



## **Participation of local companies in electronic public procurement: A study of the municipality of Laranjal/PR**

### **Participação de empresas locais nas compras públicas modalidade de pregão eletrônico: Um estudo do município de Laranjal/PR**

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#### **ABSTRACT**

The present work is a case study of the municipality of Laranjal Pr, which shows how the participation of local companies in the electronic trading sessions that comprise the periods from 2019 to 2023 is going. Using information from the website of the municipality of Laranjal in [www.laranjal.pr.gov.br/licitação/pregãoeletronico](http://www.laranjal.pr.gov.br/licitação/pregãoeletronico), accessible means such as electronic media and physical processes containing the minutes of bids already taken place in the municipality developed by the bidding platforms BLL and Licitar Digital with accurate reports for use of the research. With the beginning of the electronic auction in the Municipality of Laranjal Pr in 2019, no local company participated, on the one hand because it is not suitable for electronic functionality and on the other hand because it is a more specific object, and it is not possible for them to participate, and for this type of object the municipality does not have a company with the capacity and structure to meet this demand. From the year 2020 with the disclosures of the platform, there began to be interest on the part of some local companies, only one that participated and was also the winner, from the year 2021 there was already a greater number of companies and so for the following years, with an increase in the participation of local companies each year, In this way, we can observe that local companies are adapting to the insertion in the market to be suppliers of products or services in the public procurement of the municipality of Laranjal Pr, with a gradual increase annually, it is concluded that for next year a greater number of participants and local winners are expected in the bids.

**Keywords:** Bidding, Public procurement, Local companies.

#### **1 INTRODUCTION**

By reflecting on the proposed theme of this work, which is the participation of local companies in public procurement in the electronic auction modality: a study of the municipality of Laranjal-PR., we have as a general objective to identify if the electronic auction modality has kept local companies away from participating in public biddings. Also as specific objectives, to



identify the percentage of local companies that participate in the bids in the electronic auction modality, to observe the percentage of local companies that win the bids. The object of study is the bidding in the electronic auction modality for the period from 2019 to 2023, and the methodology used for the object of study is a descriptive research, for the approach is a quantitative research and for the procedures it is a case study.

This work presents a gradual annual result of the participation of local companies in the electronic auctions of the municipality of Laranjal Pr, as will show later in the tables related to the years of bidding and also of the number of participants in the electronic auctions, due to the size of the municipality being small there are few companies based in it but for this amount of existing business, It is noted that there is still a very low flow of participation of these companies in the Municipality's trading sessions.

The advantage and benefits of local companies participating and winning electronic auctions, increase competitiveness, generating more jobs and income for the local economy, because the money circulates within the municipality itself, being advantageous for both parties, in this regard the public power needs more effective results in public procurement, It also makes it easier for the company to deliver the product closer to its headquarters.

According to the results obtained, the trend is to increase this number of local participants in electronic trading sessions in the municipality, as we well know that this virtual market is growing more and more and companies need to be following this trend, whether in prices, logistics and communication, as the new Bidding Law will bring even more space in this market, also bringing changes in the modalities that are still face-to-face and moving online for the next year 2024.

## 2 METHODOLOGY

The methodology of the study was outlined according to Chart 01, below.

Table 01 - Research methodology

Regarding the Objectives	Descriptive Research
Approach	Quantitative
Procedures	Case Study

Source: Prepared by the author (2023)

As for the objectives, this is a descriptive research. Descriptive research stands out because it represents attempts to explore and explain about a given topic, providing additional information about it, describing what's going on in more detail, filling in the missing parts, and expanding



understanding. To do this, as much information as possible is collected. (DIANA, 2020)

According to Marconi and Lakatos (2009), the quantitative methodology studies are made through statistical data, from the simplest measurement, percentage, standard deviation to the most complex such as regression analysis.

The procedure used was the case study. A case study is an empirical investigation that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and the context are not clearly defined. (VERZTMAN, 2013). The study is characterized as a case study, as it aims to analyze an existing, real company, seeking to understand a certain aspect (YIN, 2001)

The data collection of the present work was carried out from information and data available on the website of the Municipality of Laranjal at: [www.laranjal.pr.gov.br/Licitacoes](http://www.laranjal.pr.gov.br/Licitacoes), and also through data obtained from physical bidding processes according to reports of bidding minutes made available by electronic platforms.

### **3 LITERATURE REVIEW**

The review of the literature on the subject covers the following topics: public administration, procurement in the public sector, bidding, bidding modalities: competition, price taking, invitation letter, waiver, unenforceability, tender, auction: face-to-face auction and electronic auction, each modality in its characteristic aspect that will be shown below.

#### **3.1 Public administration**

Public Administration is a group formed by bodies and legal entities that contribute directly or indirectly, maintaining public interests due to particular causes, that is, so that society receives benefits from the results of work carried out by the executive branch. In general, it values the parameters of the five basic principles of public administration guided by legality, impersonality, morality, publicity and efficiency, each one being complied with in a sovereign way.

In public administration, the public acts carried out by the executive must be in accordance with the principles, norms, rules and laws that indicate and guide the constitutional limits provided for in the legislation, thus respecting the set of norms established in a legal manner.

#### **3.2 Public Sector Procurement**

Purchases in the public sector occur through bidding, where there is a need for a certain product or service duly planned by the person in charge of the sector until we have the winner of



the contest who can supply or deliver the requested object.

Through the Purchasing Center, whose department is created in a municipality in order to develop all procedures related to purchases, from planning, budgets provided by companies that meet the segmented request, monitoring the progress of the bidding procedure until its final phase with the number of participants obtained in the result of the bidding.

### **3.3 Bidding**

Bidding is the legal procedure for the execution of purchases, works, contracting of common or specific services carried out by the public administration, some of a simple, medium and others more detailed nature that requires more attention in its preparation and conclusion.

The bidding modalities is a category that is used according to the type of object to be bid, depending on what is intended to be bid, it is the modality that will be used, among them the most used is the auction, currently being mostly electronically and also the others that we will mention below.

#### **3.3.1 Competition**

It is a modality that is intended for paving and large-scale construction works, whose value above R\$ 1,500,000.00 (One million and five hundred thousand reais), companies with higher revenues demonstrably participate through their DRE – Income Statement for the year.

Its judicious form of development in a given event is characterized by its accreditation and following the presentation of the qualification documents and price proposal lower than that of the competitor, being in accordance with the notice, the winner of the event in this modality is obtained.

#### **3.3.2 Price taking**

In the Price Taking, engineering works and services are present, whose value does not exceed R\$ 1,500,000.00 (One million and five hundred thousand reais). As a general rule, this modality still works in person, when there are competitors or not in a bidding of this modality, the criteria to be followed are identical to those established in a competition, what differs between both is the value of the bid.

On the date and time scheduled for the event to take place, the number of participants is accredited, the envelopes containing the qualification documents are opened and then those containing the price proposals, the company that is in accordance with the notice and the lowest



bid will be considered the winner of the event, there is also the dispute for the lowest price and best or highest technique, It would be an example of bidding a company to carry out a municipal public tender, where not only the lowest price of the proposal counts, but also the best technical note of the company with the appropriate professionals.

### **3.3.3 Invitation letter**

It is a modality little used today, but in more distant times it has been widely used, in this modality the public administration prepares the notice and chooses three companies from the same segment and invites them to participate on the day and time stipulated in the notice, once this is done just wait for the return of the summoned companies. If by chance a fourth or fifth company in the same segment appears and that it was left out of the call, it can go to the bidding department and manifest itself claiming that it is interested in participating in the referred procedure, it will be registered and informed if there is still a possibility of participation, in this criterion it will be valid documentation required by the notice with tolerable terms and also price proposal with the lowest possible value.

### **3.3.4 Handout**

The waiver is a type of bidding for the acquisition of goods or contracting of common services on an emergency basis or for exclusivity, in these two cases we have the urgency to acquire a certain product or contract a certain service, both of which are extremely necessary for the public administration and that there is no time to carry out in another modality such as the auction or price taking, So, that's why the products are quoted with three companies and the one with the lowest price will require documentation.

In reference to the documentation required such as the articles of incorporation, CNPJ, federal, state, municipal certificates, FGTS and the labor certificate, all of them with the current deadlines, the emergency contract will be made with the winner to provide a certain product or service. In the case of an exclusivity, it would be, for example, the overhaul or maintenance of a vehicle that requires a company authorized by the dealership, in this case you do not need quotes from different companies, only from which you will supply the items or perform the service.

### **3.3.5 Unenforceability**

The unenforceability of bidding is characterized by a specific object, whether it is the supply or provision of exclusive services, whether a health professional in the form of accreditation



or not, a provision of passenger transport services when there are not two companies in the city or region that provide the same service.

### **3.3.6 Competition**

This type of bidding is the most different among all of them, while the others serve to sign a contract for purchases or provision of services, with approval of a price proposal, consequently there is the formalization of a contract and the receipt by the company of values referring to its quotation of the proposal, here in this modality there is no receipt of values but of premium, If one or more participants are involved in the scientific or artistic work project, when the work is finished or is in the finishing phase, the award notice will be launched at least 45 days in advance, and may be extended at the discretion of the Public Administration, for the scheduled day and time will be the delivery of the award and consequently the closing of the same.

### **3.3.7 Auction**

Auction is the modality of bidding carried out by the public administration in order to sell unusable assets registered in the public property of the municipality, before a commission for the evaluation of unusable public assets is formed, with the ordinance duly published this commission will evaluate all the assets that are to be auctioned, as soon as they define the values of the assets, This is followed by a bill to the City Council for the proper authorization of the auction and knowledge of the values of the assets informed by the commission, when this bill is voted and if there was a majority of the councilors in favor, it returns to the City Hall for the due sanction of the law.

After this legal procedure, a public notice is produced that will cite the rules to be followed, the act of the auction is disclosed with a date and time set for its realization, after having concluded this modality, follows a minute containing all the information that occurred in this event, such as bids, amount auctioned and the name of the winning company.

### **3.3.8 Trading Session**

This is the most common bidding modality among the acquisition of common products and services, in this modality the disputes of companies for bids, governed by Law No. 10,520 of July 17, 2002, are highlighted. For this modality there are two ways to carry out the trading session, they are in the face-to-face form, this being the oldest and the electronic form which we will see below.



### 3.3.8.1 Face-to-face trading session

Since its creation, there are still city halls holding face-to-face trading sessions, in a traditional way, it is the modality that applies to the acquisition of products of any and all kinds and common services. Faced with a need to acquire common products or services, the person in charge of the portfolio requests that a bidding procedure be carried out for such object, with it the budgets of at least three companies are delivered with the description that will exactly be released in the public notice, then the mayor issues an order authorizing the bidding procedure to be carried out and requesting the Accounting department to allocate a budget with the forecast of resources, which will be used to defray the expenses arising from the object bid above.

Returning the information of the budgetary resources, the bidding process is submitted with the draft of the notice to the Legal Department, which will analyze and issue two legal opinions, one initial and the other of the notice, based on the process, the bidding notice is published the day after when the publication comes out, the notice will be published on the Municipality's website so that everyone is aware of what is to be bid, In this period of time before the auction takes place, it is waited for a possible questioning, doubts or even a challenge to the notice, if there is one, it is answered and proceeds to the realization of the event, in other cases the bidding may even be revoked.

With the date and time set according to the notice, the companies appear for the proper realization of the event, and the envelopes are filed in advance, the event begins with participating companies, auctioneer and support team according to the published and current ordinance, the envelopes of the participants are worn by all those present at the session, then the auctioneer accredits them and follows documents to be seen by all.

In the next phase, the price proposal envelopes are opened according to the number of participants, starting from the lowest proposal gradually to the others with the appropriate bids offered, at the end of this stage, the envelopes of qualification documents are opened, where all the documentation of the company is classified, checked, analyzed and seen by all, you already have the result of who was the winner or winners of the event.

In an eventual case of an appeal, it is stated in the minutes that there will be such a fact, if there is no such fact, the meeting is closed with the minutes signed by all, followed again by the Legal Department for the final opinion and sequentially for the adjudication and homologation of the bidding process that will later come out the contract or minutes of price registration in order to close the bidding in theory for the time being, The company must comply with the contractual clauses for the duration of the agreement.



### 3.3.8.2 Electronic Auction

In this modality, from the formalization of the bidding process until the date scheduled for the event to take place, practically the same structure as the face-to-face auction is used, what changes is the model of the notice and the way the bidding will be carried out, in this case it is by bidding platform. When a bidding notice is published, the notice goes to the municipality's website along with the notice, and is also posted on the corresponding platform of each municipality, where they adhere to the platform of their choice, in this technology market the bidding platforms are increasingly growing, following market trends.

On the bidding platform, companies also express themselves regarding questions, doubts and challenges to the public notice, in the virtual environment they register their proposals along with the qualification documents, from the availability of the public notice inserted in the platform until 15 minutes before the due bidding takes place. At the time scheduled for the start of the auction, the auctioneer opens access to the platform and the bid-by-bid disputes begin, all automatically, with each company paying attention to the time allowed for each bid, so that it is not given as unnoticed or overlooked.

Winning the dispute phase, where the winners are classified, it analyzes if the proposals are in accordance with the public notice, being in consonance, the qualification documents are analyzed, also if it is in accordance with the public notice rules, you already have the result of who was the winner, it can be one or more.

In this virtual environment, it is timed as soon as the event closes for the filing of an appeal for the participant who feels entitled to appeal, remembering that both the price proposals and the qualification documents are verified by all participants in the electronic auction, thus being a transparent and modern way to carry out a bidding, In this way, it opens up space for companies from all over the country to participate. After this time, it is awarded and approved in the system, thus formalizing the stages of contracts or minutes of price registration.

## 4 RESULTS AND DISCUSSIONS

The Municipality of Laranjal is located in the State of Paraná, which according to data from the IBGE – Brazilian Institute of Geography and Statistics pointed out by the census (2022) has a population of approximately 5,600 inhabitants. The commercial establishments installed in the municipality are mostly small businesses, micro enterprises and MEI, representing a greater concentration in the urban perimeter of the municipality.

The municipality's purchasing department started in 2019 the use of electronic trading and



over the years this modality has been growing, and this work intends to analyze how the participation of local companies in the events held virtually under the electronic auction modality is going.

The municipality uses the Licitar Digital bidding platform to carry out electronic auctions, its address is located at Rua Alvim Fernandes nº 133, CEP 35.700-000, Boa Vista neighborhood, Sete Lagoas, State of Minas Gerais, in it the Municipality through its Auctioneer appointed by ordinance No. 162/2023, carries out the electronic auctions, today most of its auctions are carried out virtually, The procedures are only carried out in person when there is no possibility, and the bidden object is bidding by percentage, and the platform used by the municipality does not yet provide this tool for this specific purpose.

Based on the information made available by the BLL Bidding Platforms and also Licitar Digital (current platform used by the municipality of Laranjal), and also on the municipality's digital files, information regarding bids made through electronic bidding in the municipality was collected, starting data collection in 2019 and ending with the accumulated data until October of 2023.

The tabulation of the data gave rise to two tables, Table 01 – Participants of the Electronic Auctions in the Municipality of Laranjal-PR. period 2019 to 2023, which seeks to show the percentage of participation of companies headquartered in the municipality within the electronic auction process.

Table 01 – Participants of Electronic Auctions in the Municipality of Laranjal-PR. period 2019 to 2023.

Year	Number of bids	Total participants	Participants from the municipality	%	Participants from outside the municipality	%
2019	1	14	0	0%	14	100%
2020	17	164	1	0,61%	163	99,39%
2021	19	282	2	0,71%	280	99,29%
2022	53	374	4	1,07%	370	98,93%
2023	43	237	18	7,59%	219	92,41%

Source: Prepared by the author (2023).

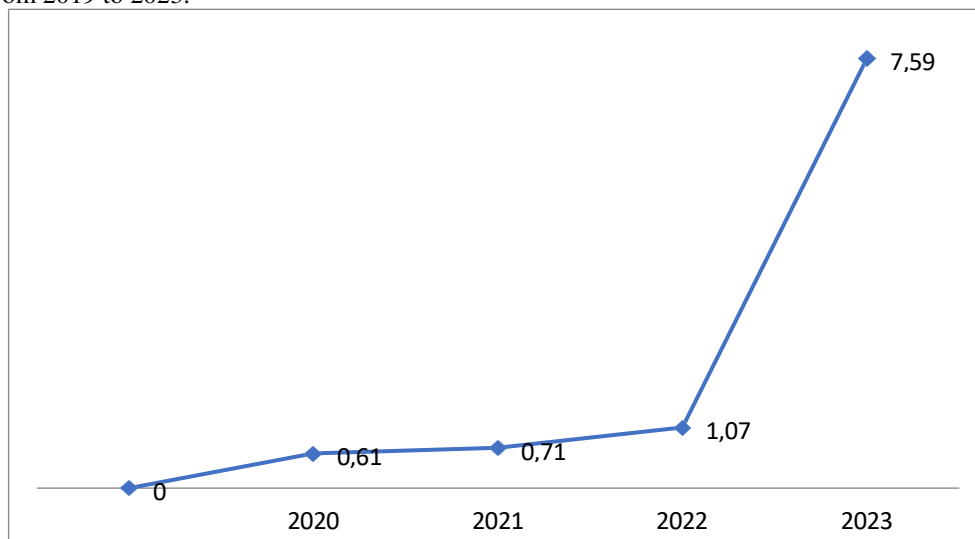
In 2019, the first bidding in the electronic auction modality took place in the Municipality of Laranjal-Pr., and this year only this single bidding in the modality took place, 14 companies participated, all from outside the municipality.

In 2020 there were 17 bids in this modality, 164 companies participated in the event, only 1 bidder was based in the municipality, which corresponds to 0.61% of the total participants. In 2021, there were 19 bids with 282 participants, 2 of which were from the municipality, corresponding to 0.71% of the participants. In 2022, it totaled 53 bids with 374 participants, of which 4 were based in the municipality, representing 1.07% of the total participants.

For the year 2023, data accumulated until October were 43 bids with 237 participants where the 18 participants based in the municipality represented 7.59% of the total participants.

Based on the data collected, we can conclude that the percentage rate of participation of companies in the municipality in the bidding processes in the electronic auction modality has been growing gradually, with a significant jump in the year 2023 reaching 7.59% of participation, Such evolution can be observed in Graph 01 – set out below.

Graph 01 – Evolution of the Participation of Municipal companies in the bidding processes in the electronic auction modality, from 2019 to 2023.



Source: Prepared by the author (2023)



The graph shows that from 2022 to 2023 there was a significant increase in the number of participants in electronic trading sessions by companies headquartered in the municipality of Laranjal-PR.

Table 02 – Winners of Electronic Auctions in the Municipality of Laranjal-PR is presented below. period 2019 to 2023, which seeks to show the percentage of companies in the municipality that won the bids within the electronic auction process. In the data collection it is observed that in a bid there can be more than one winner, this is because within the same bid the objects bid are divided into lots and different companies can win the lots.

Table 02 measures the proportion of winners from the municipality and winners from outside the municipality in relation to the total number of winners.

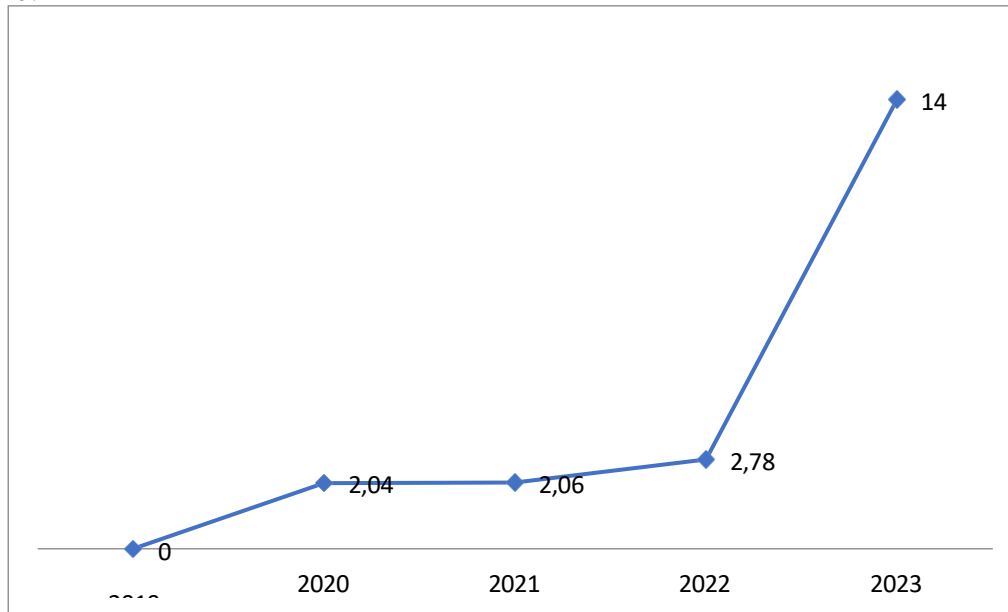
Table 02 – Winners of Electronic Auctions in the Municipality of Laranjal-PR. period 2019 to 2023.

Year	Number of bids	Total Amount of Winners	County Winners	%	Winners from outside the county	%
2019	1	9	0	0%	9	100%
2020	17	49	1	2,04%	48	97,96%
2021	19	97	2	2,06%	95	97,94%
2022	53	144	4	2,78%	140	97,22%
2023	43	100	14	14%	86	86%

Source: Prepared by the author (2023)

In table 02 above, we can see that in 2019 all 9 winners of the only bid were from outside the municipality, this is because, as we see in table 01, no local company participated in the only bidding in the electronic auction modality carried out by the municipality. In 2020, there were 17 bids in this modality, with 49 winners and it is the first time that a local company wins, corresponding to 2.04% of the total winners. In 2021, there were 19 bids with 97 winners, 2 of which were local winners, which corresponds to a percentage rate of local winners of 2.06% of the total. For the year 2022, of the 53 bidding processes in the modality, there were 144 winners, with 4 local companies winning, totaling 2.78% of the total winners, and in the year 2023, with the data accumulated until October, there were 43 bids with 100 winners, of which 14 local companies were winners, reaching the percentage of 14%.

Graph 02 – Evolution of the winning municipal companies in the bidding processes electronic auction modality, from 2019 to 2023.



Source: Prepared by the author (2023)

All the data presented show that municipal companies have been gaining space within the bidding processes in the electronic auction modality, as both the percentages of participation observed in graph 01 and the percentages of winners have been growing over the years, as can be seen in graph 02.

## 5 CONCLUSION

According to the data obtained, there is an evolution of local companies in relation to participation in electronic trading sessions in the municipality of Laranjal PR, starting in 2020, being the first local company to participate and be the winner, opening a path for the others. The object tendered this year under analysis is of fundamental importance for the progress of the Secretariats of Works, Education and School Transport as well as for Health, as this bidding concerns the revisions and maintenance of the vehicles used by these secretaries, considered light and heavy vehicles.

In 2021, the number of local companies doubled, with an increase in the participation of electronic auctions, the first bid that had a local winner is an object that was used for covid-19 and the second bid whose object was fuels to be used in machinery and other vehicles in order to readjust rural roads by an agreement with the Department of Agriculture. In the year 2022, twice as many local companies were obtained, whose objects are office materials, basic food baskets, cooking gas and the provision of dental services, these objects above bid are essential for the progress of the Public Secretaries of the municipality that aggregate the Administration, Secretariat



of Social Assistance and Health.

In this year 2023, with the accumulated until October, which represents, in sequence, until the electronic auction number 57/2023, we obtained 14 local companies that won electronic auctions in the most and diverse objects auctioned, under a brief summary of all of them. Among them metallurgical materials and services, uniforms for municipal employees in the area of general services, photo developments and decorative materials, toners and cartridges for printers, additive oils and lubricants for the vehicles of the municipal fleet, screws, nuts and other accessories for the vehicles of the municipal fleet, guitar lessons for the Secretary of Culture and Tourism, tow truck services and heavy transport of machinery used for earthmoving, products for pantry and canteen, electrical materials, bakery products, office materials, handicrafts, furnishings and pedagogical, funeral services and transportation, all these objects to supply all Municipal Secretariats with their due demands.

This work aims to show to the municipality of Laranjal Pr how local companies are acting in the face of electronic auctions in the municipality, their participation in the events, in order to sell to the municipal public agency. In view of the results obtained, it can be concluded that for the next online bids, more specifically in electronic auctions, we will have a greater number of participants and also winners, having the importance of becoming winners in front of competitors from other places.

The experience of carrying out this academic work with the collection of data obtained is gratifying for knowledge, through the information collected, thus being able to be used as an incentive for other local companies that are not yet adhered to this public procurement process. With this data they can be used on a day-to-day basis, motivating them to enter the job market, following the trends to meet the demands that the public sector needs to meet, with quality products and services at a better market price, with more efficient service using more effective methods and tools.



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