

Abstract

Corporate political connections have been shown to induce preferential treatment towards connected firms. This thesis evaluates whether the effect of connections is reflected in the composition of public procurement suppliers in Czechia, using municipal procurement awarded between 2006 and 2020. In particular, we hypothesise that changes in municipal mayors affected the rate of new procurement suppliers following the elections in 2014 and 2018. The findings show that the rate of new suppliers increased significantly in municipalities that elected a new mayor in the 2014 elections; however, the effects appeared to be negative in 2018. We further hypothesise that these results can be driven by the major success of new political parties in 2014, with a large share of new politicians being elected to office. We specifically examine the case of ANO, the political movement that dominated both elections. We do not find robust evidence of a surge in new suppliers in municipalities where ANO was notably successful, suggesting that the effect was not driven only by this party and pointing to alternative explanations.