

# PUBLIC PROCUREMENT IN THE CONDITIONS OF THE SLOVAK REPUBLIC CONCERNING THE PARTICIPANTS IN THE PROCUREMENT

**Lucia Bednárova**

Faculty of Mining, Ecology, Process Control and Geotechnologies, Technical University of Košice, Košice, Slovak Republic

Email: [lucia.bednarova@tuke.sk](mailto:lucia.bednarova@tuke.sk)

**Silvia Michalková**

Faculty of Mining, Ecology, Process Control and Geotechnologies, Technical University of Košice, Košice, Slovak Republic

Email: [silvia.michalkova@tuke.sk](mailto:silvia.michalkova@tuke.sk)

**Stanislav Vandžura**

Faculty of Mining, Ecology, Process Control and Geotechnologies, Technical University of Košice, Slovak Republic

Email: [Stanislav.vadzura@tuke.sk](mailto:Stanislav.vadzura@tuke.sk)

Received: 13 March 2021. Revision received: 23 April 2021. Accepted: 7 May 2021

## ABSTRACT

The procurement area is one of the key areas where the public and private sectors interact financially with each other. As part of the paper, we primarily deal with below-limit and above-limit contracts in public procurement in the Slovak Republic. As part of the research, we focused on the period from 2016 to 2019. In this comparison of data, we try to demonstrate the strength of public procurement in the public sector as well as the volume of financial flows spent on procurement. In the monitored period of 2016-2019, there were 12,546 above-limit and below-limit procedures, including civil contracts and contracts in the field of defense and security, within which 1,7376 contracts were concluded. Their importance has increased in the recent period, especially in the era associated with a lack of financial resources in the economic and social spheres. A correct determination of the mechanisms ensuring the implementation of transparent competition can improve the competitive environment. Such aspects prompt this study, which is aimed at examining the selected public procurement in the different sectors and their impact on the final cost of the public procurement contract. With the issue of our research, the acquisition of relevant documents and verified procedures is very problematic, as we do not have a significant number of professional and scientific publications related to these topics in the Slovak Republic. Over the last decade, there has been a growing demand for an investigation of the efficiency of public procurement processes. In the research studies, analyses focusing on methodological aspects, efficiency assessment models, economic and transaction costs, and other economic parameters concerning public procurement have begun to appear gradually. The results of this analysis are beneficial for national policymakers as well as national and international benchmarking.

**KEYWORDS:** public procurement, public resources, above- limit, below - limit.

**JEL CLASSIFICATION:** H57, H75, K12,

**Reference:** Lucia Bednárová, Silvia Michalková & Stanislav Vandžura (2021). Public procurement in the conditions of the Slovak Republic concerning small and medium-sized enterprises, *International Journal of Entrepreneurial Knowledge*, 9(1), 67-80. doi: 10.37335/ijek.v9i1.124

## INTRODUCTION

Public finances are a term used to denote specific financial relations and operations taking place within the economic system between public administration institutions, on the one hand, and other entities, on the other. From an economic point of view, a public contract means an efficient allocation of resources with the aim of material and material provision of public administration bodies with such services that

these bodies cannot or do not want to secure themselves. Public procurement is a very important tool for redistributing a large part of public expenditure. It is a process that ensures the most cost-effective use of public funds in order to ensure the development and functioning of the public sector. Guarantees of a transparent and open public procurement system without discrimination should exist in each country. Compliance with the relevant legislation must be a condition for the procurement to work in this way. At the same time, the implementation of public procurement pursues socially beneficial goals of fulfilling the tasks of public administration and selfgovernment, such as reducing unemployment. The Public Procurement Act is one of the main regulatory instruments in terms of the form governing public procurement. Its role is to ensure the conditions that will allow public control in the allocation of public funds. At the same time, it should guarantee an equal chance for all those involved in public procurement. In practice, this means that the creation of a competitive environment should allow the optimal selection of the subject of the procurement, i.e., its most advantageous price and the best quality. The basic rules that govern the public procurement process are determined by law. Many national and international studies declare the problem of involving a small number of participants in the procurement process, which results in a low level of competitiveness. Similarly, the purchase type and the procurement procedure influence the final price of the order. This analysis also points to the impact of electronic auction on a final price reduction. The law on public procurement in Slovakia was first adopted in 1993. In the following period, several amendments followed in accordance with the EU directives on public procurement. These were, for example, changes that provided bidders with the right to receive minutes, the possibility to publish notices in the professional press after publication in the Public Procurement Gazette (Pavel, Sičáková-Beblavá, 2008, p. 168) "The basic legal document governing the field of public procurement is On Public Procurement and on Amendments to Certain Acts, as amended, which transposed EU directives into Slovak legislation, namely Directive 2004/17 / EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procurement procedures bodies operating in the water, energy, transport and postal services sectors and Directive 2004/18 / EC of the European Parliament and of the Council of 31 March 2004 coordinating procedures for the award of public works contracts, public supply contracts and public service contracts. " (<http://www.opzp.sk/>, p. 8, 15. 1. 2015) This is the award of contracts for the supply of goods, for the implementation of construction works and the provision of services. ([www.economy.gov.sk](http://www.economy.gov.sk), 02. 15. 2021) As the Official Journal of the EU of March 2014 says, by public procurement we mean one of the market-oriented tools aimed at achieving smart, sustainable and inclusive growth and ensuring the use of public funds in the most efficient way possible. It contributes to the development of competition in the internal market. At the same time, it points to the possibility of using the expertise of the private sector and achieving efficiency and innovation. (<http://www.uvo.gov.sk>, 02/15/2021).

## **1 LITERATURE REVIEW**

Public procurement is the rules and procedures under the law that award contracts, concessions and design contests. The aim of public procurement is the economical use of state budget funds. The principles of equal treatment, non-discrimination between economic operators, the principle of transparency as well as the principle of proportionality, the principle of economy and efficiency apply to public procurement.

The information necessary to prepare a tender, a proposal or to prove compliance with the conditions for participation is set out in the documents required to prepare a tender, a proposal or to prove compliance with the conditions for participation in a public procurement.

The Public Procurement Act distinguishes between three categories of procuring entities. The public contracting authority is divided into state administration and territorial self-government, in accordance with the Directive of the European Parliament and the Council 2014/24 / EU [according to § 7 par. 1

letter a) to e) of the Public Procurement Act].

The Contracting Authority is an entity operating in the water, energy, transport and postal services sectors in accordance with the Annexes to Directive 2014/25 / EU of the European Parliament and of the Council (Section 9 of the Public Procurement Act).

Another subject is a person according to § 8 par. 1 and 2 of the Public Procurement Act. This category includes entities that are not contracting authorities or contracting entities, but the contracting authority has provided them with funds for the supply of goods, the provision of services and the execution of construction works, e.g., in connection with the use of European Union funds or on the basis of other subsidies provided. The issue of public procurement was discussed by experts in Paris at the June Strategic Public Procurement conference organized under the auspices of the European Commission. "A new trend is coming that significantly increases efficiency in state and public administration. It is about applying the qualitative, socio-economic and ecological criteria necessary for sustainable development and designing building works that will not only theoretically but also realistically last the required 50 or 100 years. So far, we have hardly applied these rules in practice in our country, and we definitely need a change. From the point of view of construction entrepreneurs, this is a very important topic, as it is directly related to the construction of public infrastructure, such as motorways or railways, and, of course, other types of construction projects." ([www.noviny.sk](http://www.noviny.sk))

An effort how to deal with the issues of the public procurement processes is visible in the Czech Republic too. As a proof of it, there are numerous research studies done in this field. Many dissemination directions come from the structure of their research areas. ( Gavurova et al 2019) One of the most influential study within the Czech Republic environment is done by (Pavel, 2011)

Statistics were recently presented to the public, which points out that approximately nine out of ten projects in Slovakia were selected according to the criterion of the lowest price. It is interesting that in Norway or the Netherlands the situation was completely opposite, and therefore the price was decisive for only one of the ten projects awarded. In the conditions of the Slovak Republic, public procurement in the academic community is examined only marginally. Precisely because of this, it is very problematic to compare the results of the findings as well as the verification of the information obtained within the academic community but also the general professional public. The sources of information in this case are mainly concentrated on the public procurement office, which records and reflects on the requirements within the public procurement. Weszl et al. (2019) point out in their study the importance of a recent update of the European Union (EU) regulation on public procurement, which has led to progress in the purchase of medical devices. As the Public Procurement Act is administratively, time consuming and costly and seeks to restrict discretion, many contracting authorities seek to circumvent the obligation to procure under the law and many procurements are carried out through a noncompetitive process. Even though, one of the public procurement principles is a principle of efficiency and efficacy, neither act nor the corresponding legal acts, or methodology at a national level or a European level, define methodology for its evaluation. In the context of this research, some studies specifically focus on sustainable procurement policy and the development of the tools to assist policy implementation (Brammer & Walker, 2011) Such a non-competitive procedure is the so-called direct assignment (negotiated procedure without publication), which is possible only in exceptional cases precisely defined by law. In Slovakia, however, more than half of all cases of statistically monitored public procurement take place in this "extraordinary" regime. (Vlach, 2007). The influence of competitiveness on the final price or saving in purchase is studied by many researchers (Gómez-Lobo & Szymanski 2001, Ilke et al. 2012). The results of these studies confirm that the knowledge of the public procurement processes increases the efficiency of usage of the sources and, therefore, it brings higher savings.

In recent years, many countries have also focused on improving the supplier selection process in

procurement so that it is truly competitive. Despite all efforts in the public procurement process, there are still areas where abuse is possible, only fewer visible and therefore overlooked so far. One of the riskiest areas to come to often forgets are exceptions under the heading of national security or time constraints or non-priority contracts, often circumvent transparent procurement.

## **2 METHODOLOGY**

The input data is created by database consisting of the 12,546 above-limit and below-limit procedures records. Each record is represented by the individual contract based on the public procurement. The observed period lasts from the year 2016 to the year 2019. From the available information that we processed, it turned out that the period of 2016 -2019 was a total of 5587 canceled out of the announced procedures. All the records come from area from the database of the Central Register of Contracts (Centrálny register zmluv) of the Government Office of the Slovak Republic. Limitation of the data lies in the availability of the particular attributes of the explored contracts coming from the public procurement. This unavailability is caused by unread ability of the particular parts of the contracts. We now attempt to discuss and identify the impact of institutional characteristics on the final price of the procurement. Quantitative research on public procurement usually runs into trouble because of difficulties with any objective metric of success. This article was prepared from data and information collected for five consecutive years. The aim of collecting information was to evaluate the frequency, scope but also the content of public procurement in the period under review. To achieve the goal, we used the methods of data collection of subsequent analysis, the method of deduction as well as mathematical-statistical methods. As part of data collection, the time frame for which we compiled the data and on the basis of standard mathematical methods for calculating the percentage as well as a comparative evaluation of quantities were determined. The study is broadly informed by the qualitative research tradition. A primary source of information was official state database. Additional primary data was gathered again during 2016-2019, in order to gain insights about improvements in procurement.

Each country has a certain type of market structure in which different types of operators operate. The Slovak Republic, as a small open economy in terms of market structure, does not have a significant number of large enterprises, but on the contrary, the majority of representation is held by SMEs, which annually reach over 90% of the total share of market statistics. They are an integral and important backbone of our economy. From the statistical evaluations of public procurement processes, it can be stated in recent years that out of the total number of economic entities in public procurement, more than 90% of SMEs regularly live. This fact is also conditioned with regard to the already mentioned market structure. Healthy and fair competition in public procurement will thus not be possible without the participation of SMEs. Requiring some of the other conditions for the participation of a personal position, in the case of sub-threshold contracts, is only at the discretion of the contracting authority. Public procurement also demonstrates financial stability so that the contracting authority / entity can be sure that, should the tenderer become successful, it will be able to perform the subject of the contract properly and in a timely manner. Each required condition of participation must be related to the subject of the public procurement contract and this is most evident in the third group of these conditions, which are regulated in Section 34 of the Public Procurement Act and relate to the technical or professional competence of tenderers. Based on the above, we want to approximate the factual situation on the basis of performed procurement in the Slovak Republic and then point out the volumes of public contracts in the period under review and also point out the most common subjects of public procurement in the Slovak Republic.

## **3. RESULTS**

The Public Procurement Act distinguishes between three categories of procuring entities. The public

contracting authority is divided into state administration and territorial self-government, in accordance with the Directive of the European Parliament and the Council 2014/24 / EU [according to § 7 par. 1 letter a) to e) of the Public Procurement Act].

The Contracting Authority is an entity operating in the water, energy, transport and postal services sectors in accordance with the Annexes to Directive 2014/25 / EU of the European Parliament and of the Council (Section 9 of the Public Procurement Act).

Another subject is a person according to § 8 par. 1 and 2 of the Public Procurement Act. This category includes entities that are not contracting authorities or contracting entities, but the contracting authority has provided them with funds for the supply of goods, the provision of services and the execution of construction works, e.g., in connection with the use of European Union funds or on the basis of other subsidies provided. In the following section, we present summaries of findings for the examined periods. Within our findings, it is significant that most procedures within the framework of public procurement were declared in 2019 and least in 2018.

The total number of notifications in 2019 was sent by 4,238 active entities, which is 56.4% more than in 2018. The increase compared to 2018 occurred due to the emergence of a new obligation for contracting authorities.

The total number of notifications in 2018 was sent by 2,710 active entities, which is 14.8% less than in 2017. The increase compared to 2017 occurred only in the category of associations of legal entities (by 80.0%).

The total number of notifications in 2017 was sent by 3,182 active entities, which is 6.6% less than in 2016. The increase compared to 2016 occurred only in the category other entity (by 42.5%).

The total number of notifications in 2016 was sent by 3,408 active entities, which is 22.5% less than in 2015. The increase compared to 2015 occurred only in municipalities and higher territorial units (by 7.9%). All of this detail information for examined data a mention in table 1.

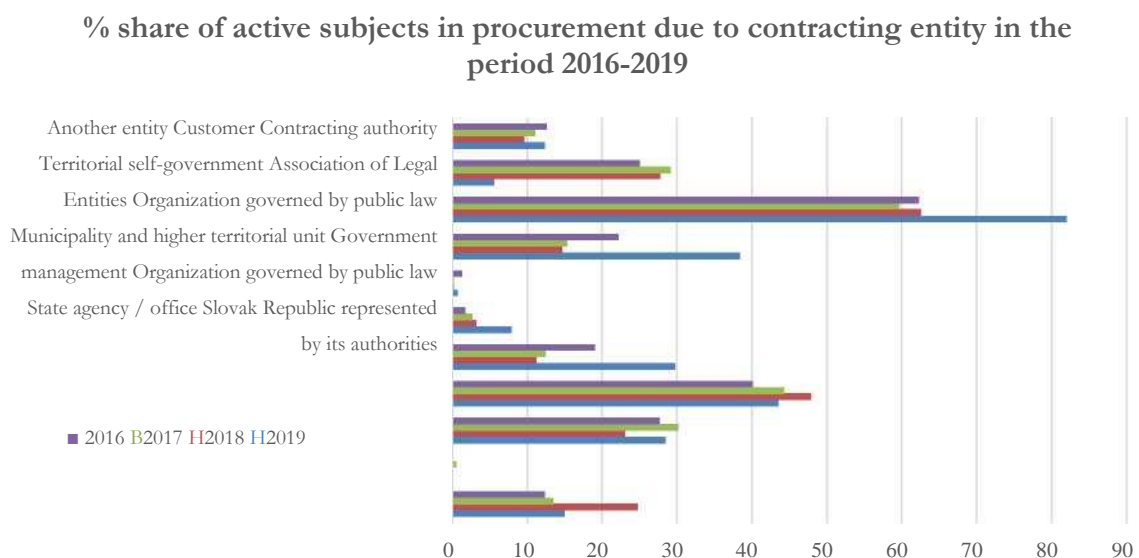
Table 1 Overview of the number of active entities, comparison of 2019 and 2016

Year	2019		2018		2017		2016	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%
Slovak Republic represented by its authorities	194	4,6	64	2,4	74	2,3	71	2,1
State agency / office	2	0,0	1	0,0	2	0,1	2	0,1
Organization governed by public law	306	7,2	141	5,2	152	4,8	163	4,7
<b>Government management</b>	<b>502</b>	<b>11,8</b>	<b>206</b>	<b>7,6</b>	<b>228</b>	<b>7,2</b>	<b>236</b>	<b>6,9</b>
Municipality and higher territorial unit	1483	35,0	939	34,7	1 296	40,7	1908	56,0
Organization governed by public law	1396	33,0	182	6,7	192	6,0	208	6,1
Association of Legal Entities	50	1,2	45	1,7	25	0,8	35	1,0
<b>Territorial self-government</b>	<b>2 921</b>	<b>69,2</b>	<b>1 166</b>	<b>43,1</b>	<b>1 513</b>	<b>47,5</b>	<b>2151</b>	<b>63,1</b>
<b>Contracting authority</b>	<b>3 431</b>	<b>81,0</b>	<b>1 372</b>	<b>50,7</b>	<b>1 741</b>	<b>54,7</b>	<b>2387</b>	<b>70,0</b>
<b>Customer</b>	<b>48</b>	<b>1,1</b>	<b>47</b>	<b>1,7</b>	<b>47</b>	<b>1,5</b>	<b>43</b>	<b>1,3</b>
<b>Total</b>	<b>3 479</b>	<b>82,1</b>	<b>1 419</b>	<b>52,4</b>	<b>1 788</b>	<b>56,2</b>	<b>2430</b>	<b>71,3</b>
<b>Another entity</b>	<b>759</b>	<b>17,9</b>	<b>1 291</b>	<b>47,6</b>	<b>1 394</b>	<b>43,8</b>	<b>978</b>	<b>28,7</b>
<b>Total</b>	<b>4 238</b>	<b>100,0</b>	<b>2 710</b>	<b>100,0</b>	<b>3 182</b>	<b>100,0</b>	<b>3408</b>	<b>100</b>

(Source: own processing based on data from <https://www.uvo.gov.sk/>)

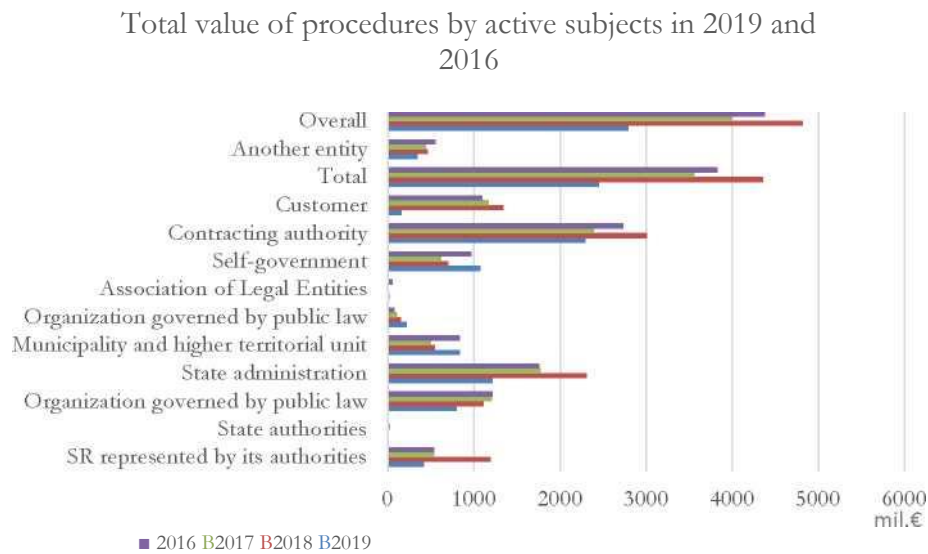
Comparison of the total value of procedures according to procurement procedures entities in 2019 and 2016 is on Figure 1. Total value is mention in next Figure 2 for the same period in which were data processing performed.

Figure 1 Percentual share of active subjects in procurement



(Source: own processing based on data from <https://www.uvo.gov.sk/>)

Figure 2 Total value of procedures by contracting entities in 2019 and 2016



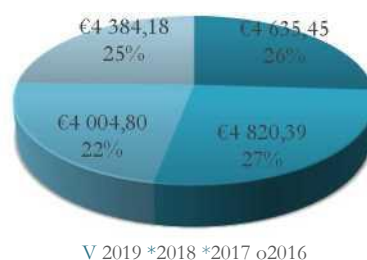
(Source: own processing based on data from <https://www.uvo.gov.sk/>)

### 3.1 Evaluation of the results of public procurement

In the monitored 2016-2019, there were a total of 12,546 above-limit and below-limit procedures, including civil contracts as well as contracts in the field of defense and security, within which 1,7376 contracts were concluded. In these cases, contracting authorities, contracting authorities and other entities concluded contracts that were the result of public procurement in the total value of 17845.18 mil. €. If we would like to describe it in detail after the researched periods, we can evaluate it as follows. The percentage of the total volume is shown in Figure 3.

Figure 3 Percentage of the total volume

Sub-limit and above-limit orders in the period 2016 -2019 in mil. €



(Source: own processing based on data from <https://www.uvo.gov.sk/>)

In 2019, a total of 2,798 above-limit and below-limit procedures were completed, including civil and defense and security contracts, under which 4,800 contracts were concluded. In these cases, contracting authorities, contracting authorities and other entities concluded contracts that were the result of public procurement in the total amount of 4,635.447 mil. €, of which 576 procedures (20.6%) in the amount of 1,852.704 mil. € (40.0%) was terminated by the conclusion of a framework agreement. Of the total

number, 865 procedures (30.9%) were completed through the modernized Electronic Public Procurement system, which resulted in the conclusion of contracts in the amount of 1,829.818 mil. € (39.5%). When comparing the data with the previous period with the year 2018, it is a decrease in the number of procedures by 11.5%, i.e., exactly by 364 procedures less and at the same time by a decrease by 3.8% in the financial volume by 184.943 mil. €.

In the period 2018, a total of 3,162 above-limit and below-limit procedures were completed, including civil and defense and security contracts, within which 6,796 contracts were concluded. In the above cases, contracting authorities, contracting authorities and other entities concluded contracts that were the result of public procurement in the total value of 4,820.390 mil. €, of which 743 procedures (23.5%) in the amount of 2,343.839 mil. € (48.6%) was terminated by the conclusion of a framework agreement. Of the total number, 242 procedures (7.7%) were completed through the Electronic Public Procurement system, which resulted in the conclusion of contracts in the amount of 416.450 mil. € (8.6%) and 44 procedures (1.4%) in the amount of 50.511 mil. € (1.0%). Compared to 2017, this is an increase in the number of procedures by 17.7%, i.e., by 475 procedures more, and at the same time an increase of 20.4% in the financial volume by 815.592 mil. €. more. Based on the information obtained, it was found that in 2018, 52 contracts awarded by the central procurement organization or occasional joint procurement in the amount of 167.524 mil. €. Through 78 dynamic purchasing systems, 128 contracts were concluded with a total value of 13.521 mil. €

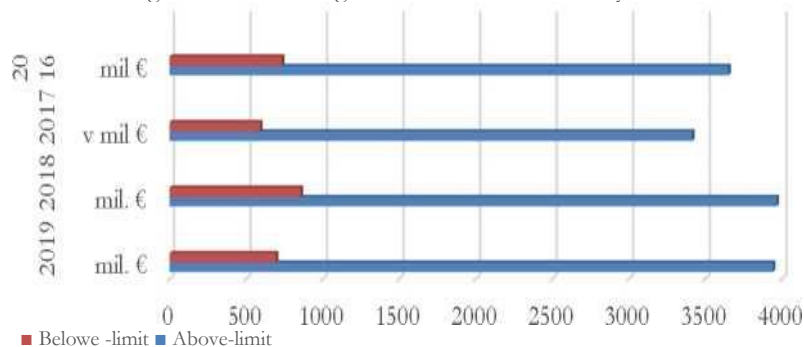
In 2017, a total of 2,687 above-limit and below-limit procedures were completed, including civil and defense and security contracts, within which 5,263 contracts were concluded. In the above cases, contracting authorities, contracting authorities and other entities concluded contracts that were the result of public procurement in the total value of 4,004.798 mil. €, of which 491 procedures were terminated by the conclusion of a framework agreement.

Compared to 2016, this is a decrease in the number of procedures by 31.1%, which is by 1,212 procedures less, and at the same time a decrease of 8.7% was recorded in the financial volume by 379.744 mil. €.

In 2016, a total of 3,899 above-limit and below-limit procedures were completed, including civil and defense and security contracts. In the above cases, contracting authorities, contracting authorities and other entities concluded contracts that were the result of public procurement in the total value of 4,384.542 mil. €, of which 517 procedures were terminated by the conclusion of a framework agreement. Compared to 2015, this is a decrease in the number of procedures by 37.0% by 2,288 procedures less and at the same time a decrease by 14.9% in the financial volume by 769.862 mil. €. Within these, both above-limit and below-limit contracts were recorded, which we have described in Figure 4 and Figure 5.

*Figure 4 Above-limit and below-limit orders according to the public provider*

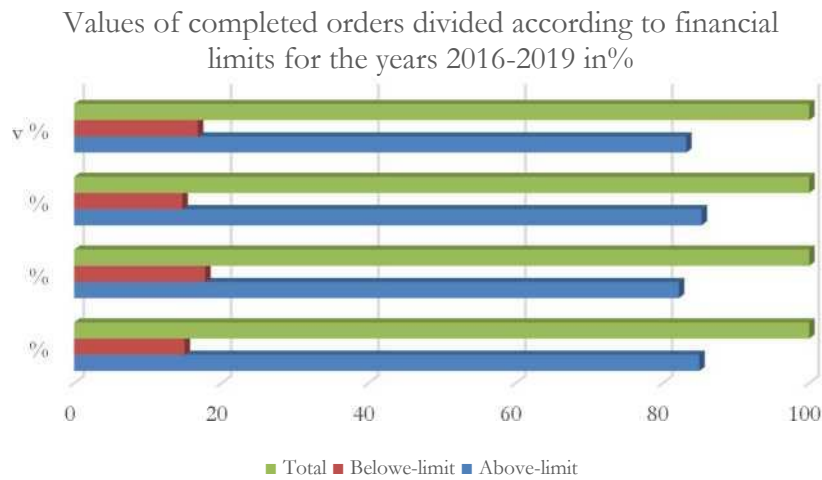
Values of contracting entities according to financial limits for the years 2016-2019 in mil. €



(Source: own processing based on data from <https://www.uvo.gov.sk/>)



Figure 5 Above-limit and below-limit completed orders in 2016-2019 in %

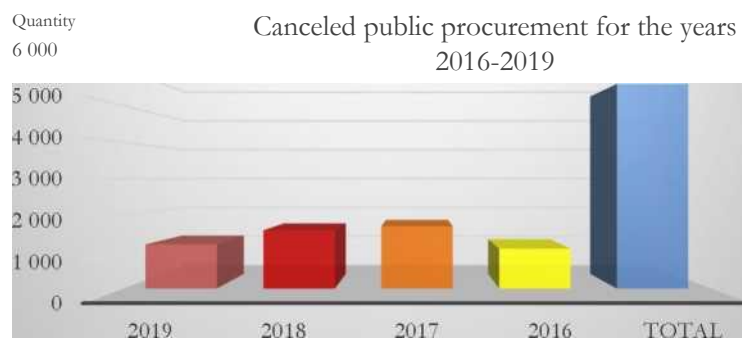


(Source: own processing based on data from <https://www.uvo.gov.sk/>)

### 3.2 The reasons why the procurement was canceled

What is also necessary to mention in our research is the quantity of not realized procurement over examined years 2016-2019. We processed an overview form mention year where we found out very interesting information about number a reason why the procurement was cancelled. From the available information that we processed, it turned out that the period of 2016 -2019 was a total of 5587 canceled out of the announced procedures. On the Figure 6 we can see the quantity of all unrealized contracts, regardless of the reason for the termination of the procedure.

Figure 6 Total canceled public procurement in 2016-2019



(Source: own processing based on data from <https://www.uvo.gov.sk/>)

Of this, 1,206 of the declared procedures were canceled in 2019, of which 769 cases (63.8%) were procedures financed from European Union funds. Procedures were most often canceled due to changes in the circumstances in which public procurement was announced, which represented 78.5% of procedures, of which contracts financed from European Union funds accounted for 66.1%. The Office ordered the cancellation of 5.4% of procedures out of the total number of canceled procedures, of which 66.2% were cases financed from European Union funds.

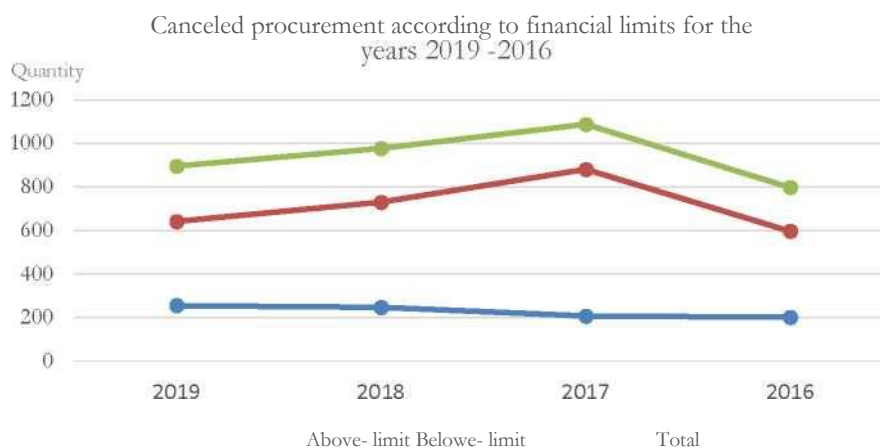
In 2018, 1,589 of the declared procedures were canceled, of which 1,141 cases (71.8%) were procedures

financed from European Union funds. Procedures were most often canceled due to a change in the circumstances in which public procurement was announced, which represented 77.5% of procedures, of which contracts financed from European Union funds accounted for 72.8%. The Office ordered the cancellation of 4.8% of procedures out of the total number of canceled procedures, of which 79.2% were cases financed from European Union funds

The year 2017 was one of the highest numbers of canceled declared procedures and this happened in 1 70, of which 1 204 (70.7%) cases were procedures financed from European Union funds. Procedures were most often canceled due to a change in the circumstances in which public procurement was announced, which represented 75.2% of procedures, of which contracts financed from European Union funds accounted for 72.0%. The Office ordered the cancellation of 5.2% of procedures out of the total number of canceled procedures, of which 40.5% were cases financed from European Union funds. In Figure 7 is overview of canceled procurement in years 2016-2019.

At the opposite end of the number of least canceled declared procedures was 2016, in which this number reached 1,090 of all declared procedures, of which 620 (56.9%) cases were procedures financed from European Union funds. Procedures were most often canceled due to a change in the circumstances in which public procurement was announced, which represented 86.5% of procedures, of which contracts financed from European Union funds accounted for 58.2%. The Office ordered the cancellation of 2.1% of procedures out of the total number of canceled procedures, of which 30.4% were cases financed from European Union funds.

Figure 7 Overview of canceled above-limit and below-limit procurement



(Source: own processing based on data from <https://www.uvo.gov.sk/>)

One of the problems we regularly meet by is that the entities which win contracts do not always meet the criteria of both quality and price. Paradoxically, the problem of public procurement may also be the fact that the interested party offers the quality of goods and services at a higher level than the competition. Non-state customers are naturally willing to pay a higher price. It often happens that even if the price is "winning", it is not always appropriate choice of material for order processing. However, within the framework of European rules, we should try to ensure that the price of the contract reflects both of these aspects, which is required quality at a reasonable price. However, in public procurement, contracting authorities are directly or indirectly forced to select the cheapest tenders at the expense of quality. Less emphasis is already being placed on the overall economic advantage. Within procurement, these parameters are key to achieving optimal spending with public resources. Another problem in increasing the price are amendments to the already concluded contract in public procurement, where the entity that won the prize in the preparatory proceedings to set the price so that it is successful and after signing the contract with amendments increases the price to achieve the required quality of the agreed contract.

## DISCUSSION AND CONCLUSIONS

The paper was focused on pointing out the volume of public procurement in the Slovak Republic for the period 2016-2019, as not all relevant indicators were available for the time horizon of 2020. Through public procurement, a relatively high volume of public spending is realized in each developed country. Public procurement of goods, services and works by public institutions currently accounts for a relatively high percentage of GDP, estimated at more than 15% in the economies of Central and Eastern Europe. Due to the characteristics of the data, the individual years are separately investigated to allow to determine whose years the regression coefficients can be considered statistically significant within the explored period in. Many national and international studies declare an issue of involving a small number of procurers in the public procurement process and of submission of a small number of bids, which results in a low level of competitiveness in public procurement. Similarly, the purchase type and the procurement procedure affect the final price. The outcome of the analysis point to the impact of the electronic auction on a decrease in the final price. This is also consistent with the results of Kvasnička et al. (2015), who declare the impact of the various procurement procedures on the final price. According to their findings, the inefficiency of the public procurement due to the usage of the different procedures is considerable. Based on the available information published by the Ministry of Economy, an amendment to the Public Procurement Act is being prepared in 2021. The amendment to the law, which should come into force from August 2021, regulates sub-limit contracts as well as their procurement itself. Based on the mentioned amendment, this will significantly reduce public control in practice with approximately 1,500 contracts worth 750 million € per year. Transparency International does not like the fact that construction contracts of up to 5.35 million € and services of up to 214 thousand euro could be awarded on the basis of the amendment without a public tender, and therefore only with the help of market research. In this case, the contracting authority would contact only a few companies and select offers in a few days. In a figurative sense, this will mean that, for example, municipalities seldom procure construction work more expensive than the set amount of 5.35 million. € and in such a case we would get to a stage, perhaps more flexible in terms of selection speed, but certainly with a higher risk of non-transparent and not always the best selection, which we mentioned above. From our findings with regard to data information in public procurement, it follows that the amendment to the law in the mentioned wording could be counterproductive for public procurement as such. In the case of an amendment in the presented wording, a situation may arise where, within the framework of public procurement, some entities will be outside the generally valid framework, as the amount of the awarded procurement will not reach the minimum limit. Once again, it is very important to mention that the new changes in amendment to the Act of procurement can hardly increase transparency as one of the many more objective results of procurement. In conclusion, it can be stated that some aspects of public procurement are developing in the right direction in point of view of number of canceled tenders over examined period, others have a rather negative trend. The link between the impact of the number of offers submitted and the price of the contracts concluded is confirmed by many empirical studies (Ochrana & Maaytová, 2012; Pavel & Sičáková-Beblavá, 2008; Strand et al., 2011), which the authors have demonstrated the existence of an inversely proportional relationship between the number of tenders submitted and the price of the contract in. The number of tenders in public procurement is constantly declining, as is the number of tenders that use other criteria to evaluate tenders than just the price. In general, it can be said that any reform efforts should not focus on creating ever new and better laws, but on the observance of current laws and their proper implementation. In the context of the recommended changes, this should mean, in particular, a reassessment of the size of the upper limit for small-scale contracts. In an area of public procurement, it is a common practice that a specific organizational unit is entrusted with the administration of the public procurement contracts, which provides administrative services for all these contracts or the contracts with a contracted price above a certain level. (Gavurova et al 2019). However, increasing the number of procurement contracts to create savings in public procurement may develop differently over time. Within control bodies, improve control mechanisms for small-scale contracts. The authorities should even have a more proactive approach to eliminating the situation where contracts are

divided into smaller units, resulting in a non-transport statement by the award winner, as due to price fragmentation, such an entity often wins procurement even though it is not in a position to ensure a smooth process. order equipment. Procurement processes will continue to be a very important part in a process of the efficient allocation of public expenditure. This is also due to the fact that the private sector can produce some goods and services much cheaper than the public sector. To get the most out of these benefits, it is essential to have transparent procurement procedures that significantly reduce the scope for corruption. It is essential to place a strong emphasis on the transparency of the procurement processes, with more substantial suppression of corruption and clientelism. This will result in effective resource allocation and higher sectoral efficiency. Based on our findings, it would be very necessary to focus on the preparation of the public procurement itself, both by interested parties and by the contracting authorities, mainly due to the fact that the findings declared a high sum of 4055 canceled procurements between 2016-2019. Tenderers should be provided with all information to a sufficient extent to avoid measuring financial resources due to unsuitable candidates, inappropriately processed documents but also potential corruption.

### ACKNOWLEDGEMENT:

This research was funded by the Slovak Research and Development Agency under contract No. APVV-17-0360: “Multidimensional analysis of significant determinants of public procurement efficiency with emphasis on the application of Health Technology Assessment in the procurement preparation phase”.

### REFERENCES

- Baronová, Z. (2009). Verejné obstarávanie v podmienkach Operačného programu Konkurencieschopnosť a hospodársky rast. <https://www.economy.gov.sk/uploads/files/zYA4M9ei.pdf>
- Bednárová, L., Michalková, S., Khouri, S. & Džuková, J., (2020). Základné princípy verejného obstarávania. *Journal of global science*, Volume 5, 1-8., <http://www.jogsc.com/pdf/2020/special/zakladne.pdf...>
- Bednárová, L., Chovancová, J., Pacana, A. & Ulewicz, R. 2018. The analysis of success factors in terms of adaptation of expatriates to work in international organizations. *Polish Journal of Management Studies* in 2018, 17 (1), 59-66 doi: 10.17512/pjms.2018.17.1.0
- Brammer, S. and Walker, H. (2011). Sustainable Procurement in the Public Sector: An International Comparative Study. *International Journal of Operations & Production Management*, 31, pp. 452-476. DOI: 10.1108/01443571111119551
- Directive 2004/17 / EC of the European Parliament and of the Council of 31 March 2004. <http://www.opzp.sk/>, p. 8, 15. 1. 2015
- Directive 2004/18 / EC of the European Parliament and of the Council of 31 March 2004. <http://www.opzp.sk/>, p. 8, 15. 1. 2015
- Directive of the European Parliament and the Council 2014/24 / EU Retrieved from <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0024>
- Dobrovic, J., Lambovska, M., Gallo, P., Timkova, V. (2018). NON-FINANCIAL INDICATORS AND THEIR IMPORTANCE IN SMALL AND MEDIUM-SIZED ENTERPRISES. *Journal of Competitiveness*, 10 (2), 41-55. <https://doi.org/10.7441/joc.2018.02.03>
- Flassik, J., Nemeč, J., Vlach, J. & Ursíny, D.: Verejné obstarávanie na Slovensku (2007). <http://www.transparency.sk/studie/verejne-obstaravanie/83>
- Gavurová, B., Packová, M., Misanková, M. & Smrcka, L. (2017). Predictive Potential and Risks of Selected Bankruptcy Prediction Models in the Slovak Business Environment. *Journal of Business Economics and Management*, 18(6), 1156 — 1173. <https://doi.org/10.3846/16111699.2017.1400461>
- Gavurová, B., Kocisová, K., Behúň, M. & Tarhaničová, M. (2018). Environmental performance in

- OECD countries: A non-radial DEA approach. *Acta Montanistica Slovaca*, 23(2), 206-215
- Gavurova, B., Tucek, D., Kovac, V. (2019). Economic aspects of public procurement parameters in tertiary education sector. *Administrative Management Public*, (32), pp. 42-62, DOI: 10.24818/amp/2019.32-04
- Gomez-Lobo, A. and Szymanski, S. (2001). A Law of Large Numbers: Bidding and Compulsory Competitive Tendering for Refuse Collection Contracts. *Review of Industrial Organization*, 18, pp. 105-113. Available online: <https://link.springer.com/content/pdf/10.1023/A:1026545306923.pdf>
- Kot, S. (2018). Sustainable Supply Chain Management in Small and Medium Enterprises. *Sustainability*, 10 (4), art. no. 1143.
- Ključnikov, A., Civelek, M., Krajčík, V. & Ondrejmišková, I. (2020). Innovative Regional Development of the Structurally Disadvantaged Industrial Region by the Means of the Local Currency. *Acta Montanistica Slovaca*, Volume 25 (2), 224-235
- Kvasnička, M., Staněk, R. & Krčál, O. (2015). Do Auctions Improve Public Procurement? Evidence from the Czech Republic. *Danube: Law and Economics Review*, 6 (4), pp. 241-257. DOI: 10.1515/danb-2015-0015. Available online: <http://www.eaco.eu/wp-content/uploads/2015/12/kvasnicka-stanek-krcal.pdf>
- Lambovska, M., Rajnoha, R., Dobrovic, J. (2019). From Quality to Quantity and Vice Versa: How to Evaluate Performance in the Budgetary Control Process. *Journal of Competitiveness*, 11(1), 53-69. <https://doi.org/10.7441/joc.2019.01.04>
- Ochrana, F., Maaytová, A. (2012). Starting points for creating a transparent and noncorruption public procurement system. *Ekonomický časopis*, 60(7): 732-745
- Pavel, J. (2011). Efektivnost fungování kontrolních systémů veřejných zakázek v České republice.
- Pavel, J., Sičáková-Beblavá, E. (2008). Transparentnosť trhu verejného obstarávania. *Ekonomický časopis*, 56(2): 168-181 Prague, Czech Republic: Transparency International – Česká republika. Available online: [https://www.transparency.cz/wp-content/uploads/vz5\\_efektivnost\\_fungovani\\_kontroly\\_vz.pdf](https://www.transparency.cz/wp-content/uploads/vz5_efektivnost_fungovani_kontroly_vz.pdf)
- Rozsko-Wójtowicz, E., Grzelak, M.M, (2020) Macroeconomic stability and the level of competitiveness in EU member states: a comparative dynamic approach, in *Oeconomia Copernicana* vol 11. No.4 DOI: <https://doi.org/10.24136/oc.2020.027>, <http://economic-research.pl/Journals/index.php/oc/article/view/1848>
- Smith, M. (2020). Effective Leadership in Online Small Businesses: an Exploratory Case Study. *International Journal of Entrepreneurial Knowledge*, 8(2), 27-41. doi: 10.37335/ijek.v8i2.117
- Strand, I., Ramada, P. Canton, E. (2011). Public procurement in Europe. PWC. [http://ec.europa.eu/internal\\_market/publicprocurement/docs/modernising\\_rules/cost-effectiveness\\_en.pdf](http://ec.europa.eu/internal_market/publicprocurement/docs/modernising_rules/cost-effectiveness_en.pdf)
- Vlach, J., Sičáková-Beblavá, E. (2005). Tak dobra ko sa lend dá? Transparency International Slovensko, Bratislava 2005.
- Vlach, J., Ursíny, D. (2007). Ako dobre a správne verejne obstarávať (Príručka — ako vybrať správne postupy a ako pri nich správne postupovať), Bratislava 2007, ISBN 978-80-89244-17-1
- Verejné súťaže (2017). Retrieved March, 02. 2021. Verejné súťaže majú byť najvýhodnejšie, nie najlacnejšie | Noviny.sk
- Úrad pre verejné obstarávanie: štatistika procesu verejného obstarávania 2019, Retrieved 15.02.2021 <https://www.uvo.gov.sk/informacny-servis/statistika-procesu-verejneho-obstaravania/2019-633.html>
- Úrad pre verejné obstarávanie: štatistika procesu verejného obstarávania 2018. Informácia o celkovom štatistickom vyhodnotení procesu verejného obstarávania za rok 2018, <https://www.uvo.gov.sk/informacny-servis/statistika-procesu-verejneho-obstaravania/2018-614.html>, Retrieved February, 20. 2021
- Úrad pre verejné obstarávanie: štatistika procesu verejného obstarávania 2017, Retrieved 20.02.2021, <https://www.uvo.gov.sk/informacny-servis/statistika-procesu-verejneho-obstaravania/2017->

[5ef.ht](#)

Úrad pre verejné obstarávanie: štatistika procesu verejného obstarávania 2016, Retrieved 20. 02. 2021, <https://www.uvo.gov.sk/informacny-servis/statistika-procesu-verejneho-obstaravania/2016-5c9.html>

Zákon č.343/2015 Z. z. Zákon o verejnom obstarávaní a o zmene a doplnení niektorých zákonov  
Vyhláška č. 428/2019 Z. z. Úradu pre verejné obstarávanie zo 6. decembra 2019, ktorou sa ustanovuje finančný limit pre nadlimitnú zákazku, finančný limit pre nadlimitnú koncesiu a finančný limit pri súťaži návrhov

Weszl, M., Rencz, F., Brodsky, V. (2019). Is the trend of increasing use of patient-reported outcome measures in medical device studies the sign of shift towards value-based purchasing in Europe? The European Journal of Health Economics, 20(Suppl 1): S133-S140. <https://doi.org/10.1007/s10198-019-01070-1>

## BRIEF DESCRIPTION OF AUTHOR/AUTHORS:

### **Assoc. prof. Ing. Lucia Bednárova, PhD.**

ORCID ID: <https://orcid.org/0000-0002-8582-0643>

Institute of Earth Resources, Faculty of Mining, Ecology, Process Control and Geotechnologies, Technical University of Košice, Park Komenského 19, 042 00 Košice, Slovak Republic., <https://u22.fberg.tuke.sk>, [silvia.michalkova@tuke.sk](mailto:silvia.michalkova@tuke.sk). She graduated from the Economics Faculty in the field of study Banking, Finance and Investment. She has been working as an academic for more than 19 years. She is the author of several monographs and textbooks both at home and abroad. She has also been working for a long time at foreign universities, where her research primarily deals with economics and environmental management problems in view of a small and medium-sized business. She is the author of several scientific CC articles, dozens of articles in domestic and foreign journals, and contributes to scientific conferences.

### **Ing. Silvia Michalková**

ORCID ID: <https://orcid.org/0000-0001-7916-9818>

Institute of Earth Resources, Faculty of Mining, Ecology, Process Control and Geotechnologies, Technical University of Košice, Park Komenského 19, 042 00 Košice, Slovak Republic., <https://u22.fberg.tuke.sk>, [silvia.michalkova@tuke.sk](mailto:silvia.michalkova@tuke.sk) , She graduated from the study department of Economics and Management of Mechanical Engineering after she studies post-graduate two-year study at the EkF. In her professional life, she worked as an economist in several companies. Currently, she is a manager in charge of the economic and administrative operation of the faculty, which concerns the observance of payroll and financial discipline, asset management, preparation of the draft budget of the faculty, as well as control of its implementation.

### **Ing. Stanislav Vandžura**

ORCID ID: <https://orcid.org/0000-0003-1850-7611>

Institute of Earth Resources, Faculty of Mining, Ecology, Process Control and Geotechnologies, Technical University of Košice, Park Komenského 19, 042 00 Košice, Slovak Republic. He is an external doctoral student. His main aims of interest are communal finance and public procurement.