Abstract
Procurement centralization is a process that includes policy decisions on the appropriate level of collaboration, aggregation and standardization. We analyse the main aspects of collaborative procurement: centralization, scope and different market structures. We use a unique dataset that combines Czech tender-level data with the manually-collected data on centrally procured tenders and financial firm-level data for the time span 2008 – 2016. We apply vector generalized linear model to the compulsory centralized procurement sectors and assess the market competition and concentration. We find several key aspects of centralized procurement: the centralization has a significant positive impact on the competition in selected sectors. The framework agreement is recognized as a positive setup of public procurement. We identified a strong negative evidence of the heterogeneity of the procured commodity. The design of centralization process and the degree of centralization is always bound by two elementary questions: the flexibility or unification trade-off and the set-up costs or unit costs trade-off.

JEL Classification
D44, H11, H57

Keywords
public procurement, centralization, tender-level data, firm-level data, market structure, concentration index, vector generalized linear model, Herfindahl-Hirschman index, Rosenbluth index

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