

# **HOW TO MAKE GPP MORE ACCESSIBLE TO SMEs?**

## **A MIXED-METHOD EMPIRICAL ANALYSIS ON ITALIAN AGRIFOOD FIRMS**

### **Extended Abstract**

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**Keywords: Green public procurement; SME; environment; sustainable production; food;**

### **Introduction and Literature background**

Public authorities can improve firms sustainability in several ways such as fiscal incentives, private-public partnership, legal framework and the diffusion of information (Fox, 2002). Nonetheless, they are deemed the natural promoter of sustainable practices through their procurement activities because of their nature of public utility as well as their high purchasing power. Public procurement, in fact, as the purchase by public authorities of goods and services from others, could stimulate some virtuous corporate practices by the inclusion of specific environmental requirements for companies involved and make an actual contribution to sustainable supply chains. For a long time, the PP had to meet primarily the requirements of economy and efficiency. Nowadays, public authorities are more and more expected to be an example in achieving sustainable development and use their purchasing activities as a driver for the promotion of environmentally friendly product and services (Li and Geiser, 2005). <sup>1</sup>This phenomenon labelled as Green Public Procurement (GPP) can be defined as “a

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<sup>1</sup> Sustainable Public Procurement can be divided into three categories (ECCJ, 2007):

- green procurement: promotion of environmental practices;
- ethical procurement: promotion of minimum wages, human rights and abolition of child labour along the supply chain;
- social procurement: promotion of employment issues such as, for example, equal opportunities and conditions of access to work.

process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured” (European Commission, 2008).

GPP is now globally recognized as a crucial environmental policy mechanism for sustainability (Liu, Shi, Xue, & Wang, 2019). The EU and its member states are very clear in their goals to enclose green guidelines into public tender as a way to advance and stimulate production and use of sustainable goods and services (Tukker et al., 2005). As revealed by recent review articles (Cheng et al., 2018; Lăzăroiu et al., 2020), also the scholarly debate is unanimous in the idea that GPP policies represent a pivotal tool to achieve sustainable economic growth, matching development and environmental benefits.

Although GPP seems a well-established policy instrument and a fast growing field of research, most of existing research analyze this phenomenon from the public authority side (e.g., Michelsen and de Boer, 2009; Nissinen et al., 2009; Testa et al. 2012; Testa et al. 2016) and only a few studies focus on the corporate point of view of this phenomenon i.e. how do firms (potential suppliers) reacts to these policies. As noted by Rizzi et al. (2014), while there is a prolific stream of studies on green supply chain dynamics from the point of view of private enterprises, scholarly evidence on this matter is very limited when the investigation is focused on public administration as the main purchasing actor. A notable exemption is the contribution of Lundberg et al. (2015). This study investigates the potential supplier’s decision on whether to participate in the procurement process or not and suggest that this decision is contingent on the stringency of the environmental criteria in a given procurement relative to the technological status of the potential supplier.

Furthermore, empirical evidence on GPP from the supplier-side is even more scarce in the specific context of SMEs (Rizzi et al., 2014). This is surprising given that products and services with a low environmental impact are now often reported as strategic targets for SMEs due to the growing pressures from “green” consumers (e.g., Bagur-Femanis et al., 2013, Handfield et al., 2005).

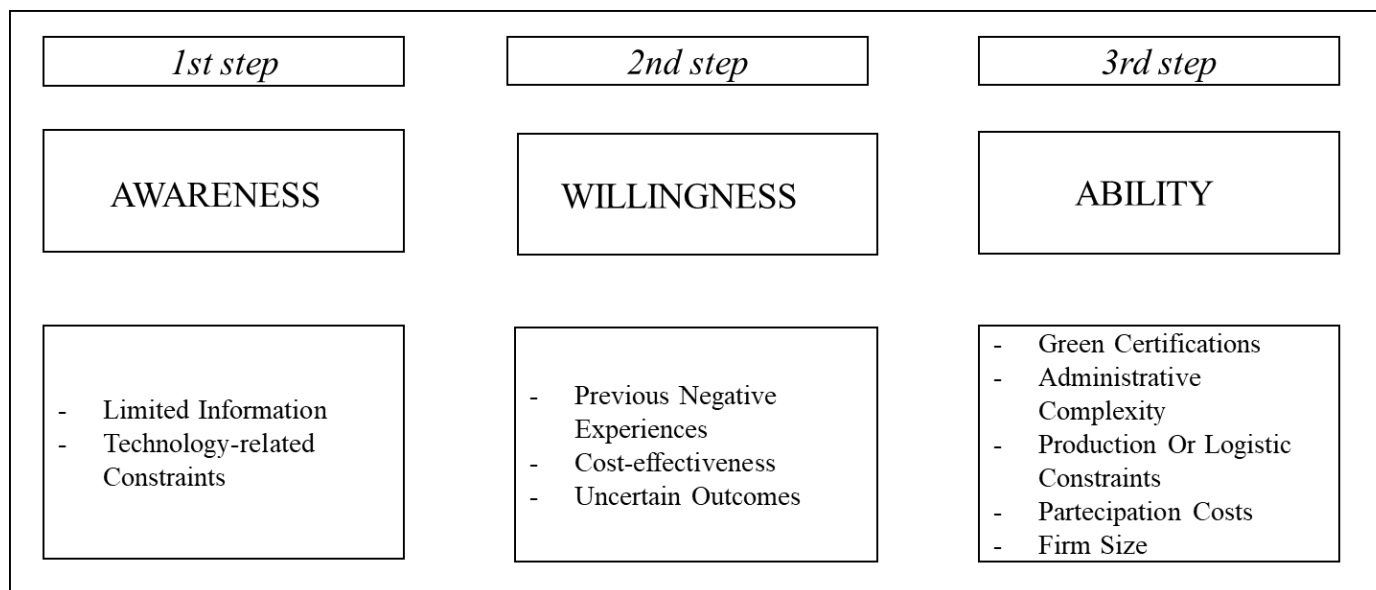
GPP is not only a market opportunity for existing green SMEs, but also a stimulus for innovation and diversification in traditional sectors by supporting green market development through a direct increase in demand for green products/services and, in turn, by encouraging coherent R&D (Edler and Georghiou, 2007). Nonetheless, SMEs are not the smaller version of their larger counterparts, but have particular needs and constraints which might influence their actual possibility to access GPP and therefore deserve specific attention.

### **How to increase SMEs access to GPP? A three stage approach**

In order to get a better understanding on how to boost the adoption of GPP, previous studies have identified several factors as barriers to GPP implementation from the public actor point of view such as, among the others, financial constraints, limited GPP knowledge, inadequate organizational structure and scarce political commitment (Cheng et al., 2018; Zhu et al., 2013). In other words, despite the increasing awareness on the phenomenon, green products are perceived as costly and public authorities are often still not ready (or committed enough) to uptake GPP (Lindström et al., 2022).

Within this context, little is known from the other side of the coin i.e. the barriers that firms, and SMEs in particular, face when approaching to GPP. With the aim to fill this gap and bridge the SMEs and GPP research fields, this study aims to understand which specific obstacles hinder SMEs to take part in GPP activities. Our research suggests that SMEs forego GPP opportunities according to three main reasons: awareness of GPP existence, willingness to incur into GPP and actual ability to do so (see Figure 1). To access GPP, we consider these three reasons also as necessary logical steps that SMEs need to overcome. In other words, it makes sense to discuss issues related to the firms' ability to join GPP only if they are aware about this type of public procurement and willing to embark on that. As such we unveil the main obstacles which might interfere with SMEs participation to GPP at each stage.

Figure 1. Proposed framework: a three step approach to remove barriers to SMEs access to GPP



### Method and conclusions

We adopted a mixed qualitative/quantitative method. In the first part of the analysis, we used Coldiretti collected data to provide a descriptive analysis of the status of GPP implementation in Italy. Data collected do not represent a statistically representative sample, but allow us to anyway have a “flavour” of the main features of firms potentially involved, as well as the main potential difficulties in having access to GPP calls linked to organic food consumption.

The following table reports the relevant difficulties, specifically linked to difficulties to *access* GPP calls.

	Information access	Negative experience	Administrative	Technological	Logistics
number	139	38	116	60	78
share	62%	17%	52%	27%	35%
	Products availability	Personnel	High cost	Uncertainty	
number	79	47	102	130	
share	35%	21%	45%	58%	

Source: own elaboration on Coldiretti/Unicas data

A quantitative analysis will follow, with the aim both to identify “regular patterns” in data, and to achieve a better understanding of the main drivers of interest in GPP calls by interviewed firms, and in particular SMEs, involved in the organic food sector.

In the second part of the analysis, we will report on an exercise with qualitative semi-structured interviews, where more details about the role, attitudes and difficulties for firms in accessing and participating to GPP calls will be investigated.

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