



UMEÅ UNIVERSITET

NAVIGATING PUBLIC PROCUREMENT

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Akademisk avhandling

som med vederbörligt tillstånd av Rektor vid Umeå universitet för avläggande av filosofie doktorexamen framläggs till offentligt försvar i Hörsal UB.A.220 (Lindell 2, Samhällsvetarhuset) fredagen den 23 maj, kl. 10:00.

Avhandlingen kommer att försvaras på engelska.

Fakultetsopponent: Prof. Ari Hyytinen,

Hanken, Helsingfors, Finland.

Organization
Umeå University
Economics

Document type
Doctoral thesis

Date of publication
29 april 2025

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Title
Navigating Public Procurement

Abstract(s):

Paper [I]: This paper studies the effect of Green Public Procurement (GPP) on competition, bids, and winning bids under two different regulation periods where the latter include more explicitly expressed GPP ambitions. Based on detailed data from Swedish internal cleaning service procurements, our results imply that environmental considerations might not influence the bids as required for GPP to be considered an effective environmental policy instrument. Over time, lower degree of competition and increased bids are found. This phenomenon can be attributed, at least in part, to regulatory influences, signifying an escalating complexity in the process of submitting bids.

Paper [II]: We combine theoretical and empirical analysis to investigate impacts of contractual requirements in procurement auctions with endogenous entry. Our analysis shows that contractual requirements impact expected payoffs, influencing the equilibrium number of bidders and their bids under zero-profit conditions. Specifically, we find that, in equilibrium, more contractual requirements increase competition by raising bidders' expected payoffs, while increased entry costs reduce competition. Overall, a rise in contractual requirements and entry costs results in higher equilibrium bids. Additionally, we highlight the importance of enforceability in shaping bidding behavior. Empirical evidence from public cleaning services procurement in Sweden corroborates the implications of our model.

Paper [III]: This paper investigates post-litigation impacts on bidder participation and composition within public procurement, utilizing Swedish data spanning from 2012 to 2018. The findings indicate an average decrease in bidder participation following a litigation process of approximately 8%, particularly in construction procurements, alongside a decline in the proportion of SME bidders and local firm participation. Furthermore, bidder participation, bidder composition, and procurement design significantly influence the probability of litigation.

Paper [IV]: This study examines the impact of local market concentration on the participation and success of small and medium enterprises (SMEs) in Swedish municipal cleaning service procurement auctions. A 10-percentage point reduction in the joint market share of the four largest firms (CR_4), while maintaining a constant Herfindahl-Hirschman Index (HHI), results in a 7.5% increase in SME participation and raises the likelihood of an SME winning by 2.4%. Furthermore, the 2014 revisions to the EU public procurement directives mitigated the adverse effects of market concentration. However, despite the increase in participation, there is no evidence that the success rates of SMEs improved following the implementation of the revised EU directives.

Keywords

Public Procurement, GPP, Regulation, Contractual Requirements, Endogenous Entry, Auction Theory, Litigation Processes, Bidder Participation, SMEs, Competitiveness, Regional Economics, Market Concentration, GMM, 2SLS, Probit, Poisson QMLE.

Language
English

ISBN
print: 978-91-8070-688-9
PDF: 978-91-8070-689-6

ISSN
0348-1018

Number of pages
12 + 4 papers