

Management of Contracting Public Services and its Quality in Slovakia

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Abstract

Contracting services in the public sector with private for-profit and non-profit firms is one of the most prevalent types of alternative service-delivering arrangements. Concerning the positive potential of contracting, the relevant literature proposes that contracting may, but need not, improve individual choice, cost-effectiveness and the quality of delivery, equity and to some extent also expenditure control. On the other hand, many authors provide important arguments describing weak points of contracting and some risks connected with contracting services in the public sector. The main “internal” reason why contracting does not produce the expected results and even creates perverse effects in the effectiveness and quality of contracted services, is the improper implementation of contract management. This paper seeks to answer the question of what factors account for success in contracting for services in the public sector by testing the relationship between contracting performance and selected factors connected with contract management such as competition, ex-ante evaluation of bidders, contract monitoring, contract duration, contract payment and joint problem solving and communication between the principal and the agent. This study uses a quantitative approach to investigate the research question and to analyze the original collected survey data from our own research.

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Introduction

Our data (Meričková, Nemeč and Vítěk 2005, Meričková, Nemeč and Ochrana 2008, Meričková, Nemeč, Sičáková-Beblavá and Beblavý 2010) and data of other authors for the Czech Republic and Slovakia (Balážová 2006; Beblavý and Sičáková-Beblavá 2006; Majlingová and Šagát 2006, Sičáková-Beblavá and Beblavý 2007, Ochrana 2007; Pavel 2007) evaluating outcomes from contracting (we use this term as a synonym for external delivery of public services – like waste disposal) and outsourcing (we use this term as a synonym for external delivery of internal services in public organizations – like cleaning) processes in the public sector indicate that the use of these instruments in our conditions does not deliver the expected results. Contracting and outsourcing are controversial instruments already because of their character, and their cons might be exaggerated in less developed countries – this aspect is demonstrated in the first part of our paper. At the end of this first part, we will provide selected evidence about results of contracting and outsourcing in our conditions.

Results from contracting and outsourcing (as a binding agreement in which a government (principal/provider) pays a private firm or non-profit organization (agent/producer) to deliver a specific level and quality of service) are determined by many “internal” and “external” factors determining their success. The focus of the core part of our paper is the evaluation of contract-management factors determining the rate of success of contracting and outsourcing on the basis of the Slovak sample.

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1. Theoretical background

Contracting out public services is a frequently implemented market-type solution in the public sector, implemented especially at the local government level. Under this arrangement, government retains the responsibility for the provision of the service, but hires private firms to produce the service. Citizens as customers, through their taxes or user fees, pay the government, which in turn pays the contractor.

Contracting stems from the “organizational decision to make or buy a good or service” (Prager 1994, 176). Modern public organizations are expected to decide whether to produce goods and services internally or to contract them out. The guiding principle behind the choice is to increase efficiency, while maintaining or

increasing the quality of the delivery of a public service (Engelbeck 2004; Epstein 1984).

As noted above, contracting has the potential to improve efficiency without sacrificing quality, compared with direct supply by public organizations, so long as certain conditions are met. The potential beneficial impacts of contracting are connected mainly with increasing individual choice and improved cost-effectiveness, quality and equity (Bailey 1999; Øvretveit 1995; Lane 2000 and many others). However, such potential was never fully confirmed by hard data, and many empirical studies (e.g. Bel and Costas 2006) cannot even confirm the effect of the mode of production on costs, which has been the main positive argument for contracting. Moreover some authors stress the many barriers and also negative impacts connected with the use of competition and contracting (Bailey 1999; Pollitt and Bouckaert 2000; Lane 2000 and many others). For example Lowery (1998) discusses three types of quasi-market failure, two of them, market-formation failure and preference error, are clearly connected with contracting out. Market-formation failure results from a lack of competition, often due to the small number of potential suppliers for many public services. If privatization merely substitutes a private monopoly for a public one, then savings will likely disappear after the initial contract. Preference-error failure is connected with limited information. Later on in the text, we specifically introduce two core theoretical concepts important for evaluating the potential of contracting out: principal-agent theory (Arrow 1985; Cooper 2003; Kettl 1993; More 1984; Pratt and Zeckhauser 1986) and the theory of transaction costs (Ferris and Graddy 1996; Prager 1994; Hirsch 1991).

The issue of factors determining the success of contracting/outsourcing is not new in the economic literature. The main focus of existing studies is on the following aspects:

- the degree of competition for awarding the contract (Savas 1987; Kettl 1993; Greene 2002; Hodge 2000, Pavel and Beblavá 2008),
- the quality of ex-ante evaluation of the contractor/agent (Rehfuss 1989; Marlin 1984; Romzek and Johnston 2002),
- the clear definition of the contracted/outsourced service – contract specification (Rehfuss 1989, Marlin 1984),
- the quality of contract monitoring (Rehfuss 1989; Marlin 1984; Prager 1994; Seidenstat 1999; Brown and Potoski 2003; Hefetz and Warner 2004),
- sanctions (DeHoog 1990; Macneil 1978),
- the experience of the public body/government/principal responsible for contracting/outsourcing with contract management (DeHoog 1990; Rehfuss 1989; Romzek and Johnston 2002),
- the technical knowledge of the contracted service (Kettl 1993; Meričková 2010).

Principal-agent theory and contracting

Establishing and maintaining a legal contractual relationship between principal and agent is connected with many problems and risks. According to Shetterly (1998, 23), this process occurs in three phases; pre-solicitation, contractor selection and contract management. All these phases may be connected with the situation when the action and the information of agents are not directly observable by principals. Arrow (1985, 37), for example, speaks of “moral hazard or the problem of hidden action and adverse selection or the problem of hidden information.”

Moral hazard can occur because the behavior of the private partner is imperfectly controlled. When behavior is imperfectly controlled, it creates a situation where either shirking in performance of duties or inappropriate actions by the private partner adversely impacts the goals of the public partner.

In the adverse-selection problem, the private firm has some information that is not shared with the public-sector organization and uses the information to make decisions that affect the public organization. However, the public organization cannot check to see if the information is serving the public interest. For example, the public-sector organization wants to hire the best private partner. But the private firm will know more about their own qualifications than will the public-sector organization. This information asymmetry may render impossible a full ex-ante evaluation of the private offers. Bailey (1999, 290–292) examines the effects of such public-service-contracting problems.

According to More, “The principal must weave these interrelated components into a contractual framework that, in mitigating the informational asymmetries and structuring rewards, prompts the agent to behave as the principal himself would under whatever conditions might prevail” (More 1984, 756–757).

Transactions costs and contracting

The transaction costs associated with contracting out and the relationship of these costs to benefits derived from external delivery should be included in the complexity of the contracting relationship. When contracting for services, governments incur contracting costs which are implicitly or explicitly part of the make-or-buy decision. The transaction costs of contracting are of two types: “those associated with the contract formation stage and those associated with the contract performance stage” (Hirsch 1991, 56–57).

Changing service delivery involves changes to production systems and changes to management systems. These changes require establishing new performance criteria, constructing monitoring systems and changing job responsibilities, reducing the number of public employees. Activities such as crafting requests for proposals, establishing systems and protocols for reviewing proposals and selecting vendors, crafting contracts, and negotiating with vendors must be undertaken be-

fore the internal delivery system can be taken off-line. These transaction costs of switching modes of service delivery or costs of acquiring the services in the market are important to the make-or-buy decision. Different services have different levels of transaction-cost factors, in part determined by asset specificity and ease of measurement explained by the transaction-cost theory noted above.

1.1 Contracting out in transitional countries

The theory summarized above indicates that in developed countries, contracting may, but need not, improve the performance of the public sector. The final outcome depends on local conditions, including the capacity of the implementing body to execute the contracting process.

In transitional countries, the situation is much more complicated. Several socio-economic preconditions for successful contracting are insufficiently developed. In such a situation – due to non-mature markets and democratic institutions, in developing countries internalization may be a desirable decision. In the following text we indicate selected important specifics of developing versus developed countries.

Competition

Potentially competitive markets may still not be well developed, but characterized by monopolistic or oligopolistic structures and behavior. Given this, it is rather optimistic to expect a comprehensive supply of competitive bids. Under these circumstances, the argument about possible unit cost savings is far more controversial than in developed countries.

Corruption

It is difficult to measure corruption, but all data indicate higher risks of corruption in developing transition countries compared to developed countries. The probably most frequently used Transparency International CPI indexes describe perceptions of corruption, not direct measurements (Table 1). This methodology is sensitive to the level of awareness – when respondents become more aware of the problem, results worsen.

Data from “Enterprise Surveys” are also significant. Table 2 exhibits data from Slovakia and the Czech Republic, and a comparison with Estonia, the best-performing new EU member state. As well as highlighting the problem of corruption, the table also shows that generally the scale of economic corruption is not decreasing as transition continues. Only the indicator for bribes for getting things done is moving in the desired direction.

Table 1
Transparency International CPI indexes 2011, selected countries

Rank	Country	Index
1	New Zealand	9.5
2	Denmark	9.4
2	Finland	9.4
4	Sweden	9.3
29	Estonia	6.4
35	Slovenia	5.9
41	Poland	5.5
57	Czech Republic	4.4
66	Slovakia	4
143	Russia	2.4

Source: <http://cpi.transparency.org/cpi2011/results/#CountryResults>

Table 2
Selected indicators of corruption in Slovakia and the Czech Republic – time trends

Country	Year	Observations	A	J	K	L	M
Czech Republic	2002	182	35.93	26.58	1.21	14.29	...
Czech Republic	2005	208	29.73	36.82	1.98	25.49	...
Czech Republic	2009	250	8.73	30.31	1.49	25.12	35.15
Slovakia	2002	110	64.44	56.18	3.35	32.04	
Slovakia	2005	143	35.87	38.20	2.02	13.64	...
Slovakia	2009	275	11.63	23.06	2.31	33.11	20.67
Estonia	2002	134	35.14	24.76	1.04	4.58	...
Estonia	2005	172	18.31	7.97	0.18	3.68	...
Estonia	2009	273	1.60	0.28	0.00	5.43	66.45

Source: <http://www.enterprisesurveys.org/>

A – % of firms expecting to give an informal payment to public officials (to get things done)

J – % of firms expecting to give gifts to secure a government contract

K – Value of gift expected to secure government contract (% of contract)

L – % of firms identifying corruption as a major constraint

M – % of firms believing the court system is fair, impartial and uncorrupted

Democracy

Expectations at the beginning of transition were optimistic, but today it is clear that the twenty-year CEE transition period has not seen a sustained development of democratic institutions and norms.

Recent scandals in the Czech Republic (Veci Verejne) and in Slovakia (Gorila) comprehensively reported by both national and international media, indicate that the connections between economic lobbies and public officials are too close – exactly as Stiglitz (1997, 28) warned when discussing the limited capacity of politicians to serve the public interest (see also Šebo and Macejak 2008).

Other problems are the lack of a sense of individual responsibility, paternalism and fiscal illusion that remain important features of citizens' behavior. In Slovakia, 67 % of respondents believed that their problems should be solved by the state (Buncak et al. 2009). In the Czech Republic, the introduction of co-payments in health care significantly influenced regional elections in 2009, with social democrats using them as their main stick to beat the governing party. In both countries, many people act as though their social benefits are costless.

Quality of the rule of law

The possible success of outsourcing is also connected to the quality of the rule of law. If the state switches its role from provider to regulator, efficiency improvements are impossible where regulatory guidelines do not exist, and where the law is not respected. At present, it is clear that government officials do not routinely respect the law, and, perhaps the core problem, citizens do not require them to do so.

The administrative basis is also inadequate. Outsourcing occurs with no explanations, recommendations or guidelines for users. The countries have only recently started to switch to accrual accounting rules, but this is still insufficient because full cost accounting is confined to only a few public organizations, for example universities and hospitals.

To be effective, contracting also needs to be supported by new control and audit approaches that focus on legality and results. But the current systems of public-sector control/auditing employed in most if not all CEE countries predominantly adhere to the old-fashioned administrative procedural type of control. New laws on financial control were passed by national parliaments under pressure from Brussels, but in reality effective mechanisms to measure and create real efficiency, effectiveness and quality in public-sector institutions and processes are still missing (Pavel 2006).

1.2 Contracting and outsourcing in Slovakia and Czechia and its results

We have mapped contracting and outsourcing processes in the Czech Republic and in Slovakia for more than a dozen years. Our findings indicate that many local public services are contracted out and many internal services are outsourced to external suppliers. Tables 3 and 4 describe the situation in outsourcing, Table 5 deals with contracting local services.

Table 3

Frequency of use of outsourcing of internal services – the Czech Republic, 2009

Service	Number of responses	Percentage of outsourced services
Cleaning	158	6.96 %
Catering	25	31.20 %
Maintenance	132	11.36 %
IT	125	38.40 %
Transport	111	18.02 %
Security	92	26.09 %

Note: own research

Table 4

Frequency of use of outsourcing of internal services – Slovakia, 2009

	Adminis- tration	Education	Health care	Social	Culture	Total
Catering	90.00 %	17.74 %	21.43 %	20.00 %	62.50 %	42.33 %
Maintenance	27.59 %	14.52 %	35.71 %	42.86 %	25.00 %	29.14 %
IT	25.00 %	27.59 %	42.86 %	25.00 %	37.50 %	31.59 %
Transport	3.70 %	15.15 %	7.14 %	0.00 %	0.00 %	5.20 %
Security	64.00 %	42.50 %	45.45 %	0.00 %	42.86 %	38.96 %

Note: own research, sample of 127 organizations

Table 5

Scale of external forms (contracting) of delivery of selected local public services in Slovak and Czech municipalities (%)

Service	Slovak Republic			Czech Republic	
	2000	2005	2005 TI	2000	2004 TI
Waste	49	64	69	71	80
Cemeteries	27	12	16	42	26
Public green areas	16	18	33	45	24
Communications	21	41	45	31	38
Public lighting	30	35	40	23	60

Note: original research based on data obtained from selected municipalities related to the local service delivery in 2001, 2006, 2007, and data gathered from results of research projects of Transparency International Slovakia and Czechia realized in 2006 and 2005.

All data clearly indicate that outsourcing internal services and external delivery of local public services is a very frequent solution both in Slovakia and Czechia. Our findings also indicate that results from outsourcing and contracting are contradictory. As an illustration Table 6 shows one sample of data with unclear results; the same picture appears in all other samples.

Table 6
The efficiency of contracting out of local services in Slovakia
(internal form = 100 %)

Service	Year (%)		
	2000	2005 TI	2008
Waste	94	125	184
Cemeteries	64	67	146
Public parks	82	150	151
Communications	70	119	114
Public lighting	100	128	156

Note: Original research is based on the data obtained from selected municipalities related to local service delivery in 2001 and 2009, and data gathered from results of research projects of Transparency International Slovakia is realized in 2006.

2. Quality of contract management in outsourcing and contracting in Slovakia

Our data indicate that outsourcing and contracting are frequent, but deliver very mixed results. In such a situation, the attempt to assess factors determining the existing situation is obvious.

Table 7
The research sample

Size of municipality	Total	Sample		% of total	
		2009	2010	2009	2010
Below 999	1,926	49	34	2.54	1.70
1,000–4,999	833	56	58	6.72	7.00
5,000–9,999	60	9	17	15.00	28.33
10,000–19,999	32	8	12	25.00	37.50
20,000–49,999	29	9	14	22.50	48.28
Over 50,000	11		6		54.55
Total	2,891	131	141	4.53	4.88

Note: Statistical Office Slovakia

As indicated, in our paper, we focus on evaluating contract-management factors. The absence of systemic contract management is one of the core purposes for failures of contracting/outsourcing (Hodge 2000; Sclar 2000; Brudney et al. 2005; Kamerman and Kahn 1989). To collect data, we used the sample (Table 7).

For the purposes of this concrete research of the quality of contract management in outsourcing and contracting processes, we decided to use the following set of factors (determined by the Deplhi method):

- x_1 – level of competitiveness of the award,
- x_2 – definition of the procured services/contract specifications,
- x_3 – selection criteria,
- x_4 – ex-ante evaluation: financial situation of bidders,
- x_5 – ex-ante evaluation: technical capacities of suppliers,
- x_6 – ex-ante evaluation: personnel capacities of bidders,
- x_7 – ex-ante evaluation: experience of bidders,
- x_8 – experience of the principal/government-body personnel,
- x_9 – frequency of contract monitoring,
- x_{10} – sanctions,
- x_{11} – duration of the contract,
- x_{12} – method of payment to supplier/agent,
- x_{13} – communication between principal and agent,
- x_{14} – quality of cooperation between principal and agent,
- x_{15} – level of trust between principal and agent.

All above-mentioned factors have qualitative character, thus we transformed them into quantitative data as follows (Table 8) and used them as described in Table 9.

Table 8
Conversion to quantitative data

Factor	Description	Points
x₁ – level of competitiveness of the award	Open tender	100
	Restricted procedure	70
	Negotiated procedure	50
	Price quotation	30
	Direct award	0
x₂ – Is the service properly defined in the contract?	Fully agree	100
	Agree	50
	Disagree	0
	Fully disagree	0
x₃ – selection criteria	Best bid	100
	Lowest price	50
x₄ – ex-ante evaluation: Did the principal evaluate the financial situation of potential suppliers?	Fully agree	100
	Agree	50
	Disagree	0
	Fully disagree	0
x₅ – ex-ante evaluation: Did the contractor evaluate the technical capacities of potential suppliers?	Fully agree	100
	Agree	50
	Disagree	0
	Fully disagree	0
x₆ – ex-ante evaluation: Did the contractor evaluate the human resources of potential suppliers?	Fully agree	100
	Agree	50
	Disagree	0
	Fully disagree	0
x₇ – ex-ante evaluation: Did the contractor evaluate previous cooperation of potential suppliers with the public sector?	Fully agree	100
	Agree	50
	Disagree	0
	Fully disagree	0
x₈ – Has the involved principal's staff sufficient expertise?	Fully agree	100
	Agree	50
	Disagree	0
	Fully disagree	0
x₉ – frequency of monitoring	Regular	100
	Irregular	50
	No monitoring	0

Table 8
(continuation)

Factor	Description	Points
x₁₀ – Contract sanctions	Cancellation of the contract	100
	Financial sanctions	70
	Right to request improvements	30
	Other	0
x₁₁ – Length of contract	One year or less	100
	1–2 years	70
	2–5 years	30
	Unlimited	0
x₁₂ – method of payment to supplier	Performance payment	100
	Mixed performance and lump-sum payment	50
	Lump-sum payment	0
x₁₃ – communication with supplier	Frequent	100
	Regular	70
	Irregular	30
	Limited or none at all	0
x₁₄ – The quality of cooperation between principal and agent is high.	Fully agree	100
	Agree	50
	Disagree	0
	Fully disagree	0
x₁₅ – The level of trust between principal and agent is high.	Fully agree	100
	Agree	50
	Disagree	0
	Fully disagree	0

Note: own research

Table 9
The use of indicators in our research

Areas	Indicators used	
	Contracting local services	Outsourcing internal services
Procurement process	x ₁	x ₁ ; x ₂
Selection criteria	x ₃	x ₃ ; x ₄ ; x ₅ ; x ₆ ; x ₇ ; x ₈
Contract conditions	x ₉ ; x ₁₀ ; x ₁₁	x ₉ ; x ₁₀ ; x ₁₁
Relations principal x agent	x ₁₂	x ₁₂ ; x ₁₃ ; x ₁₄ ; x ₁₅

Note: own research

The findings are provided by Tables 10 (contracting) and 11 to 14 (outsourcing). The average quality is approximately 60 percent, better values have light shadow background.

Table 10
Quality of contract management for contracting out local services

Service	Competitiveness	Ex-ante evaluation	Monitoring	Sanctions	Contract length	Payment conditions
Waste	42.84	67.12	70.32	42.08	38.63	65.65
Public lighting	47.11	72.73	65.26	45.20	44.77	63.72
Local communications	50.12	64.40	64.13	43.50	52.96	74.15
Public green	58.89	66.39	54.72	46.81	67.06	75.90
Cemeteries	29.43	68.27	64.29	45.18	37.69	45.79
Average	45.68	67.78	63.74	44.55	48.22	65.04

Note: own research

Table 11
Quality of contract management for outsourcing internal services:
procurement process

	Competitiveness	Defining the service
Cleaning	45.28	57.50
Catering	32.91	65.22
Maintenance	52.11	69.86
IT management	38.52	61.28
Transport	28.81	69.14
Security	37.14	60.94
Average	39.13	63.99

Note: own research

Table 12
Quality of contract management for outsourcing internal services:
selection criteria

	Selection criteria	Financial capacities: supplier	Technical capacities: supplier	Human capacities: supplier	Experience of supplier	Principal capacity
Cleaning	58.34	33.34	51.95	54.17	45.28	48.06
Catering	73.90	61.69	67.28	63.08	62.79	69.69
Maintenance	73.83	67.98	77.86	71.60	67.12	74.16
IT management	71.39	59.26	73.81	69.49	67.38	64.53
Transport	69.58	63.56	69.63	62.78	48.58	58.97
Security	57.25	51.10	63.81	56.71	55.84	66.50
Average	67.38	56.15	67.39	62.97	57.83	63.65

Note: own research

Table 13
Quality of contract management for outsourcing internal services:
contract conditions

	Monitoring	Sanctions	Contract length
Cleaning	56.95	57.22	43.89
Catering	55.25	67.46	30.54
Maintenance	63.43	50.32	56.08
IT management	58.97	51.39	44.74
Transport	71.25	48.25	60.56
Security	59.52	45.76	33.05
Average	60.9	53.4	44.81

Note: own research

Table 14
Quality of contract management for outsourcing internal services:
principal x agent relations

	Payment	Communication	Cooperation	Trust
Cleaning	31.39	60.84	59.17	46.39
Catering	56.32	60.68	78.42	73.71
Maintenance	74.81	59.76	83.65	75.54
IT management	58.02	62.25	76.33	70.61
Transport	75.00	49.22	74.61	64.81
Security	47.05	48.99	72.15	72.23
Average	57.1	56.95	74.05	67.22

Note: own research

The data obtained by our direct research indicate that the quality of contract management is limited. Better results are normally received for soft indicators, where evaluation is based on the subjective opinion/response from the staff involved. A critical level is achieved for main hard indicators, especially the level of competitiveness.

2.1 Testing the relationships between factors and results of contracting/outsourcing

In this part, we calculate the Spearman's correlation to test the correlation between a dependent variable (efficiency of contracting/outsourcing – data not included in this paper) and independent variables – respective quality of contract-management factors. With $\alpha = 0.1$ we used the statistical systems R and IMB to test the following:

$H_0: \rho_s = 0$ (no statistically significant correlation)

$H_1: \rho_s \neq 0$ (statistically significant correlation exists)

The results are provided by Tables 15 and 16.

Table 15
Correlations for contracting local services

Service	Factor	p value	Spearman's correlation coefficient	Correlation
Waste	x ₁	0.000	0.333	Positive
	x ₉	0.031	0.209	Positive
	x ₁₁	0.005	0.271	Positive
Public lighting	x ₁	0.000	0.579	Positive
Local communications	x ₁	0.000	0.666	Positive
Public green	x ₁	0.000	0.804	Positive
	x ₁₂	0.083	0.361	Positive
Cemeteries	x ₁	0.001	0.731	Positive

Note: own research

Table 16
Correlations for outsourcing internal services

Service	Factor	p value	Spearman coefficient	Correlation
Cleaning	x ₃	0.062	-0.579	Negative
	x ₁₄	0.027	0.659	Positive
Catering	x ₁	0.003	0.329	Positive
	x ₄	0.034	0.242	Positive
	x ₅	0.061	0.215	Positive
	x ₆	0.008	0.301	Positive
Maintenance	x ₁	0.004	0.444	Positive
IT	x ₂	0.053	-0.221	Negative
Transport	x ₁	0.064	0.384	Positive
	x ₁₃	0.018	0.478	Positive
Security	x ₁	0.002	0.481	Positive
	x ₂	0.071	0.288	Positive
	x ₃	0.005	-0.431	Negative
	x ₄	0.013	0.391	Positive
	x ₈	0.028	0.347	Positive
	x ₁₃	0.035	0.334	Positive

Note: own research

The results indicate that few statistically significant factors can be identified for contracting. Similarly to other researches, we found that among the most im-

portant factors are the level of competitiveness of the award, the monitoring of the services and the form of payment. The results for contract duration are not so clear, because for different services, different contract duration is most effective (in our research, we expect that shorter contracts have a positive impact on contracting performance).

Concerning outsourcing our research indicates that besides the level of competitiveness, factors like selection criteria, quality of ex-ante evaluation, cooperation and experience also play an important role.

Conclusions

Contracting and outsourcing are relatively frequent solutions in the public sector of developed, but also developing countries. In this paper, we summarize findings from our research. According to our results, contracting and outsourcing may, but need not, improve the efficiency compared to internal delivery.

Both general and region-specific factors determine such a situation. In this paper, we used the Slovak sample to try to measure the impact of qualitative factors (selected by the Delphi method) determining the success in contracting and outsourcing. The results indicate that there are several important determinants for success; probably the most important one is the level of competitiveness of award. In light of this finding, it is painful to see that the majority of contracts is signed on the basis of non-competitive selection of suppliers, and this trend does not significantly improve, as our data for a period of more than ten years indicate. To change this situation, accountability needs to become a real value in our public-administration systems, and the control has to focus not only on processes but also on results.

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