

Transaction costs in contracting out a public service - case of municipal waste in Slovakia

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Abstract: To contract out public services, or to deliver them internally? Transaction costs, as part of the total costs for a public service, should represent an important factor when choosing how a public service should be delivered. Despite this, previous domestic and foreign literature shows that oftentimes, the service provider is unable or unwilling to calculate these costs, even if it might result in finding the most effective service delivery option. The goal of the paper is to analyze the situation in Slovak municipalities in regard to transaction costs associated with public procurement and producer monitoring for the service of municipal waste management. The primary data of 254 Slovak municipalities obtained from an online questionnaire show a certain ignorance towards transaction costs, as most municipalities were unable to provide the necessary data needed to calculate the transaction costs associated with the selected service.