

## Abstract

The term public procurement refers to a contract between public entity and private companies. The public procurement contracts are regulated by the Public Procurement Act, which specifies the rules under which the public procurement should be performed and sets conditions of award procedures of public contracts. The quality of execution of the award procedure influences the efficiency and the transparency of the contract. The award procedure can be executed by internal employees of the contractor or outsourced.

The main aim of this thesis is to analyze whether the contractors behave rationally when they outsource the award procedure; this thesis evaluates the differences between an in-house administration and an outsourced administration in prices, efficiency in terms of number of bidders in the contract and probability of formal errors in the award procedure. The results of the analysis shows that small contractors behave rationally; when they administrate the award procedure in-house they tend to make more formal errors thus they outsource the procedure. On the other hand, the large contractors do not behave rationally, because they outsource the administration of award procedure even if all three indicators show that they administrate the procedure in-house more successfully. The behavior of large contractors is explained with use of the agency theory.

The main contribution of this thesis consists of the evaluation of award procedure in terms of quality and transaction costs as there are only very limited economic literature to this topic. The thesis further contributes to the existing literature by collecting and sorting the data about public procurement contracts in the Czech Republic.