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## Article

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## Article

# Unveiling Dynamic Capabilities in Public Procurement: Myths, Realities, and Strategic Transformation

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**Abstract:** This study explores the application of the dynamic capabilities (DCs) sensing, seizing, and transforming in strategic public sector procurement (SPSP) and examines whether these capabilities represent a tangible reality or a conceptual myth. Drawing on qualitative data from six Welsh local authorities (WLAs), this research investigates the extent to which DCs enable organizations to navigate complex procurement environments and achieve strategic transformation. The findings reveal significant variations in the operationalization of DCs. Larger authorities demonstrated robust sensing and seizing capabilities, leveraging market intelligence, collaborative initiatives, and innovative procurement strategies to align with broader organizational objectives. Conversely, smaller authorities faced institutional barriers, such as resource limitations and leadership turnover, which hindered their ability to implement and sustain DCs effectively. While transformative initiatives, including category management and innovative service models, were evident in some cases, challenges in leadership stability and cultural adaptability limited their widespread application. This study highlights the gap between theoretical frameworks and practical implementation, emphasizing the need for tailored approaches to building DCs in diverse public sector contexts. By mapping procurement DCs and proposing an integrated conceptual framework, this research contributes to the literature on strategic management in public procurement and offers actionable insights for policymakers and practitioners. Future research should explore DCs in broader public sector settings.



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**Keywords:** dynamic capabilities; public sector procurement; performance effectiveness

## 1. Introduction

The contemporary socio-economic landscape presents a unique challenge for public sector organizations, emphasizing the need for strategic public procurement (PSP) as a lever for creating value beyond mere cost efficiency. Public procurement, involving the acquisition of goods, services, and works, has become a critical instrument for advancing social, economic, and environmental goals. However, the sector is often characterized by a dichotomy: while being required to adhere to stringent regulatory frameworks that ensure fairness and transparency, public procurement must simultaneously respond to complex and dynamic challenges (Uyarra et al., 2020). Conventional procurement systems have proven inflexible in responding to disruptions such as supply chain crises, pandemics, and geopolitical tensions (World Bank, 2024). This dual pressure demands a paradigm shift from traditional compliance-driven practices to strategic approaches that incorporate adaptability, innovation, and proactive governance.

Dynamic capabilities (DCs), an organization's ability to sense, seize, and transform in response to a rapidly evolving environment, offer a compelling lens for examining and enhancing PSP practices. Rooted in the seminal work of Teece et al. (1997), the DCs framework provides a theoretical foundation for understanding how organizations can achieve sustained performance by integrating and reconfiguring internal and external resources. While DCs are extensively studied in private sector contexts, their application in the public sector remains underexplored, particularly concerning procurement. This gap underscores the novelty of this research: applying and empirically testing the DCs framework in PSP to examine its efficacy and transformative potential. The concept of dynamic capabilities offers a novel solution by enabling public procurement agencies to sense, seize, and reconfigure procurement strategies in response to external shocks (Ndrecaj, 2018; Teece, 2023; Ndrecaj et al., 2023b). The application of dynamic capabilities in public procurement represents a paradigm shift, as it challenges conventional procurement models that prioritize compliance over adaptability (Kattel & Mergel, 2023). Unlike private sector procurement, which frequently leverages agile and innovative sourcing strategies, public procurement is often constrained by legal, political, and institutional factors (Flynn & Davis, 2023). Traditional public procurement models emphasize compliance, cost reduction, and standardization, often at the expense of flexibility and innovation (Flynn & Davis, 2017; Adam & Lindahl, 2019). The application of dynamic capabilities in public procurement challenges this status quo by emphasizing agility, strategic learning, and resource reconfiguration to create long-term value rather than focusing solely on short-term cost efficiency.

Welsh local authorities (WLAs) serve as a pertinent context for this exploration. Collectively allocating over GBP 6 billion annually in procurement expenditures, WLAs have the potential to influence socio-economic outcomes significantly. Despite this potential, disparities in organizational size, capacity, and strategic orientation raise questions about the readiness and ability of these authorities to embed DCs into their procurement processes. This study adopts a qualitative, multi-case approach, analyzing six WLAs to investigate the integration and operationalization of DCs in PSP. It seeks to determine whether the application of DCs is a practical reality or remains a theoretical construct in this domain.

The contributions of this paper are threefold. First, it extends the theoretical discourse on DCs by examining their applicability within the public sector, particularly in PSP. Existing studies have largely concentrated on the private sector, focusing on market-driven organizations, leaving a significant gap in understanding how DCs can be leveraged in regulated, public contexts. Second, this study develops and tests a novel conceptual framework that integrates the three core clusters of DCs within the procurement cycle: sensing, seizing, and transforming. This framework not only advances theoretical insights but also serves as a practical tool for public organizations aiming to enhance their procurement strategies. Finally, the findings contribute to the broader policy discourse by offering actionable recommendations for policymakers and practitioners to build strategic capabilities, improve procurement efficiency, and deliver long-term public value.

The implications of this research are significant. By empirically demonstrating how dynamic capabilities can be integrated into PSP, this study provides a roadmap for public sector organizations to transition from reactive, compliance-oriented practices to proactive, strategy-driven approaches. It highlights how sensing capabilities enable organizations to anticipate market trends, regulatory shifts, and stakeholder needs; how seizing capabilities empower them to make informed decisions, optimize resources, and foster innovation; and how transforming capabilities drive continuous improvement, ensuring adaptability in the face of evolving challenges. These insights are particularly critical in the context of WLAs, where resource constraints and bureaucratic inertia often impede strategic transformation.

The findings also reveal an important dichotomy between larger and smaller local authorities. Larger authorities tend to demonstrate greater strategic alignment, leveraging DCs to elevate procurement practices, whereas smaller authorities often struggle due to limited capacity and a functional, rather than strategic, orientation toward procurement. This disparity underscores the need for tailored interventions, such as capacity-building programs, leadership development, and collaborative procurement models, to bridge the gap and ensure equitable outcomes across public sector entities.

This paper is organized as follows: Section 2 provides a comprehensive review of the literature on PSP and DCs, identifying key theoretical advancements and empirical gaps. Section 3 outlines the conceptual framework, exploring the interplay between DCs and PSP practices. Section 4 details the methodology, describing the qualitative multi-case approach and data collection methods employed. Section 5 presents the findings, offering insights into the strategic application of DCs in WLAs. Finally, the paper concludes with a discussion of the theoretical, practical, and policy implications, highlighting contributions to the field and proposing avenues for future research.

In conclusion, this study addresses a critical gap in the literature by examining the role of dynamic capabilities in strategic public procurement. It provides empirical evidence and theoretical advancements that bridge the divide between abstract concepts and practical realities, advancing the strategic transformation of public procurement in pursuit of greater effectiveness and public value. By demonstrating how DCs can be operationalized in PSP, this research offers a pathway for public organizations to navigate complex challenges, seize opportunities, and achieve sustainable outcomes.

## 2. Literature Review

### 2.1. Theoretical Development and Characteristics of Dynamic Capabilities

The concept of dynamic capabilities (DCs) has emerged as a central pillar in strategic management literature, offering an explanation for how organizations achieve and sustain competitive advantage in rapidly changing environments. The framework is built around concepts of sufficient generality that can be readily applied in any organizational setting. At the same time, it incorporates sets of micro-foundations that can be adopted by practitioners as well as by researchers to address specific situations (Teece, 2023). First introduced by Teece et al. (1990), DCs are defined as the “firm’s ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments”. Unlike operational capabilities, which focus on efficiency and stability, DCs emphasize adaptability, flexibility, and innovation, allowing firms to realign resources and competencies to meet new challenges and opportunities (Zahra & George, 2002).

The early theoretical development of DCs emphasized their role in volatile and unpredictable environments, where traditional strategies may fail to deliver sustainable outcomes. Teece and Pisano (1994) argued that DCs are critical for firms operating in industries characterized by rapid technological change and globalization. By focusing on organizational learning, innovation, and strategic flexibility, DCs enable firms to navigate uncertainty and maintain a competitive edge (Teece et al., 1997; Eisenhardt & Martin, 2000).

However, the development of the DC framework has not been without its challenges. One of the main critiques is the ambiguity surrounding its definitions and boundaries (Easterby-Smith & Prieto, 2008). Scholars have used varied terms such as “abilities”, “routines”, “patterns”, and “strategic orientations” to describe DCs, leading to a lack of consensus (Zollo & Winter, 2002; Winter, 2003). While Teece et al. (1997) focused on the processes of sensing, seizing, and transforming, others have expanded the framework to include micro-foundations and context-specific attributes (Helfat et al., 2007).

## 2.2. Defining Attributes of Dynamic Capabilities

Eisenhardt and Martin (2000) categorized DCs as processes that are replicable across firms but differ in their execution based on market dynamics. In moderately dynamic markets, DCs are often structured and systematic, while in high-velocity markets, they tend to be experimental and iterative. Ambrosini and Bowman (2009) added a resource-based perspective, emphasizing the role of DCs in creating value by reshaping resource configurations. This perspective highlights that the effectiveness of DCs depends on their alignment with organizational goals and external conditions.

Empirical studies support the significant impact of DCs on organizational performance. For example, Prieto et al. (2009) found that firms with well-developed DCs exhibit superior innovation capabilities and market responsiveness. Similarly, Salvato and Rerup (2011) demonstrated that DCs contribute to long-term adaptability and competitiveness by fostering continuous learning and resource integration. Table 1 summarizes the key characteristics of DCs and their implications for organizational success.

**Table 1.** Characteristics of dynamic capabilities. Source: Authors.

Characteristic	Description
Agility and Adaptability	Enables responsiveness to organizational and market changes (Teece, 2010, 2018a).
Learning Orientation	Facilitates continuous improvement and innovation through organizational learning (Mu, 2017).
Strategic Flexibility	Allows adaptation to competitive pressures and emerging opportunities (Breznik & Lahovnik, 2016).
Innovation and Entrepreneurship	Drives enterprise performance through innovative practices (Schoemaker et al., 2018).
Integration of Resources	Aligns internal and external resources for enhanced performance (Teece, 2012; Teece et al., 2016).
Strategic Vision	Contributes to long-term planning and competitive advantage (Teece, 2014).
Market Sensing	Identifies trends, customer needs, and competitive dynamics (Teece, 2018b; Warner & Wäger, 2019).
Risk Management	Balances risk-taking and mitigation in uncertain contexts (Ambrosini & Bowman, 2009).
Routine and Adaptive Processes	Combines stability with adaptability to optimize performance (Eisenhardt & Martin, 2000).
Long-Term Orientation	Focuses on sustainable advantages rather than short-term gains (Teece et al., 1997).

While the private sector has extensively applied the DCs framework to enhance competitiveness, its adoption in the public sector remains limited. This gap provides an opportunity to explore how DCs can address the unique challenges of public sector organizations (PSOs), such as bureaucratic constraints, accountability requirements, and resource limitations (Piening, 2013).

## 2.3. Dynamic Capabilities in Public Procurement: Sensing, Seizing, and Transforming

Public sector procurement (PSP) represents a critical function for delivering public services, driving economic development, and achieving social and environmental objectives. Traditionally, PSP has been characterized by its compliance-driven nature, focusing on transparency, accountability, and cost efficiency. However, the growing complexity of public service delivery has necessitated a shift toward more strategic and innovative approaches (Hartley & Rashman, 2018).

The application of DCs in PSP offers a theoretical framework for enhancing strategic decision-making and value creation. The micro-foundations of DCs sensing, seizing, and transforming are particularly relevant for addressing the dynamic challenges of public procurement.

### 2.3.1. Sensing Capabilities in Public Procurement

Sensing capabilities are the foundation of dynamic capabilities, enabling organizations to identify opportunities and threats in their external environment. In the context of PSP, sensing capabilities involve proactive monitoring of market trends, policy changes, and stakeholder needs (Carmeli & Tishler, 2004). By gathering and analyzing relevant data, public organizations can anticipate changes and adapt their procurement strategies accordingly (Teece, 2007).

Effective sensing capabilities require a combination of environmental scanning, stakeholder engagement, and market intelligence. For example, public procurement teams must stay attuned to shifts in supplier capabilities, technological advancements, and regulatory requirements (Helfat & Peteraf, 2014). By aligning procurement activities with organizational goals and policy objectives, sensing capabilities ensure that public procurement delivers value beyond cost savings (Pee & Kankanhalli, 2016).

Despite their importance, the development of sensing capabilities in PSOs is often hindered by structural and cultural barriers. Bureaucratic inertia, siloed decision making, and limited access to real-time information are common challenges (Loader, 2007). Additionally, the emphasis on compliance and risk aversion may discourage innovative approaches to sensing (Caldwell et al., 2009).

### 2.3.2. Seizing Capabilities in Public Procurement

Seizing capabilities build on the insights gained through sensing by enabling organizations to act on identified opportunities. In PSP, seizing capabilities involve resource mobilization, decision making, and the implementation of procurement strategies. These capabilities are critical for achieving policy goals, fostering innovation, and enhancing service delivery (Breznik & Lahovnik, 2016).

Key components of seizing capabilities include supplier selection, contract negotiation, and risk management. By adopting evidence-based decision-making processes, public organizations can optimize procurement outcomes and create value for stakeholders (Mu, 2017). For instance, strategic partnerships with suppliers can enhance innovation and sustainability in procurement practices (Kay et al., 2018).

However, seizing capabilities in PSOs are often constrained by resource limitations, fragmented processes, and institutional inertia (Salge & Vera, 2011). The complexity of public procurement regulations further complicates decision-making, requiring a balance between compliance and flexibility (Hawrysz, 2021).

### 2.3.3. Transforming Capabilities in Public Procurement

Transforming capabilities enable organizations to adapt their structures, processes, and resources to changing environments. In PSP, these capabilities facilitate the adoption of innovative procurement models, digital transformation, and stakeholder collaboration (Kim et al., 2011). Transforming capabilities are particularly relevant for addressing long-term challenges such as sustainability, inclusivity, and economic resilience (Warner & Wäger, 2019).

Public organizations with strong transforming capabilities demonstrate a commitment to continuous improvement and learning (Ndrecaj et al., 2023a). For example, they may implement performance measurement frameworks, foster cross-sector partnerships, and leverage digital technologies to enhance procurement efficiency (Pedersen, 2017). However,



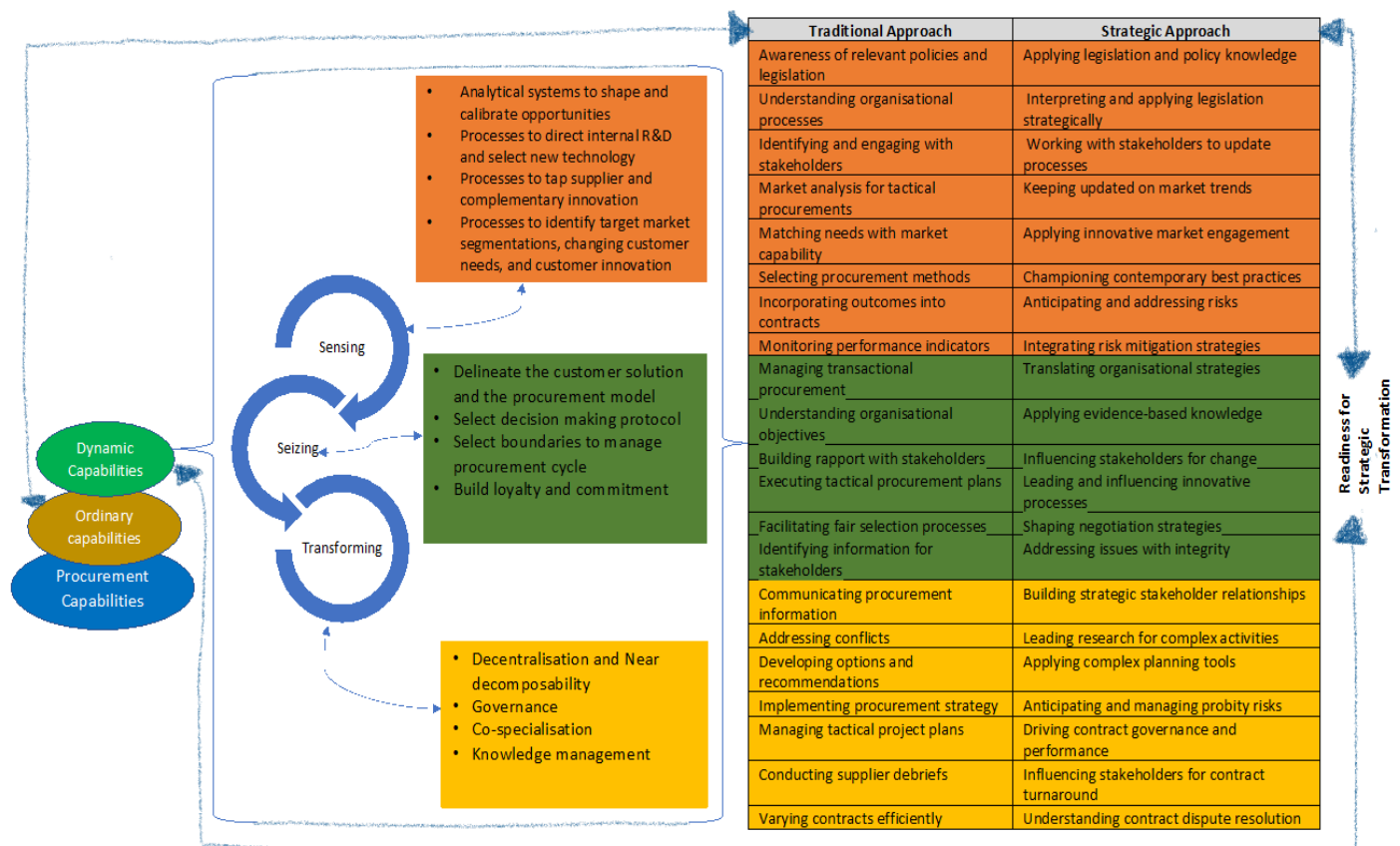
resistance to change, regulatory constraints, and a lack of strategic vision often hinder transformative efforts in PSOs (Hartley & Rashman, 2018).

#### 2.4. Integrating Dynamic Capabilities in Public Sector Procurement

The integration of sensing, seizing, and transforming capabilities provides a comprehensive framework for enhancing PSP practices. Table 2 highlights the differences between traditional and strategic approaches to public procurement, emphasizing the role of DCs in fostering innovation and value creation. Whereas, Figure 1 provides dynamic capability micro-foundations of public sector procurement contrasting both approaches.

**Table 2.** Public procurement capabilities: traditional vs. strategic approach. Source: Authors.

Micro-Foundation	Traditional Approach	Strategic Approach
Sensing	Focus on compliance and immediate needs	Proactive market analysis and innovation
Seizing	Transactional decisions	Evidence-based, value-driven strategies
Transforming	Incremental process improvements	Organizational learning and transformation



**Figure 1.** Dynamic capability micro-foundations of public sector procurement. Source: Authors.

#### 2.5. Implications for Policy and Practice

The integration of DCs into PSP has significant implications for policy and practice (Kattel & Mazzucato, 2018). First, it enhances the strategic orientation of public procurement by shifting the focus from short-term cost savings to long-term value creation. Second, it provides a framework for addressing systemic challenges such as bureaucratic rigidity, resource constraints, and accountability requirements. Third, it highlights the importance of leadership, collaboration, and innovation in driving procurement transformation.

While the theoretical potential of DCs in PSP is well-established, further empirical research is needed to validate their applicability in diverse public sector contexts. By bridging the gap between theory and practice, this study aims to contribute to the evolving discourse on DCs and their role in enhancing public procurement.

### 3. Methodology

This study adopts a qualitative research methodology to investigate the application of the dynamic capabilities (DCs) sensing, seizing, and transforming in strategic public sector procurement (SPSP). It also explores the variations in readiness for strategic transformation among public sector entities of varying sizes. The methodology is driven by two central research questions: (1) How do DCs facilitate navigation through complex environments within public sector procurement? (2) How does readiness for strategic transformation differ among public sector entities of different sizes in their procurement approaches?

The use of qualitative methods ensures an in-depth exploration of the contextual and nuanced application of DCs within public sector organizations. This methodological choice aligns with the study's aim of understanding real-world processes and uncovering theoretical insights that can advance the discourse on strategic public procurement.

#### 3.1. Data Collection

To address the research questions, a multi-method qualitative approach was employed. Data were collected through six case studies, six focus groups, and twelve semi-structured interviews with procurement professionals, managers, and heads of procurement. This triangulation of data sources ensures the robustness and reliability of the findings, enabling the synthesis of insights across different perspectives (Yin, 2014; Saunders et al., 2023).

By integrating multiple data collection methods, this study captures the complexity of DC application and provides a comprehensive understanding of organizational readiness for strategic transformation. Each method complements the others, contributing to a holistic view of the phenomena under investigation.

##### 3.1.1. Case Studies

The case study approach is particularly suited to exploratory research seeking to understand contemporary phenomena within their real-life context (Eisenhardt, 1989; Yin, 2014). This study includes six case studies of Welsh local authorities (WLAs), each selected to reflect a range of organizational sizes and procurement strategies. The case studies provide detailed insights into the operationalization of DCs and the variability in strategic transformation readiness. Each case study examines the following aspects:

1. Organizational structure and procurement strategies.
2. The integration of DCs (sensing, seizing, and transforming) in procurement processes.
3. Challenges and enablers of strategic transformation.

The selection of six Welsh local authorities was undertaken to ensure a comprehensive representation of diverse procurement practices across different council structures, financial capacities, and strategic approaches. The chosen authorities reflect a broad spectrum of procurement strategies, aligning with various policy priorities such as value creation, sustainability, social value, and regulatory compliance.

The selection criteria included the following:

1. Diversity in expenditure levels: Councils with varying procurement budgets were chosen, ranging from GBP 98 million to GBP 390 million annually, to capture differences in financial constraints and strategic procurement responses.



2. Strategic focus areas: The authorities represent different procurement priorities, including strategic procurement (CCC1 and CCC2), value integration (MCC), alignment with the Well-being of Future Generations (Wales) Act 2015 (CCBC), and social-value-driven procurement (PCC and NCC).
3. Geographical representation: Councils from different regions were selected to ensure a balanced view of procurement practices across Wales.
4. Alignment with policy objectives: The councils reflect varying levels of engagement with policy frameworks such as sustainability, risk management, and economic growth.
5. Stakeholder engagement: Each council provides a unique procurement structure, ensuring meaningful insights from focus groups and semi-structured interviews with procurement professionals and senior managers.

This carefully curated selection allows for a robust comparative analysis of procurement challenges and best practices across different local government settings in Wales. Most importantly, it allows a deeper understanding of how contextual factors influence the application of DCs. Table 3 provides an overview of the case studies and the data capture techniques used.

**Table 3.** Overview of the case studies and data capture techniques.

Case Studies—Brief Description and Key Objectives	Six Focus Groups	12 Semi-Structured Interviews
<b>CCC1:</b> This council spends over GBP 390 million annually, balancing budget cuts with increasing policy expectations. The focus is on strategic procurement and value creation in challenging financial contexts.	Procurement professionals (90 min)	Head of commissioning and procurement and three procurement managers (60 min each)
<b>CCC2:</b> Spending GBP 215 million annually, this council emphasizes strategic thinking and sustainability in procurement practices.	Audit and risk manager, category manager officer, and strategic procurement manager	Strategic procurement manager
<b>MCC:</b> This council focuses on integrating value into each stage of the procurement cycle, with GBP 98 million annual expenditure across diverse suppliers.	Procurement staff	Strategic procurement manager
<b>CCBC:</b> Spending GBP 251 million annually, this council aligns procurement with cultural, social, economic, and environmental objectives under the Well-being of Future Generations (Wales) Act 2015.	Procurement staff	Head of procurement and two procurement managers
<b>NCC:</b> With annual spending of GBP 150 million, this council integrates social, economic, and environmental considerations into procurement.	Procurement staff	Strategic procurement manager
<b>PCC:</b> Spending GBP 250 million annually, this council emphasizes social value, local economic growth, and environmental sustainability.	Procurement staff	Lead procurement service, risk management manager, and strategic management manager

The case study method enables the development of theoretical insights grounded in real-world practices. Drawing from the seminal work of Yin (2003, 2014), this study uses case studies to explore under-researched areas, such as the application of DCs in public sector procurement. This approach aligns with calls for more qualitative research in this field (Ospina et al., 2018; Murphy & Wilson, 2022).

### 3.1.2. Semi-Structured Interviews

Semi-structured interviews are a key component of data collection strategies, providing detailed, personal perspectives on the strategic integration of DCs in procurement processes. This method allows for flexibility, enabling the interviewer to explore emerging themes and adapt questions based on respondents' insights (Bryman, 2016; Saunders et al.,

2023; Easterby-Smith et al., 2021). The interviews were conducted with twelve key stakeholders, including heads of procurement, category managers, and strategic procurement leads. The interview questions are designed to address the research objectives, focusing on the following:

1. The role of DCs in addressing procurement challenges.
2. Strategies for fostering organizational agility and adaptability.
3. Perceived barriers and enablers of strategic transformation.

The semi-structured interview format ensures depth and richness in the data collected while maintaining a focus on the research questions. This method is particularly effective for capturing the experiences and perspectives of senior procurement professionals, whose insights are critical to understanding the strategic dimensions of public procurement (Ndrecaj, 2018). Table 4 presents a comprehensive overview of the semi-structured interview process, outlining the rigorous procedures adhered to throughout its implementation. This ensures methodological consistency, ethical integrity, and the reliability of the data collected.

**Table 4.** Semi-structured interview questions and procedure.

Interview Number/Date:	Interviewer:
Name of Participant:	Location:
Organisation:	Rank, Role or Title:
<b>Interview Policy Review</b>	
<ol style="list-style-type: none"> <li>1. Interview Consent Form</li> <li>2. Interview Briefing Note</li> <li>3. Interview Data Capture Policy</li> <li>4. Data protection Assurance</li> <li>5. Right to Withdrawal Policy</li> </ol>	
<b>Interview Questions</b>	
<b>Part One: Procurement Maturity Stage</b>	
1. What is the level of procurement involvement in the corporate strategy?	
2. What is the scope of procurement activities?	
3. What is your approach to relationship management?	
4. In what extend technology has been involved in procurement?	
5. What is the level of skills and knowledge of procurement professional?	
6. What are key performance indicators	
7. How visible is procurement on your organisation?	
<b>Part Two: DCS—Sensing, Seizing and Transforming</b>	
<b>Sensing:</b>	
<ol style="list-style-type: none"> <li>1. What analytical frameworks and individual competencies are currently employed by the procurement team to detect, evaluate, and refine opportunities within the procurement landscape?</li> <li>2. How do you conduct environmental analyses and which elements do you consider most critical in shaping your procurement strategy?</li> <li>3. Are the resources and capabilities at your disposal sufficient to deliver the service effectively? If not, how do you optimise, develop, or access the necessary components for successful service delivery?</li> <li>4. What mechanisms are established within your organisation to foster innovation and identify prospective suppliers?</li> <li>5. What methods do you utilise to assess procurement needs?</li> </ol>	

**Table 4.** *Cont.*


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**Seizing Procurement Opportunities:**

1. What structures, procedures, designs, and incentives are implemented within your procurement system to capitalise on opportunities?
2. Could you describe the current model of procurement utilised by your organisation?
3. How pivotal is the role of procurement within your organisational structure?
4. Does your procurement strategy align with the broader objectives of the Local Authority?
5. To what extent do customer solutions and procurement approaches play a significant role in your organisation?
6. What processes are involved in decision-making for tender specifications and contract awards?
7. How do you develop the capabilities necessary for effective contract management and supplier relations?
8. What strategies are in place to foster loyalty and commitment among suppliers and citizens?
9. Is fostering long-term relationships with suppliers a priority in your current procurement strategy?
10. Could you outline the processes involved in the tender procedure as well as contract and supplier management?

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**Transforming Procurement:**

1. How do you continually transform the procurement under current environment?  
If yes how?
2. How would you describe your current procurement structure?
3. How efficient is procurement Governance? Do you think it is time for change?
4. How significant is Knowledge management for your organization?
5. How are you going to address the issues that Las are currently facing in term of supplier and contract management?
6. What is your approach to innovation?
7. What is your view regarding collaborative procurement?
8. How do you think you would be able to move forward continuing to deliver more with less in current environment?
9. What is the role of leadership and culture in procurement transformation process?

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Is there anything else you would like to add?

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**Interview Review**

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1. Interview recap
2. Data analysis process review
3. Research outcomes discussion
4. Thank you & Close

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**Participants Name:**

---

Interviewer Name: Signature: Date:

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P.S.: The information provided will be handled in strict accordance with the Data Protection Act, ensuring confidentiality and anonymity throughout the research process. Participants retain the right to withdraw from the study at any stage, and a Participant Withdrawal Form will be made available to facilitate this process.

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### 3.1.3. Focus Groups

Focus groups complemented the case studies and interviews by eliciting collective insights from procurement professionals across the six WLAs. This method is valuable for exploring shared experiences, perceptions, and practices related to the application of DCs in SPSP (Krueger & Casey, 2015).

Six focus groups, each lasting approximately 90 min, were conducted. The participants included procurement managers, category officers, and strategic leads, representing diverse roles and perspectives within their organizations. The discussions centered on the following themes:

1. Current procurement practices and challenges.
2. The role of DCs in driving strategic outcomes.
3. Opportunities for innovation and collaboration.

Focus groups are particularly useful for identifying commonalities and differences in procurement practices across organizations. They also provide an opportunity to explore how organizational culture and structure influence the application of DCs.

A rigorous ethical procedure was meticulously followed for the focus groups and interviews, ensuring compliance with ethical guidelines and safeguarding participant rights. This process includes obtaining informed consent, ensuring confidentiality and anonymity, and providing participants with the right to withdraw at any stage. The ethical considerations adhered to are detailed in Table 4, which outlines the specific measures implemented to uphold integrity and ethical research standards throughout data collection.

### 3.2. Data Analysis

Thematic analysis was employed to analyze the data collected from case studies, interviews, and focus groups. This method involves identifying, analyzing, and reporting patterns (themes) within the data, allowing for a nuanced understanding of the phenomena under investigation (Braun & Clarke, 2006). The analysis process includes the following steps:

1. **Familiarization:** Transcripts from interviews and focus groups were reviewed to identify preliminary patterns and themes.
2. **Coding:** Data were coded based on key concepts related to DCs, strategic transformation readiness, and procurement practices.
3. **Theme development:** Codes were organized into broader themes, such as sensing capabilities, seizing capabilities, and transforming capabilities.
4. **Interpretation:** The themes were synthesized to draw insights about the application of DCs in SPSP and the factors influencing strategic transformation readiness.

NVivo software was used to facilitate data organization and analysis, ensuring a systematic and transparent approach.

### 3.3. Methodological Rigor

To ensure the validity and reliability of the findings, this study employed several strategies:

1. **Triangulation:** The use of multiple data sources (case studies, interviews, and focus groups) enhanced the credibility and robustness of the findings.
2. **Member checking:** Preliminary findings were shared with participants to ensure accuracy and resonance with their experiences.
3. **Reflexivity:** The researcher maintained a reflective journal to document biases and ensure a critical approach to data interpretation.

### 3.4. Contribution to the Literature

This methodology provides a comprehensive framework for exploring the application of DCs in SPSP. By integrating diverse data sources and employing rigorous analytical methods, this study contributes to the emerging discourse on strategic public procurement. It also offers practical insights for policymakers and practitioners seeking to enhance procurement practices through the integration of dynamic capabilities.

## 4. Findings

### 4.1. Public Procurement Micro-Foundations

Dynamic capabilities in public procurement are essential for aligning procurement practices with strategic organizational goals. This section examines the micro-foundations of sensing, seizing, and transforming capabilities across six Welsh local authorities (WLAs), revealing varying levels of proficiency and strategic alignment in their application. These micro-foundations are critical for enabling councils to respond effectively to complex procurement challenges and maximize public value creation.

#### 4.1.1. Sensing Procurement Capabilities

Sensing capabilities refer to an organization's ability to identify, analyze, and respond to external trends, stakeholder needs, and emerging opportunities. The case studies revealed significant variations in the proficiency and strategic orientation of sensing capabilities among the WLAs.

CCC1 demonstrated a robust sensing capability by restructuring its procurement function around category management (CM). This restructuring aligned procurement activities with broader organizational strategies, emphasizing the importance of internal stakeholder engagement and collaborative relationships. CCC1 also prioritized market analysis and research to ensure compliance with procurement legislation and policies, showcasing a proactive approach to aligning procurement with strategic objectives.

Similarly, CCBC exhibited strong sensing capabilities by actively participating in procurement collaborations and strategic Welsh reviews. This proactive engagement enabled the council to stay informed about external trends and developments, enhancing its ability to align procurement practices with policy objectives.

In contrast, CCC2 displayed a more reactive sensing approach. While the council recognized the importance of improving procurement efficiencies, its reliance on external initiatives promoted by the Welsh Government indicated limited proactive engagement. This reactive stance hindered CCC2's ability to anticipate and address procurement challenges effectively.

MCC, despite its limited procurement capacity, showcased innovative sensing capabilities by developing tools like a "buyer's guide" and conducting spend analyses. These tools enabled MCC to promote compliance and optimize procurement activities, highlighting its ability to adapt within resource constraints.

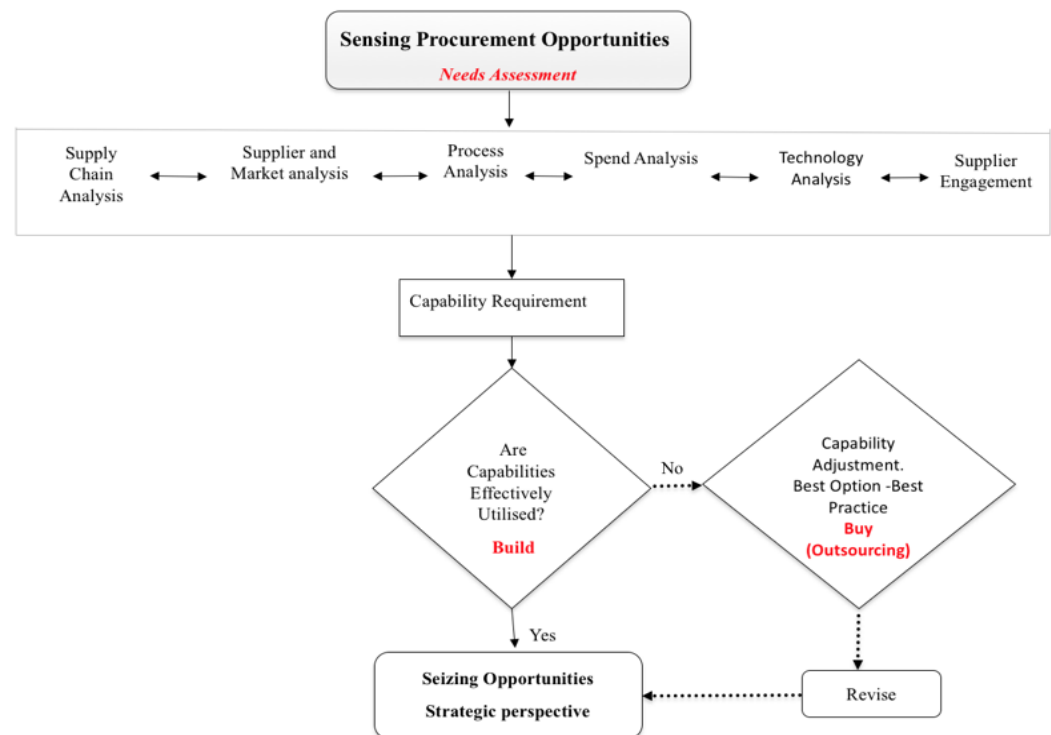
PCC exhibited strong leadership-driven sensing capabilities. The council initiated significant changes, such as implementing CM and expanding the procurement team, to address budgetary constraints while aligning procurement practices with organizational objectives. This strategic alignment underscores the council's commitment to proactive sensing.

Conversely, NCC faced challenges in developing effective sensing capabilities. Frequent changes in procurement leadership and the partial implementation of CM limited the council's ability to achieve compliance and savings targets, reflecting gaps in its strategic orientation.

**Strategic insights:** Effective sensing capabilities in public procurement extend beyond compliance and cost-saving measures. They involve identifying innovative solutions, leveraging market opportunities, and aligning procurement practices with long-term sustainability goals. Strategic sensing requires the integration of data analytics, stakeholder engagement, and market intelligence to anticipate changes and proactively address procurement needs.

As depicted in Figure 2, strategic procurement involves leveraging advanced tools and processes to identify opportunities and foster public value creation. In contrast, traditional procurement often adopts a reactive stance, focusing primarily on immediate

needs, compliance, and cost reduction. This narrow focus limits the ability to anticipate future trends or explore innovative market solutions.



**Figure 2.** Procurement ecosystem for sensing opportunities and capability requirements. Source: Authors.

#### 4.1.2. Seizing Procurement Capabilities

Seizing capabilities involve the ability to capitalize on identified opportunities and translate strategic insights into actionable outcomes. The six case studies highlighted varying levels of proficiency in leveraging these capabilities.

CCC1 emerged as a leader in seizing capabilities. By restructuring its procurement function and implementing CM, the council aligned transactional procurement activities with broader organizational objectives. CCC1 demonstrated an in-depth understanding of supplier markets, enabling the development of effective requirements that industry stakeholders could respond to. The council's emphasis on stakeholder collaboration and negotiation management further underscored its ability to deliver value-for-money outcomes.

CCC2 capitalized on collaboration opportunities with Pembrokeshire, leveraging each other's strengths in CM and community benefits. This strategic partnership aimed to enhance procurement practices and deliver shared value, showcasing CCC2's commitment to leveraging external resources for mutual gain.

CCBC, despite facing budget reductions, demonstrated seizing capabilities by focusing on procurement compliance, governance, and support for local businesses. The council emphasized maximizing value for money and elevating the procurement team's profile, reflecting its ability to navigate resource constraints effectively.

MCC adopted a more operational approach to seizing capabilities, emphasizing compliance with procurement processes and running OJEU procurements. Despite its limited capacity, the council maintained a comprehensive contract register and developed tools to support directorates, demonstrating its ability to align operational activities with organizational goals.

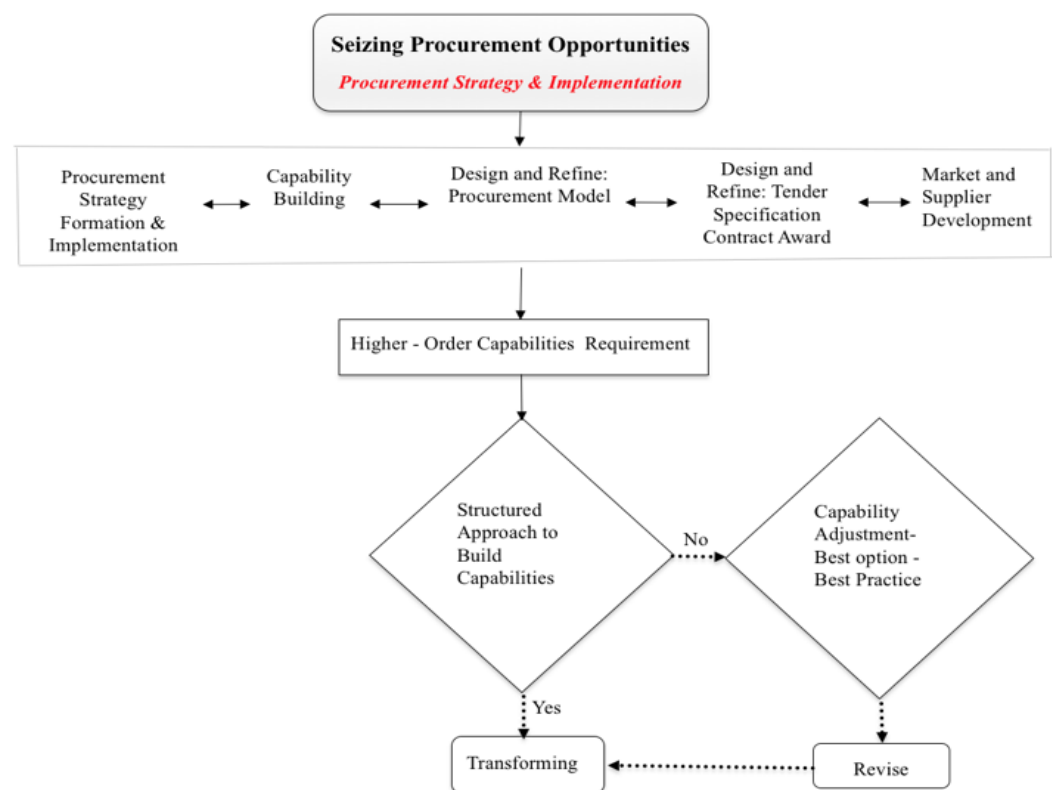
PCC demonstrated a forward-looking approach by enhancing the profile of procurement and exploring innovative service delivery models. The council's efforts to expand its



influence across service directorates highlight its ability to embrace strategic opportunities and achieve sustainable outcomes.

NCC, while making efforts to invest in procurement resources and implement CM, faced challenges due to leadership turnover and governance issues. Strengthening leadership and governance will be critical for the council to fully capitalize on seizing opportunities and achieve its savings targets.

**Strategic insights:** Seizing capabilities in strategic procurement require a proactive approach to translating organizational goals into procurement strategies that deliver value beyond cost savings. As shown in Figure 3, strategic procurement emphasizes innovation, sustainability, and social welfare, requiring agile decision making and complex negotiations. Traditional procurement, by contrast, focuses on transactional aspects and short-term outcomes, often missing opportunities for broader value creation.



**Figure 3.** Procurement strategic decision and execution capability requirements. Source: Authors.

#### 4.1.3. Transforming Procurement Capabilities

Transforming capabilities involve the ability to adapt, refine, and innovate procurement practices to drive organizational change and deliver long-term value. The six case studies illustrated varying levels of transformation readiness and capability.

CCC1 demonstrated multifaceted transforming capabilities across stakeholder engagement, market intelligence, and contract governance. The council fostered strategic relationships with stakeholders, utilized market insights to address procurement challenges, and optimized governance practices to achieve value-driven outcomes. These efforts highlight CCC1's ability to integrate transformational practices into its procurement processes.

CCC2 embarked on a transformation journey through collaboration, focusing on integrating supply chains and enhancing local construction market capacity. This effort reflects the council's commitment to achieving long-term benefits despite resource constraints.

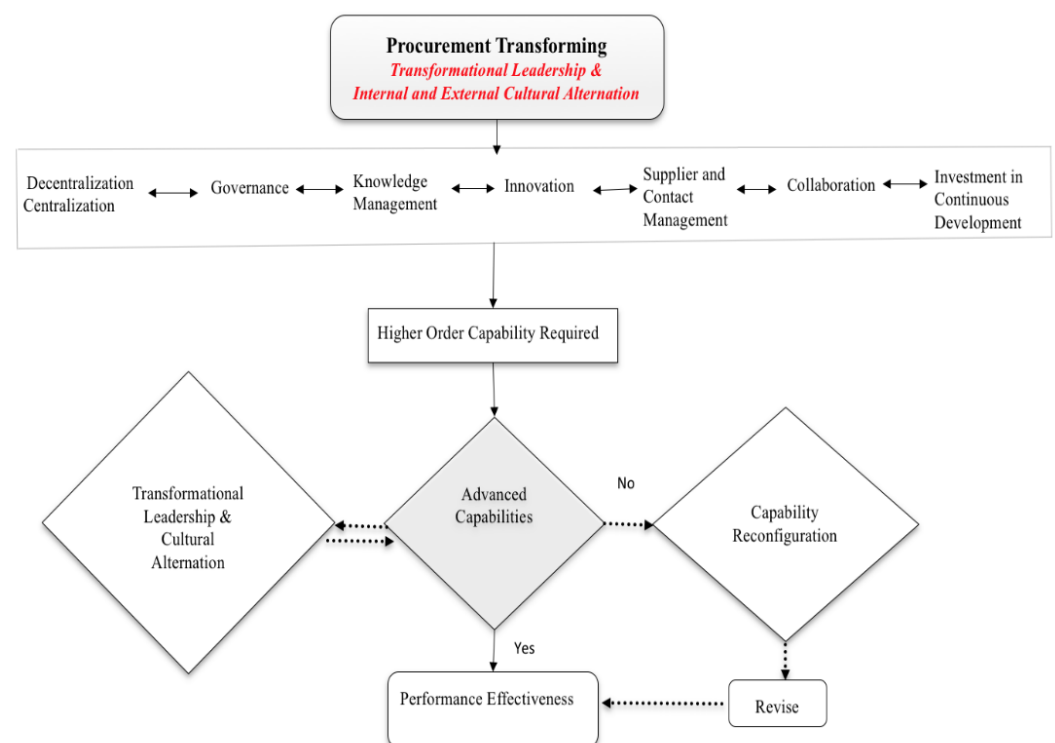
CCBC, while operating within budget limitations, focused on changing organizational culture and strengthening procurement compliance. These transformative efforts highlight the council's ability to maintain quality outcomes while adapting to external challenges.

MCC, despite its limited capacity, contributed to organizational transformation by encouraging compliance with procurement processes and providing proactive support to directorates. These efforts highlight the council's ability to align resource effectiveness with procurement objectives.

PCC adopted a proactive approach to transformation, shifting towards a commissioning council and embracing innovative service models. This strategy reflects the council's commitment to challenging traditional practices and delivering sustainable value for residents.

NCC, although in the early stages of transformation, faced challenges related to leadership stability and governance. Addressing these issues will be critical for the council to enhance its transforming capabilities and align procurement practices with strategic goals.

**Strategic insights:** Transforming capabilities in strategic procurement require the continuous refinement of procurement practices, emphasizing innovation, knowledge management, and cultural change. As shown in Figure 4, strategic procurement transformation involves not only the adoption of new strategies but also the development of leadership and organizational culture. Traditional procurement, on the other hand, tends to focus on incremental improvements within existing frameworks, limiting its potential for broader organizational impact.



**Figure 4.** Strategic procurement transformation and higher-order capability requirements. Source: Authors.

#### 4.2. Comparative Analysis and Implications

The findings from the six case studies underscore the importance of aligning procurement practices with dynamic capabilities to achieve strategic objectives. While some councils, such as CCC1 and PCC, demonstrated advanced capabilities across all three micro-foundations, others, like NCC, faced significant challenges in developing and implementing these capabilities.

The comparative analysis highlights several key themes:

1. **Leadership and governance:** Effective leadership is critical for fostering strategic alignment and driving procurement transformation. Councils with stable leadership, such as CCC1, exhibited stronger sensing, seizing, and transforming capabilities compared to those with frequent leadership changes, such as NCC.
2. **Stakeholder engagement:** Collaborative relationships with internal and external stakeholders enhance procurement capabilities by fostering trust, transparency, and shared value creation. Councils like CCBC and CCC2 leveraged stakeholder engagement to address resource constraints and achieve strategic outcomes.
3. **Innovation and adaptability:** The ability to adapt procurement practices to changing contexts and embrace innovation is essential for achieving long-term sustainability goals. PCC's focus on commissioning and service model innovation illustrates the potential of strategic procurement to drive organizational change.
4. **Resource constraints:** Limited capacity and resources present significant challenges for councils like MCC and NCC. Addressing these constraints through targeted investments and collaboration can enhance procurement capabilities and outcomes.

The comparative analysis of procurement practices between large and small local authorities reveals distinct differences in their capabilities and approaches. These differences are summarized in Table 5 below.

**Table 5.** Distinct differences in WLAs' capabilities and approaches.

Aspect	Large Local Authorities	Small Local Authorities
Annual Procurement Expenditure	Higher budgets, e.g., CCC1 with over GBP 390 million annually.	Lower budgets, e.g., MCC with GBP 98 million annually.
Sensing Capabilities	Proactive market analysis and stakeholder engagement; restructuring around category management (CM) to align with strategic goals.	Limited capacity leading to reactive approaches; reliance on external initiatives and tools to promote compliance.
Seizing Capabilities	Ability to capitalize on opportunities through strategic partnerships and resource allocation; emphasis on value-for-money outcomes.	Operational focus with constraints in leveraging opportunities; emphasis on compliance and maintaining contract registers.
Transforming Capabilities	Strong leadership driving innovation and alignment with organizational objectives; proactive adaptation to budgetary constraints.	Challenges due to leadership turnover and resource limitations; efforts focused on maintaining existing processes with incremental improvements.

This analysis underscores the need for tailored strategies that consider the unique challenges and strengths of both large and small local authorities to enhance their procurement practices and public value creation. The findings also demonstrate that dynamic capabilities play a crucial role in enabling strategic public procurement. While the level of capability development varies across the case studies, the integration of sensing, seizing, and transforming capabilities is essential for achieving organizational objectives and delivering public value. The analysis highlights the need for strong leadership, stakeholder engagement, and a proactive approach to innovation and adaptability. By addressing these factors, public sector organizations can enhance their procurement practices and contribute to sustainable development goals.

## 5. Unveiling Dynamic Capabilities in Strategic Public Sector Procurement: A Myth or Reality?

The exploration of dynamic capabilities (DCs) within strategic public sector procurement (SPSP) provides insights into their applicability and effectiveness. The findings across six case studies reveal significant variations in the realization of sensing, seizing, and transforming capabilities, prompting a critical evaluation of whether DCs in SPSP represent reality or remain aspirational.

### 5.1. Sensing Capabilities: Bridging Awareness and Action

Sensing capabilities enable organizations to gather, analyze, and respond to market trends, regulatory changes, and stakeholder needs (Teece, 2007, 2018b, 2023). The case studies demonstrated both strengths and weaknesses in this area:

- **Successes:** WLAs like CCC1 and CCBC exhibited robust sensing capabilities through initiatives such as restructuring procurement functions, adopting category management (CM), and participating in collaborative procurement reviews. These efforts aligned their procurement practices with broader strategic objectives and external dynamics.
- **Challenges:** Conversely, WLAs such as NCC struggled with effective sensing due to partial CM implementation, leadership instability, and limited resources. These barriers hindered their ability to anticipate and respond to procurement needs, aligning with existing literature on bureaucratic constraints and limited access to timely information (Flynn & Davis, 2017).

While some WLAs demonstrated strong alignment between theoretical frameworks and practice, others exposed gaps in implementation, highlighting the practical challenges of leveraging sensing capabilities consistently.

### 5.2. Seizing Capabilities: Acting on Opportunities

Seizing capabilities reflect an organization's ability to translate opportunities into actionable outcomes (Eisenhardt & Martin, 2000). The case studies revealed mixed results:

- **Proactive examples:** WLAs like CCC1 and CCC2 leveraged seizing capabilities to drive procurement transformation. CCC1 restructured its procurement function to align with strategic goals, while CCC2 embraced collaboration with Pembrokeshire to enhance procurement efficiency and community benefits.
- **Barriers:** WLAs such as NCC faced limitations in leveraging seizing capabilities due to budget constraints, resource shortages, and organizational inertia. These challenges reflect Uyarra's (2010) assertion that resource limitations hinder strategic procurement in the public sector.

While the theoretical importance of seizing capabilities is well supported, their practical realization remains uneven. Challenges such as skill shortages and limited decision-making agility often prevent public sector entities from fully capitalizing on procurement opportunities.

### 5.3. Transforming Capabilities: Driving Organizational Change

Transforming capabilities involve reconfiguring resources and processes to adapt to changing environments and achieve long-term value (Teece, 2007).

- **Exemplary efforts:** WLAs such as CCC1 and PCC demonstrated strong transforming capabilities through innovative service delivery models, stakeholder engagement, and procurement team expansions. These actions align with the literature emphasizing the importance of adaptive resource reallocation (Pee & Kankanhalli, 2016).

- **Challenges:** Other WLAs, like NCC, struggled to sustain transformation efforts due to leadership turnover, cultural resistance, and limited CM implementation. These barriers echo broader challenges in public sector transformation, where rigid structures inhibit sustained change (Hawrysz, 2021).

Transforming capabilities demonstrated the greatest divergence between theory and practice, with successful WLAs showcasing innovation while others faced significant barriers.

#### 5.4. Synthesizing Insights: DCs in SPSP—Reality or Myth?

The findings highlight a hybrid reality: while some WLAs demonstrated effective application of sensing, seizing, and transforming capabilities, others exposed limitations that underscore the gap between theoretical concepts and practical implementation. Key factors influencing success include the following:

1. **Leadership:** Stable, visionary leadership proved critical for fostering DCs, as seen in CCC1, while instability in councils like NCC inhibited progress.
2. **Resources:** Resource constraints, including budgets and skill gaps, were significant barriers to DC implementation, aligning with Uyarra (2010).
3. **Cultural adaptability:** Councils embracing innovation, such as PCC, were better positioned for procurement transformation than those resistant to change.

#### 5.5. Bridging Theory and Practice

While DCs in SPSP are not entirely a myth, their full realization remains inconsistent. Bridging the gap requires investment in leadership development, resource optimization, and fostering a culture of adaptability. By addressing these factors, WLAs can enhance their dynamic capabilities and achieve the strategic potential of public sector procurement.

## 6. Conclusions

This study sought to determine whether the application of dynamic capabilities (DCs) within strategic public sector procurement (SPSP) is a tangible reality or merely a conceptual myth. The findings offer nuanced insights into how DCs are operationalized across different Welsh local authorities (WLAs) and reveal varying degrees of implementation success.

**Key findings:** Large WLAs demonstrated strong sensing capabilities by aligning procurement functions with strategic objectives, leveraging market intelligence, and engaging in collaborative initiatives. However, smaller authorities faced institutional barriers, such as limited resources, frequent leadership changes, and the partial implementation of category management. These challenges hinder their ability to sense procurement opportunities effectively, leading to missed opportunities and suboptimal outcomes. Thus, while sensing capabilities are critical, their implementation varies, with smaller authorities struggling to achieve comparable outcomes.

Seizing capabilities were evident in larger WLAs, which undertook proactive procurement restructuring, embraced innovative strategies, and engaged in inter-organizational collaboration. These actions highlight their ability to act decisively on procurement opportunities, reflecting theoretical principles. However, smaller authorities faced challenges such as budget constraints and skill shortages, limiting their ability to capitalize on procurement opportunities. This disparity between theory and practice suggests potential myths surrounding the universal applicability of seizing capabilities in public procurement.

Transforming capabilities were evident in some WLAs, particularly through innovative service models, enhanced procurement processes, and the development of strategic partnerships. These transformative efforts demonstrate the potential of DCs to drive organizational change and deliver stakeholder value. Nevertheless, smaller authorities encountered dif-

difficulties sustaining transformation due to resource constraints and leadership instability, further emphasizing the gap between theoretical expectations and practical realities.

**Contributions and implications:** This study contributes to the strategic public management literature by mapping the micro-foundations of the DCs sensing, seizing, and transforming within the public sector context. It provides empirical evidence of their application in SPSP, offering a conceptual framework that integrates DCs into public procurement strategies. This framework enriches the understanding of strategic management in public procurement and highlights the conditions under which DCs can thrive.

For small local authorities, overcoming procurement challenges requires a multi-faceted approach that combines collaborative strategies, leadership investment, and regulatory improvements. By fostering stronger partnerships, developing skilled procurement leaders, and optimizing procurement frameworks, small councils can enhance efficiency, drive public value, and improve long-term sustainability, despite resource constraints.

**Limitations:** While this study offers valuable insights, its scope is limited by its qualitative methodology and relatively small sample size. The findings are based on 6 case studies out of 22 WLAs, which may not fully capture the diversity of public procurement practices across different contexts. Additionally, the reliance on interviews with operational-level procurement professionals, while insightful, may not fully reflect the perspectives of senior decision makers. Future research should address these limitations by incorporating larger, more diverse samples and combining qualitative and quantitative methods.

**Future research directions:** Future research on DCs in public procurement should explore their application across a broader range of public sector organizations and conduct longitudinal studies to assess their evolution over time. Extending the study of DCs beyond dynamic industries to the public sector, as advocated by [Easterby-Smith et al. \(2009\)](#) and [Barreto \(2010\)](#), can provide a deeper understanding of their potential. Further differentiation between ordinary and dynamic procurement capabilities, as suggested by [Pablo et al. \(2007\)](#) and [Ambrosini and Bowman \(2009\)](#), warrants empirical validation to refine theoretical models and enhance their practical relevance.

In conclusion, while dynamic capabilities hold promise for enhancing strategic public procurement, their realization depends on organizational context, leadership stability, and resource availability. Bridging the gap between theory and practice will require concerted efforts to address these challenges and build capacity across public sector entities.

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