

# Competitiveness In Government Tenders: A Study Of The Context In Caçador, Santa Catarina, Brazil, From The Perspective Of Porter's Five Forces

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## Abstract:

*This article aims to identify how competitive forces operate in public tenders and the impact of these on the effectiveness of tender policies and the development of strategies adapted to the characteristics of the region. The study analyzes the context of Caçador, Santa Catarina, from the perspective of Porter's Five Forces, which are: the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitute products or services, and rivalry among competitors. It also highlights the importance of transparency and the availability of open government procurement data, the adoption of digital technologies and tools, collaboration between public administration bodies and institutions and suppliers, analysis of tender modalities, and the adherence of municipalities to government procurement platforms to ensure a more equitable and efficient environment for suppliers. The main considerations emphasize the importance of public tenders and the need to continue improving and adapting tender policies and strategies to the region's characteristics, aiming to ensure transparency, competitiveness, and effectiveness in public tenders.*

**Keywords:** Governance; Tenders; Competitiveness; Porter's Forces.

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## I. Introduction

The analysis of public tenders in Caçador, a city in the interior of Santa Catarina, Brazil, through the lens of Porter's Five Forces, presents an opportunity to study competitiveness and the effectiveness of tender processes in a specific and regional context. The model proposed by Porter (2008) focuses on assessing the attractiveness and competitive potential of markets, and its application to tenders conducted by both the Legislative Chamber of Caçador and the local campus of a Federal Institute can provide a detailed analysis of the influence of local factors on these processes.

The choice of Caçador as a study location is influenced by its socioeconomic and cultural characteristics, which differ from those of large urban centers. This distinction, as described by Florida (2014), can result in specific economic and cultural dynamics that have the potential to affect business strategies and public policies. Caçador's economy, centered on sectors such as timber and agribusiness, offers a context to examine the competitive strategies of local companies in tenders. Analyzing how innovation and economic development manifest in Caçador, in comparison to urban environments, is also relevant. Glaeser (2011) explores the influence of the urban environment on innovation and economic development, but contexts like Caçador's may present differences in market conditions, social networks, and human capital.

Understanding the dynamics of public procurement provides academically relevant conditions to develop practices for comprehending the dynamism of public acquisitions in light of competitiveness. Applying Porter's Five Forces in this context aims to understand the dynamics among rivalries among competitors, the bargaining power of suppliers and buyers, the threat of new entrants, and the threat of substitutes in the tender environment. The importance of analyzing the competitive environment, as discussed by Kotler and Keller (2016), is equally applicable to the scenario of public tenders. The objective of the study in Caçador, encompassing the Legislative Chamber and the Federal Institute campus, is to identify how competitive forces operate in public tenders and the impact of these on the effectiveness of tender policies and the development of strategies adapted to the region's characteristics. This study has the potential to contribute to a deeper understanding of tender practices and the formulation of public policies in contexts similar to Caçador's.

## **II. Material And Methods**

In the proposed method for research on the application of Porter's Five Forces in bidding processes, the research locus, the region of Caçador in Santa Catarina, is chosen for being an area with few prior studies, offering a unique opportunity for academic contribution. The choice of this specific locality is based on the premise that less explored regions in research offer new perspectives and challenges, providing room for analysis resulting from the research. The focus on the Caçador region is justified not only by its unique geographic and economic characteristics but also by the existing gap in the literature on bidding processes in rural municipal contexts.

As highlighted by authors like Glaeser (2011) and Florida (2014), understanding the economic and social dynamics in less urbanized areas is crucial for a complete understanding of economic and management phenomena. The research in Caçador reveals unique aspects of bidding practices that can be significantly different from those observed in larger urban centers, which are better detailed in the results of this study. Moreover, the research aims to fill a gap identified in the application of business strategy theories, particularly Porter's Five Forces, in specific contexts of public bids. Porter (1979) provided a model generally applied in more traditional and urban business environments. Exploring the applicability and relevance of this model in an environment like Caçador contributes to the existing literature, expanding the understanding of how competitive forces operate in different geographical and economic contexts. The proposed methodology, centered on the case study, is suitable for exploring in depth the complexities and nuances of these forces in Caçador.

Yin (2018) suggests that case studies are particularly effective in investigating contemporary phenomena in their real contexts, especially when the boundaries between the phenomenon and context are not clearly defined. Through semi-structured interviews, document analysis, and observation, this method allows a detailed understanding of the dynamics of the bids in the region, providing valuable insights for both academia and practitioners. The case study involved collecting primary and secondary data. Secondary data were collected from public records, bidding documents, reports from the Legislative Chamber of Caçador, and the campus of the Federal Institute, by open data on the transparency portals of these bodies. These data provided contextual information about the bids and the economic and social environment of Caçador, and are better outlined in the results section of this paper.

For the collection of primary data, semi-structured interviews were conducted with key stakeholders, including local government officials, representatives of companies participating in the bids, and experts in public contracting. According to Bryman (2016), semi-structured interviews allow for an in-depth discussion while maintaining a consistent thematic structure. Data analysis followed a qualitative approach, focusing on identifying patterns and themes related to Porter's Five Forces and their manifestations in the context of the bids in Caçador. Triangulation of data, as recommended by Denzin (2017), was used to improve the validity and reliability of the results. This involves comparing and correlating the various data sources and perspectives collected. The results of the case study were analyzed and discussed in relation to the existing literature. The analysis sought to understand how Porter's Five Forces manifest in Caçador's bids and what the implications are for businesses and policymakers.

## **III. Result**

This report synthesizes a series of interviews focused on public procurement practices in Caçador, Santa Catarina, specifically analyzing the implementation of Porter's Five Forces and relevant competitive strategies in this context. The interviews feature the participation of two local business managers and three municipal officials, providing a diversified analysis that covers everything from the challenges faced by small businesses in competitive environments dominated by large entities to the administrative and regulatory complexities experienced by public officials.

In the interview with the manager of Company A, located in Caçador-SC, it was discussed how the implementation of Porter's Five Forces positively influenced the company's strategies in public tenders. The manager emphasized the need to understand the local market to identify opportunities and threats, thereby improving the company's competitiveness. He highlighted the importance of analyzing competition and negotiating power with suppliers, as well as underscoring the relevance of understanding government policies and the local regulatory environment. The manager noted the scarcity of studies focused on tenders in smaller cities and expressed appreciation for research that provides practical insights for businesses in regions like Caçador, highlighting its potential to contribute to both local businesses and regional economic development.

Interviewee B, the manager of a small family business in Caçador-SC, discussed the challenges faced by smaller businesses in public tenders during the interview. He highlighted the need for strategies adapted to the local market and the lack of specific research on tender practices in interior regions, identifying this as an obstacle for businesses like his. The manager valued the study on Porter's Five Forces applied to the Caçador context for offering useful practical recommendations for formulating more effective business strategies. He

expressed hope that future research would focus more on smaller city contexts, aiding in the economic development of the region and the competitiveness of local businesses in tenders.

In the interview with Municipal Official A, an experienced employee in the procurement area of the Caçador municipality, various aspects of public tenders were addressed. He highlighted the complexity of these processes and the importance of efficient and transparent management, demonstrating deep knowledge of the regulations and particularities of the local market. The official emphasized the positive impact of applying Porter's Five Forces on the management of tenders, after being introduced to the technique, which he was previously unaware of, suggesting that it could improve the quality and competitiveness of the processes, benefiting both the public administration and suppliers. Additionally, he stressed the need for more studies on tenders in interior cities like Caçador to optimize tender practices and management. The official expressed optimism about the future of tenders in the city, believing that continuous research and the application of strategic theories would contribute to the development and efficiency of tender processes, benefiting the local community.

In Interview 4 with Municipal Official B, responsible for the strategic planning of tenders at the Caçador municipality, the complexities and challenges of the tender process were discussed. He emphasized the importance of detailed strategies for efficient management, especially given the lack of specific studies for interior cities like Caçador. The official also highlighted the usefulness of Porter's Five Forces in the municipal tender context, explaining that applying this theoretical model helps understand power dynamics and devise effective strategies for public administration and suppliers, but noted that sometimes, beyond the lack of sufficient theoretical knowledge, political problems culminate in even more complicated competitive relations. He expressed optimism about the future of tender practices in the city, believing that in-depth studies and the adaptation of relevant theories could lead to significant improvements in tender processes, benefiting the local community. His account reflects a commitment to innovation and continuous improvement in tender and municipal management practices.

Municipal Official C, a public servant recently incorporated into the Caçador tender team, discussed the importance of modern literature and studies like Porter's Five Forces for understanding tender practices. He highlighted the need for research focused on smaller cities like Caçador, mentioning the scarcity of specific information for these areas. The official stressed the usefulness of applying strategic theories to the municipal context to improve efficiency and effectiveness in tenders. He expressed optimism about the future of tender practices in the city, emphasizing the potential benefit of continuous research for public management and the local community.

Finally, the study contributes to the literature on competitive strategy and public tenders, offering insights on the application of Porter's Five Forces in a specific municipal context and providing practical recommendations for local stakeholders. Thus, focusing on Caçador not only enriches the body of knowledge on tenders and business strategies in specific contexts but also offers a significant contribution to understanding tender and management practices in interior regions, absent from available modern literature.

#### **IV. Conclusion**

Considering the importance of competitiveness and transparency in governmental tenders, parties can highlight the relevance of tools such as government procurement, which enable greater competitiveness and transparency in municipal tenders (Possidônio and Tores, 2019). Additionally, the analysis of the context of Caçador, Santa Catarina, may include assessing the impact of tender modalities, the adherence of municipalities to government procurement platforms, improving the competitiveness, efficiency, and equity of tender processes (Araújo, 2010). The new bidding law 13.303/2016 can also be considered, highlighting the changes and impacts of this legislation on tender practices and competition in Brazil (2009).

Furthermore, the transparency and availability of open government procurement data stand out as essential elements that promote competitiveness and efficiency in tenders (Araújo, 2010). The importance of public tenders in public administration and sustainable development is evident, as they ensure the selection of the most advantageous proposal for the public administration and promote the public interest. The transparency and availability of open government procurement data are fundamental to promoting competitiveness and efficiency in tenders, allowing suppliers to register and participate in business opportunities (Alves & Sobreira, 2019). Collaboration between public administration bodies and institutions and suppliers interested in increasing turnover can provide valuable insights for both academia and practitioners and lead to the best offers of services and values in the market, ensuring competitiveness and transparency in tenders and the adaptation of strategies to the characteristics of the region (Kotler and Keller, 2016).

The study suggests that further investigations into the impact of the new bidding law (law 13.303/2016) on the competitiveness of governmental tenders, considering the changes introduced compared to law 8.666/1993, should be deepened. It is also asserted as important to explore the relationship between governance in public procurement and competitiveness in tenders, considering aspects such as transparency, integrity,

efficiency, and effectiveness of public procurement processes. Equally, it denotes the need to analyze the competitive dialogue as a tool to promote competitiveness in tenders, considering the possibilities and limitations of this approach, especially in light of law 13.303/2016.

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