



THE PROCESS MECHANISM FOR MANAGING GOVERNMENT PROCUREMENT ACTIVITIES

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ABSTRACT

The article examines the process mechanism of government procurement management as a key tool for improving the efficiency of public finance and ensuring transparency of the procurement cycle. The necessity of transition from a functional and administrative model of public procurement management to a process-oriented system providing end-to-end management of the procurement cycle is substantiated. The author's interpretation of the process mechanism for managing the procurement activities of the state is proposed, its structure, elements and logic of functioning are revealed. It is proved that the implementation of the process approach makes it possible to increase the effectiveness, manageability and adaptability of the public procurement system in the context of the digital transformation of the economy.

KEYWORDS: Public procurement, process approach, process mechanism, procurement management, digitalization.

1. INTRODUCTION

Public procurement is one of the key tools for implementing the socio-economic policy of the state, ensuring the redistribution of significant amounts of budget funds. In the context of institutional reforms and the digital transformation of the economy, the role of effective procurement management is increasing, focused not only on compliance with procedural requirements, but also on achieving socio-economic results.

Traditionally, the public procurement management system was formed on the basis of a functional and administrative approach, in which the main focus was on regulating individual functions and powers of participants in the procurement process. However, this model demonstrates limited flexibility, fragmented management decisions, and insufficient focus on the end result. In this regard, there is an urgent need to implement a process approach that ensures holistic management of procurement activities at all stages of the procurement cycle.





The purpose of this article is to substantiate the expediency of using a process approach in the public procurement management system and to disclose its role in improving the efficiency and transparency of procurement activities. The research examines the theoretical aspects of the process approach, analyzes the specifics of its application in the field of public procurement, and formulates directions for improving procurement process management in the digital economy.

2. LITERATURE ANALYSIS

Modern research in the field of public procurement indicates an increasing attention to the issues of improving the procurement management system in the context of the digital transformation of the economy. The regulatory framework for the functioning of the public procurement system in the Republic of Uzbekistan is formed by the Law of the Republic of Uzbekistan "On Public Procurement" No. ZRU–684 dated April 22, 2021, which establishes the key principles of procurement activities, including openness, competition, efficiency and prevention of conflicts of interest. This law defines the general procurement procedure, but is more focused on the regulation of procedures than on the formation of a process model of procurement management [1].

Further development of legal regulation is reflected in the Decree of the President of the Republic of Uzbekistan No. PP–221 dated July 7, 2023, which outlines priority areas for the modernization of the public procurement system. The document focuses on digitalization of procurement processes, expanding the use of electronic platforms and strengthening control mechanisms. These provisions create the institutional prerequisites for the implementation of a process approach, but do not disclose the methodology of procurement management as an integrated process [2]. Practical information on the functioning of the procurement system is provided by the official public procurement portal of the Republic of Uzbekistan, which accumulates data on procurement procedures, participants and contracts. The use of electronic platforms allows for transparency and accessibility of information, but the analytical potential of the accumulated data in scientific research is not sufficiently realized, which limits the ability to assess the effectiveness of procurement processes [3].

International organizations make a significant contribution to the development of theoretical and methodological approaches to the digital transformation of procurement. The World Bank reports emphasize that the introduction of digital technologies in the field of public procurement contributes to reducing transaction costs, increasing transparency and efficiency in the use of budgetary funds. At the





same time, it is noted that digitalization requires a change in management approaches and a transition from procedural control to process and results management [4].

In the studies of the Organization for Economic Cooperation and Development, public procurement is considered as a strategic tool for innovative development and improving the quality of public administration. The authors emphasize the need to integrate procurement processes with the goals of economic development and the formation of flexible results-oriented management models, which increases the importance of the process approach in managing the procurement system [5].

The works of domestic researchers analyze the peculiarities of the development of public procurement in Uzbekistan. Thus, Sharipov J.S. points out the existing problems in the functioning of the procurement system, including insufficient transparency of individual procedures and fragmented regulatory regulation, emphasizing the need for integrated digitalization and professional development of government customers [6]. Ismoilov A.B. Considers digitalization of public procurement as a tool for increasing budget transparency and emphasizes the importance of integrating electronic procurement systems with financial and control mechanisms of the state [7].

Special attention is paid to the issues of regulatory regulation of electronic procurement in the works of B.M. Ganiev, who notes the inconsistencies of certain legal norms with practical requirements and international standards. The author emphasizes the need to improve the regulatory framework, taking into account digital forms of procurement activities [9].

3. RESEARCH METHODOLOGY

Public procurement can also be considered as an organizational and managerial supply process that ensures the ongoing activities of government agencies at various territorial and sectoral levels. L. I. Nemchenko considers public procurement as an element of the financial system of the state, the implementation of which functions is determined by the level of development of institutions and the content of authority, which must be taken into account when evaluating the effectiveness of procurement activities [5]. M. V. Nazarov considers the public procurement system as an effective tool for innovative economic development, since resources are being redistributed in a competitive environment and supplier competencies are being assessed. The innovative procurement concept is based on the development of the institutional environment, tools, and relationships between the state and other participants in a



cause-and-effect relationship with the gradual formation of strategic advantages in key technologies [7].

Thus, public procurement can be considered:

- 1) as a result – goods, works, services;
- 2) process – a set of actions implemented consistently and leading to the achievement of procurement objectives.

Since the formation of the result and its quality depend on the supplier's internal production cycle, for the purposes of this study, we will consider procurement as a process (Fig. 1). The legislator includes the second and third stages in the procurement content without planning and analyzing the results, which does not allow to determine the cause-and-effect relationships and sources of problems of economic and managerial relations in the execution a government contract. Procurement, described in the scientific literature as a process, includes preliminary and subsequent stages, which is important from the point of view of the impact of the results of each stage on the final one, clarifying the direction of the corrective action in determining the risks and limitations of the contract.

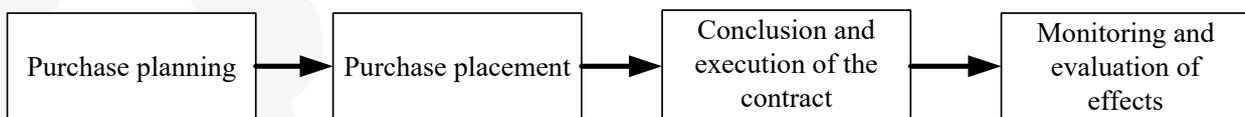


Figure 1 – Stages of the public procurement process

The presented sequence of stages of the procurement process – from procurement planning and order placement to the conclusion and execution of the contract, as well as monitoring and evaluation of the achieved effects – reflects the logic of the process approach to public procurement management. The implementation of this sequence ensures end-to-end management of the procurement cycle, increases the validity of decisions made and creates conditions for increasing the efficiency and transparency of the use of budgetary funds in the public procurement system.

In scientific and theoretical works, there are several points of view on the role and importance of public procurement in the socio-economic and fiscal development of the state as a relatively independent tool and element in the structure of the national economy:

- the influence of the budget component in the planning and implementation of procurement is emphasized without detailing the mechanisms, methods and technologies for achieving government needs;



– the priority of the contract system is highlighted as the basis for the implementation of procurement with expressed control and supervisory powers of state financial authorities;

In order to structure the process mechanism for managing government procurement activities and disclose its functional content in the context of public procurement in the Republic of Uzbekistan, table 1 provides a systematization of the main elements of this mechanism, their content and management functions. The presented structure reflects the logic of end-to-end procurement cycle management and allows you to identify key points of managerial influence at all stages of public procurement implementation.

Table 1 – Structure of the process mechanism for managing government procurement activities

Mechanism element	Content	Management function
Process Inputs	Government needs, budget limits, regulatory requirements	Formation of procurement objectives
Basic processes	Procurement planning, supplier selection, contract conclusion and execution	Implementation of the purchasing cycle
Supporting processes	Information, personnel, methodological and legal support	Ensuring the sustainability of processes
Control and monitoring	Financial control, audit, timing and quality assessment	Ensuring transparency and accountability
Process outputs	Meeting government needs, socio-economic impact	Evaluation of procurement performance

Presented in table 1, they confirm that the process mechanism for managing the procurement activities of the state in the Republic of Uzbekistan is complex and systematic, ensuring consistency of input parameters, basic and supporting processes, as well as control functions. The implementation of this mechanism creates conditions for increasing transparency and accountability of public procurement, rational use of budget funds and achieving sustainable socio-economic results. In order to provide a comprehensive representation of the process mechanism for managing public procurement in the Republic of Uzbekistan, the figure shows an integrated model of procurement activities based on the relationship between management processes, resource provision, implementation of the procurement cycle, as well as control and adjustment.



The proposed model reflects the logic of end-to-end procurement management and is focused on ensuring transparency, effectiveness and efficiency of budget use in the context of institutional and digital transformations of the public procurement system (Fig.2).

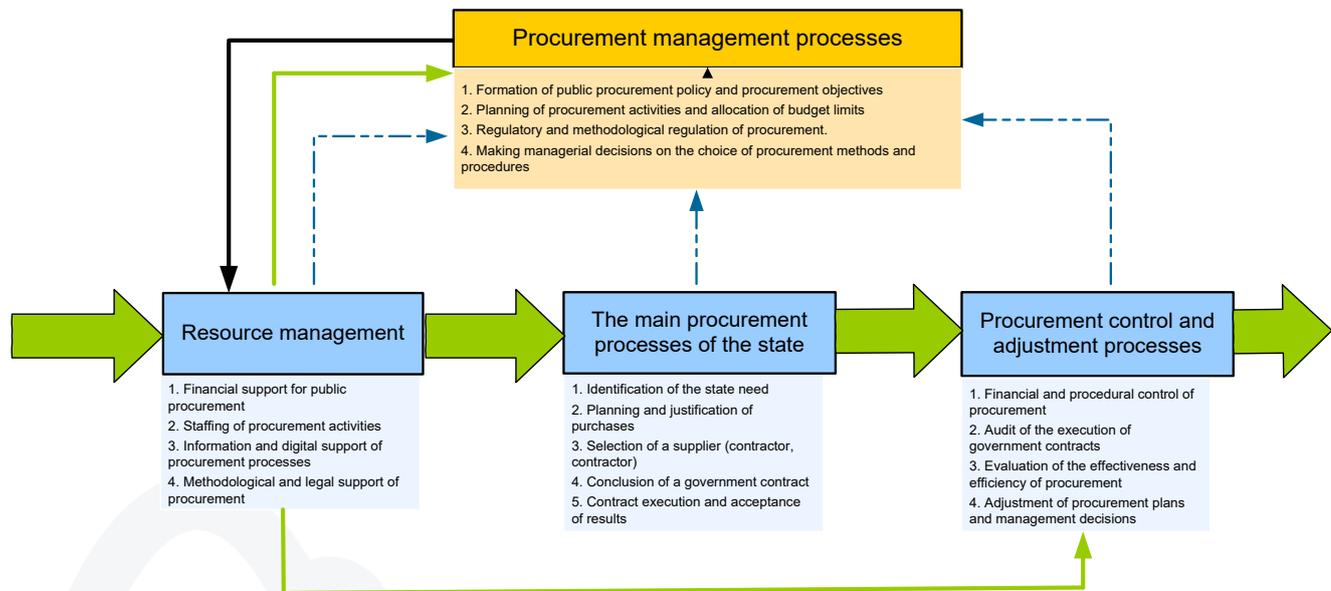


Figure 2 – Process model of public procurement management in the Republic of Uzbekistan

The presented process model of public procurement management in the Republic of Uzbekistan provides systematic coordination of management, resource and control processes at all stages of the procurement cycle. The implementation of this model helps to reduce the risks of violations of procurement legislation, increase the validity of management decisions and achieve socio-economic effects, which generally corresponds to the strategic directions of reforming the public procurement system of the Republic of Uzbekistan.

A systematic approach allows us to consider public procurement as an element of the economic system of the state, ensuring the relationship between resources and the needs of government authorities. The institutional and functional approaches focus on the impact of procurement on the development of the regulatory environment, economic and social institutions, as well as their role in the implementation of government functions. Instrumental and managerial approaches emphasize the strategic orientation of procurement activities and its importance in achieving the goals of socio-economic development through the implementation of government programs and projects.



4. CONCLUSION

Of particular importance in modern conditions is the process approach, which allows us to consider public procurement as a consistent, controlled process, the results of which can be qualitatively and quantitatively assessed. Unlike the traditional procedural understanding of procurement, the process approach provides the identification of cause-and-effect relationships between the stages of the procurement cycle and the final results, which creates the basis for improving the effectiveness of procurement management.

Thus, the totality of the considered scientific and theoretical concepts indicates the need for an integrated approach to research and management of public procurement. The integration of the process approach with systemic and institutional analysis makes it possible to form a methodological framework for improving procurement management, increasing transparency, effectiveness and sustainability of the public procurement system in the context of the digital transformation of the economy.

The findings confirm the expediency of further research aimed at developing process models for public procurement management and developing tools for evaluating the effectiveness of the procurement process, adapted to modern institutional and digital conditions.

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