

Abstract

A core subject of this study is to examine the effect of potential barriers to entry on a variation in profit margin of public procurement suppliers in electricity and gas sector in the Czech Republic. Furthermore, the thesis attempts to draw key determinants affecting the probability of SME to win a public contract. Findings have proven that Czech public procurement market works quite efficiently because the impact of barriers to entry on profit margin was not detected. Additionally, SMEs were not blocked by barriers to entry to compete for public tenders suggesting non-discriminatory practices of contracting authorities. Policy recommendation is to use tools promoting competitive environment such as electronic auctions, which in turn create a pressure on final prices and shrink profit margins. The success of SMEs in public tenders relies on institutional characteristics rather than standard procedural ones. Therefore a promotion of innovative tools such as specific legislative provision (e.g. set-asides) or workshops carried out for SMEs might represent effective small business support policy.

JEL Classification H57, K4, D44, D73, C21

Keywords: public procurement, SME, barriers to entry, qualification requirements