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**Heterogeneity-promoting optimal procurement.** (English) Zbl 1088.91509  
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Summary: When procurement takes place in the presence of horizontally differentiated contractors, the design of the object being procured affects the resulting degree of competition. This paper highlights the interaction between the optimal procurement mechanism and the design choice. Contrary to conventional wisdom, the sponsor's design choice, instead of homogenizing the market to generate competition, promotes heterogeneity.

**MSC:**

91B40 Labor market, contracts (MSC2010)

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Procurement; Project design; Horizontal differentiation

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**References:**

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