

# The Effects of Award Mechanisms in Public Procurement Auctions in Terms of Procurement Cost and Quality

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## Abstract

In terms of procurement cost and quality of the construction, this paper compares 4 types of auctions: Open standard, open scoring, invited standard and invited scoring auctions. Comparing open and invited auctions, we analyze the extent to which open auctions improve government expenditure and quality of the constructions in the public work auctions. Examining differences between standard and scoring auctions, we find the effect of a policy change leading to competition on both price and quality of constructions. In order to examine the factor producing the difference from these auctions, we consider whether the technology from private firms influence the procurement cost and quality. Moreover, we measure the extent to which the presence of new entrants in open auctions and scoring auctions lead to competition on price and quality in the auctions. In order to measure these effects, we provide identification and estimation of multi-valued treatment by modifying the assumption of identification at infinity.

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