

This thesis is focused on public procurement issues. Competitive tendering provides great scope for inefficient allocation of resources. This work studies such scope theoretically. Transaction costs, pressure on price and quality of services, influence of competition on price and impact of for profit and not for profit status of the service providers are discussed. These aspects are then tested on empirical data. The data come from public contracts announced by 111 selected hospitals in the Czech Republic in 2006 - 2009. Ordinary least squares and least absolute deviations are employed. The results indicate that a higher number of bids implies a lower final price. The second conclusion is that the open tender procedure reduces the final price compared to other types of proceedings.