired, ask: “why?”.

- a. General
 - a. For which municipality do you work?
 - b. Could you please tell me a little more about your job position?
 - c. Did you participate in any purchasing-related education?
- b. Questions regarding knowledge factors
 - a. Do you feel like you have enough knowledge of tender procedures to perform legitimate tenders?
 - b. Do you feel like public procurement is too complicated to perform legitimate tenders?
 - c. Do you always look things up or do you know rules by heart?

Lack of information

- a. Do you feel like you are well-informed enough to perform legitimate tender procedures?

Unawareness of existing contracts

- a. Do you always look for existing contracts when looking for suppliers?
- b. Do you know where to find information on existing contracts?
- c. Questions regarding motivational factors

Motivation for legitimacy

- a. Do you feel like you are motivated to comply to the tender rules?
- b. If you had to choose, would you rather choose legitimacy or efficiency in tenders?

Overall team performance

- c. Do you feel like the team you are working in is aiming to do its best, and is it helpful to keep performing legitimate tenders?
- d. Do you feel like your colleagues bring the best in you above, i.e. do they motivate you to perform legitimate tenders?
- d. Questions regarding managerial factors

Poor principal-agent management

- a. Do you feel like the purchasing advisors are helpful for conducting legitimate tender procedures?
- b. Do you know where to find information on tender procedures on your municipality's intranet?
- c. Do you feel like you are the right person to perform legitimate tenders?
- d. Do you know what is expected from you?
- e. Questions regarding personal preference factors

Personal supplier preferences

- a. Have you ever awarded a tender to a supplier which you previously knew, and by that did not follow the tender rules?
- b. Have you ever awarded a tender to another supplier than from a frame contract?
- c. Do you think the principle of 'conceding something to someone' is important in procurement, even though that could harm the tender legitimacy?

Quick need for a purchase

- d. Do you feel like you put less effort into applying the tender rules when you are in a rush?

Closing of the interview

Thank you for participating, these were my questions. Would you have anything to add to your answers? Or do you have any questions? The results of the research will be available after my graduation via the University of Twente Thesis Repository.

Appendix 4: Coding scheme of the interviews

Table 20: Coding scheme of the interviews

| Category | Axial code | Open code |
|------------------|----------------------|---|
| Control | Pull down | people strengthen each other in doing things wrong |
| | Lack of control | no 4-eye principle |
| | No process | no structured process |
| | Lack of control | checking legitimacy |
| | Shortage | just two purchasing advisors |
| | No overview | no overview |
| | Lack of control | lack of control |
| | Larger whole | part of larger purchase |
| | Lack of control | possible to perform tenders without purchasing advisors |
| Risk avoidance | Pressure | political pressure |
| | Shame | people feel ashamed that they don't know the rules |
| | Fear | afraid for the unknown |
| | Fear of quality loss | quality |
| | Exclusion | hard to exclude companies |
| | Risk averse | risk averse behaviour |
| Knowledge | Ignorance | ignorance |
| | Ignorance | they think they do it good |
| | Knowledge | lack of knowledge |
| | Guide | desire for easy guide |
| | Education | no purchasing related education |
| | Procedures | vague legal procedures |
| | External advisors | making use of external advisors |
| | Urgency | urgency |
| | Ignorance | not knowing the rules |
| | Complicated | Complicated |
| Managerial/Teams | Expectations | expectations known |

| | | |
|------------|------------------------|--|
| | Shattered knowledge | shattered knowledge through organization |
| | Knowledge sharing | share knowledge within team |
| | Knowledge sharing | share knowledge across team |
| | Advice | asking purchase advisors advice |
| | Knowledge sharing | knowledge sharing |
| | Within team knowledge | no within team knowledge |
| | Freedom | freedom |
| | Organization structure | flat organization |
| | No control | self-steering teams no control |
| | Costs | costs money |
| | Misunderstanding | misunderstanding |
| | Trust | trust within team |
| | Responsibility | extra responsibility self-steering teams |
| | Knowledge sharing | within team warning |
| | Transparency | transparency |
| | Advice | asking colleagues within team for advice |
| | Knowledge sharing | hard to find things |
| | Alignment | alignment between teams |
| | Time-consuming | takes time to adopt new work method |
| | Unfrequently | team does not perform many tenders |
| | Resources | need people and tools |
| | Advice | internal advisors |
| | Responsibility | Responsibility |
| Motivation | Workflow | happens in flow of work |
| | Time-consuming | time consuming |

| | | |
|----------------------|--------------------------|---|
| | Priorities | other priorities |
| | Administrative | lot of administrative work |
| | Motivation | motivation |
| | Workflow | another thing to consider |
| | Stubborn | stubbornness |
| | Preference | efficiency over legitimacy |
| Personal preferences | Trust | trust |
| | Supplier relationship | relationship with supplier |
| | Local | local businesses |
| | Supplier relationship | creating relationships with suppliers |
| | Specific product/service | specific tender just one supplier |
| | Good experience | good experience with previous supplier |
| | Supplier preference | personal supplier preferences |
