

Does e-procurement reduce firm corruption to secure public contracts

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This paper investigates the relationship between the adoption of an e-procurement system and firm corruption, through the realm of the transaction costs theory. We assume that an e-procurement system can not be a stand-alone measure, and its effectiveness in curbing corruption depends on the quality of governmental institutions and a set of conditions that characterize the quality of the system in a broad sense. These conditions are for instance the appropriate design of the system to fit the context of a country, internet penetration, sufficient dedicated IT infrastructures, or the training of bureaucrats and managers to use an e-procurement system. We use the World Bank support as a signal of the quality of the e-procurement system. Using a sample of 8,373 firms in 77 countries from 2008 to 2019, the empirical analysis shows that e-procurement has a negative effect on firm corruption once we account for the moderating effect of governmental institutions quality, found significant, and the moderating effect of the quality of the e-procurement system, also found significant. The study contributes to the ongoing academic debate on the impact of digitalization on corruption.