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Tender Evaluation Process and Operational Performance of Service State Corporations in Kenya.

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ABSTRACT

Purpose: Service State corporations are incorporated entities outside the mainstream civil service established for purposes of public service delivery. Performance of the state agencies is constantly under public scrutiny, in part because much of the funding and equity in them flows directly from the tax base of the Country. However, public procurement process has not matched the expectation of stakeholders in terms of achieving value for money and budget execution. This study therefore, sought to determine the influence of tender evaluation process on operational performance of service state corporations in Kenya.

Methodology: This study adopted a survey research design. The study focused on the audit, ICT and Procurement Managers respectively as respondents of the 132 service state corporations in Kenya. Stratified Sampling Design was employed since the study population is not homogenous. Data was collected using self-administered questionnaires. The data collected was analyzed using SSPS version 21. Data analysis was conducted using descriptive and inferential statistics by use of moderated multiple regression analysis.

Findings: The findings of this study revealed that tender evaluation process had a significant and positive influence on operational performance of service state corporations in Kenya. The model result found out that the coefficient of determination was 0.424 implying that 42.4% of operational performance of service state corporations in Kenya is explained by tender evaluation process. The study concluded that tender evaluation process was critical in enhancing the performance of service state corporations in Kenya.

Unique contribution to theory, practice and policy: The study recommended that, in order to achieve value for money and reduce on cost of acquisition, service state corporations must implement the e-tendering process and adopt a transparent ranking procedure during the Tender evaluation Process. This will discourage against the deliberate use of fake competition by favoring a particular bidder. In addition, procurement purchases should be based on the prevailing market trends and consider the total cost of ownership.

Keywords: *Tender Evaluation Process, Tender Opening, Comparative Analysis, Tender Award and Operational Performance*

1.0 INTRODUCTION

1.1 Background of the study

The need to have a wider perspective and foresight into global procurement policies and to incorporate compliance into procurement function that seeks to promote flexibility, has made public procurement to be an agenda of the Supreme Audit Institutions which looks into important instruments and providing an oversight role (Lisboa, 2018). Public Procurement is a critical socio-economic function which is concerned with acquisition of goods works and services required by the government and other organs of the state (Mantzaris, 2014). Public Procurement process significantly influence the overall success of an economy depending on how it is managed (Shah & Hasan, 2016). When appropriately adopted, the conceptions of Public procurement implementation such as ethical procurement process, Tendering Process, procurement records process and supplier appraisal, will minimize fraud, reduce cost, ensure transparency and accountability and result in quality improvement on product and services of organizations (Husain, 2016, Benedict & Magill, 2018, OECD, 2016, Huberts, 2018, Pohja, 2021, Zhang, 2020).

Public procurement in Europe is mostly regulated by EU Directive 2014. In Norway for example, Public Procurement is subject to strict regulations ensuring fairness and predictability in procurement process (Benonisen & Strand, 2020). The United Kingdom (UK) which is a European Union leader in E-procurement with approximately 75% of the central government bodies carrying out procurement fully electronically, publishes 50% of the its contracts online with exception of the sensitive military contracts (European Commission, 2015). In Germany, with 35% of government spending and 15% of gross domestic product (EUR 500 per year), public procurement represents a large part of the German economy (OECD, 2019).

In Africa, in spite of abundance in human capacity and regulatory frameworks, corruption nexus in procurement is a major challenge for accelerated growth and development (Fagbadcho, 2019). Monitoring and evaluation of government procurement is undertaken to minimize delays associated with delivery of goods, works and services and to obtain the best offer which gives the government the best value for money (Kembabazi & Mulyungi, 2018).

1.1.1 Local Perspective of Public procurement

Public procurement has become a concern of public interest, and has been subjected to reforms, restructuring, and review to the existing rules and regulations (Okongo & Muturi 2017). Public Procurement and Asset Disposal Regulations, PPADR, (2020) defines procurement as the acquisition by purchase, rental, lease, hire purchase, license, tenancy, franchise or by any other contractual means of any type of works, assets, services or goods including livestock or any other combination including advisory, planning and processing in the supply chain system. The Public Procurement Reform in Kenya was jointly initiated in 1997 by the Kenya Government and the World Bank. The procurement audits carried out on public procurement system in Kenya disclosed

serious shortcomings ranging from inefficiency to lack of sound and transparent legal framework (Ouko, 2015). This led the government to review and reform the existing procurement system with a view to enhancing efficiency, economy, accountability, transparency and compliance in public procurement. To further streamline the legal framework and deepen the public procurement reforms, the Government drew and published Public Procurement and Disposal Bill, 2002, 2003, 2004 and 2005 and later published through Kenya gazette supplement, the Public Procurement and Disposals Act, 2015, Public Procurement and Asset Disposal Act Revised Edition 2016 and public procurement and asset disposal regulations, 2020.

1.2 Statement of the Problem

The global expenditure on public procurement range between 18%-42% of world`s GDP (OECD, 2016). In Kenya, over the period of 2014-2016, as a result of lack of synchronized procurement planning and budget execution, expenditure out-turns in Service State Corporation underperformed its allocated budget by 27 % (World Bank, 2018). This has led to the decline of Gross Domestic Product (GDP) from 5.8% in 2016 to 5.5% in 2017 (Delloite, 2017). A study by Komakech, (2016) revealed that public procurement process has not matched the expectation of stakeholders in terms of achieving value for money and budget execution. Hoekman & Sanfilippo, (2018), found that, in high income and low-income nations, procurement practice tends to be characterized by a strong `home bias` where most contracts are awarded unfairly. The National audit report of 2020/2021 financial year cited delay in implementation of audit recommendations on public procurement as major setbacks facing the public sector institutions including Service State Corporations in Kenya (Gathungu, 2021). According to Abere & Muturi, (2015), failure to comply with the procurement regulations can lead to unbiased decision making in procurement. The above statistics clearly indicate that there is a performance gap on Public procurement implementation. This study therefore sought to create new knowledge to bridge the existing gap on influence of influence of Tender evaluation Process on operational performance of service state corporations in Kenya

1.3 Specific Objectives

To examine the influence of Tender evaluation process on operational performance of service state corporations in Kenya

1.4 Research Hypothesis

$H0_1$: Tender evaluation Process does not significantly influence Operational performance of service state corporations in Kenya

1.5 Justification of the study

This research provides information that improves knowledge on the relationship between public tendering process and performance of Service State Corporation in Kenya. The government can use the study to enhance accountability and transparency, to encouraging improvement and

confidence in the appropriate use of public funds, at reinforcing the effectiveness of management and oversight bodies and at inducing change in public procurement process in-order to achieve value for money and realize quality goods and services.

1.6 Scope of the Study

The study was conducted in the Head Offices of Service State Corporations in Kenya. These corporations include Executive agencies, independent regulatory authority and research institutions in Kenya. Service State Corporation was chosen for the study because they were critical to building the capability and technical capacity of the state in facilitating national development and in helping the government to achieve vision 2030. 132 service state corporations were selected for the study.

2.0 LITERATURE REVIEW

Review of literature involves the systematic identification, location and analysis of documents containing information related to the research being investigated. It focuses on the theoretical framework which emphasizes on the value addition that research variables contribute into the study.

2.1 Theoretical Framework.

Theory is key to scholarly credentials of any discipline (Hult, 2011). Theoretical framework is a collection of interrelated concepts. It guides research to determine what things to measure, and what statistical relationships to look for (Defee, 2010). This study is guided by Transaction Cost Theory which was elaborated by Williamson in (1979).

2.1.1 Transaction Cost Theory

Transaction cost theory was relevant in understanding the influence of tender evaluation process on operational performance of service state corporations in Kenya. Transaction cost theory lie at the heart of cost reduction activities and have been invoked as a fundamental element of operations and supply chain management research. The concept of transaction-cost was first initiated by Coase (1937) where he created the basis of what became transaction-cost economics theory. According to Coase (1937), under certain conditions, the costs of conducting economic exchange in a market may exceed the costs of organizing the exchange within a firm. In this context, as explained by Rindfleisch and Heide (1997), transaction costs are costs of running an organization`s system and include costs related to developing and negotiating a contract and monitoring the agreements to its conclusion.

Transaction cost Theory was clearly elaborated by Williamson (1979) who documented that the idea of transaction cost economics can be used in businesses to reduce the total costs associated with performing transactions through choosing the most economical governance structure, hierarchy or market. Economists have classified procurement transactions within organizations as

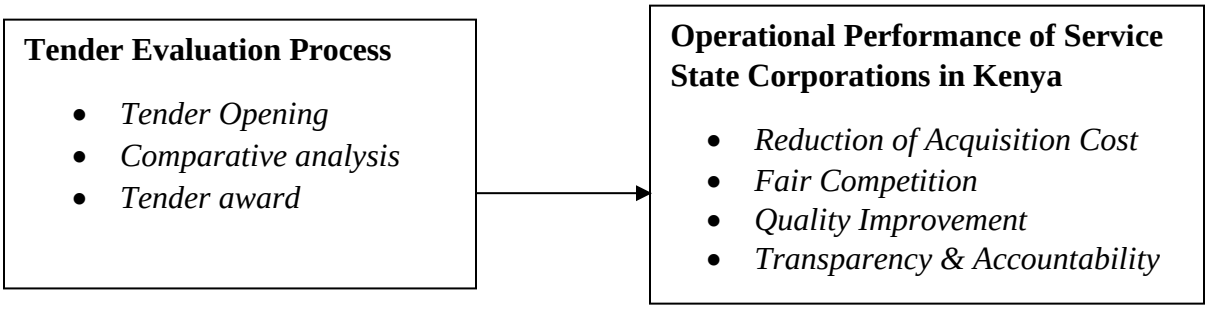
those that support coordination between buyer's i.e. market transactions, and those supporting coordination within the firm. This will enable firms to make decisions based on the most cost-effective option (Htay & Salman, 2013).

Williamson, who was recognized with a Nobel Prize for his work on transaction costs, argued that there are three characteristics of transaction costs (specificity, uncertainty and transaction frequency) under which carrying out transaction becomes costly. Asset specificity is one of the most crucial dimensions of transaction cost theory. Asset specificity or relationship-specific investment can also be defined in terms of the uniqueness of assets to certain activities that have a higher significant value within a particular transaction relationship than outside the relationship (De Vita *et al.*, 2011). Where firms find it convenient to unilaterally invest in high levels of assets which is dedicated to a specific transaction, their utility and value are tied to the relationship continuation (Delbufalo, 2021).

Uncertainty in procurement can be equated to inability to perform an accurate forecast. Kumar, (2006) states that Uncertainty can be categorized in three perspectives, that is, technological uncertainty which is the inability to forecast technical requirements for an organization; volume uncertainty which is the inability to forecast quantities while volume uncertainty is where an organization finds it difficult to ascertain whether both parties will comply to agreements. The third dimension of characterizing a transaction is frequency where transactions with high frequency need to be performed internally under a hierarchical governance structure to reduce the costs associated with the large number of transactions (Williamson 1985). The importance of transaction cost theory is further emphasized by (Dąbrowska, 2014) who acknowledged that, without the concept of transaction costs, it becomes impossible to understand the working of an economic system.

2.2 Conceptual Framework

Conceptual framework offers a logical structure of connected concepts that help provide a picture or visual display of how ideas in a study relate to one another (Grant & Osanloo, 2014). The independent variable in this study is adopted from past studies and include Tender evaluation process while the dependent variable is operational performance of Service state corporations in Kenya.

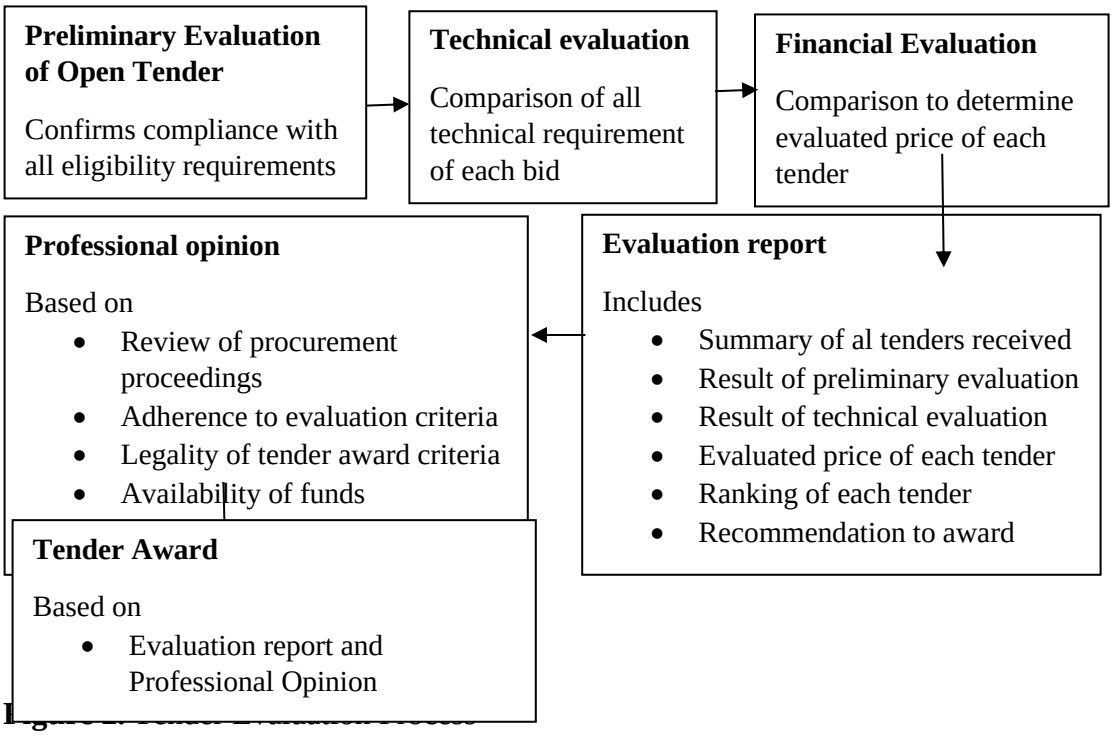


Independent Variable **Dependent Variable**

Figure 1: Conceptual Framework

2.2.1 Tender Evaluation Process

Tender Evaluation Process is carried out in public procurement to select the best offer from the respective bids (Kozik, 2019). The Public Procurement and Asset Disposal Regulation, PPADR, (2020) document that the evaluation process shall include comparing each tender to the technical requirements of goods, works or services in the tender document. According to World Bank, (2016), to realize cost reduction, the evaluation criteria may take into account such factors as the evaluation of cost using a method that is appropriate to the nature of the procurement including the proposed price or the lifecycle costing. Tender Evaluation Process includes three main categories; preliminary stage, Comparative analysis (technical and financial evaluation) and contract award as shown in figure 2



Source: Adopted from PPADR, 2020

In many organizations, a common problem in tender evaluations is the bidding system's inability to provide a complete database of contractors with their personnel, past works and performance matrix (Kusumarukmi & Adi, 2019). The preliminary evaluation of the Tender Evaluation Process is basically to confirm compliance with all the eligibility requirements as provided for under

section 55 of the Public Procurement 2020 Act. The public procurement act provide for tenders to be opened and a List of all suppliers who submitted bids before the closing deadline to be developed with time and date stamped. Any tender received by the procuring entity after the deadline for submission of tenders shall be declared late, rejected and returned unopened to the tenderer, PPADR, 2020

Technical evaluation is one of the most important stages of the tendering process because it ensures that the contract award decision is objective and uses the disclosed criteria (Eshitoli, 2016). Section 122(2a) of the PPADR, 2020 requires for the technical evaluation to be conducted against a set criterion on a merit point system to determine the total technical score for the technical bids received. Technical evaluation process signals that a firm process fair competition by giving equal opportunity to all bidders. As noted by Komakech, (2016), competitive procedures should be a formal standard for conducting procurement as the basis for driving efficiency, eliminating fraud and ensuring competitive outcomes.

Financial evaluation of proposals involves comparing the eligible offers with the financial, commercial and resource requirements stipulated in the solicitation document (UNAIDS, 2015). According to World Bank, (2016), the financial evaluation is undertaken to identify the best offer taking into account lifecycle costing which is the optimal combination of total cost of ownership and quality to meet buyer's requirement. In addition to the tender price quoted, the evaluation committee may require the consideration of other factors which are related to the characteristics, performance and terms and conditions of the goods to be purchased and related services are also considered during (Public Procurement and Regulatory Authority, (PPRA), 2021)

Before the release of the award contract, an evaluation report containing; description of the contract, type of tender, closing date of tender, details of tender received, technical compliance of tender analysis of three lowest tenders, performance records of three lowest tenders and recommendation of assessment panel, is generated for the purposes for office records or for future reference (Kashyap, 2016). The award of the contract should consider the best value for money (EU-Directive, 2014). This means that the award should not be entirely based on the lowest price but also consider better quality of goods, works and services (Nzenge *et al*, 2018).

2.3 Empirical Review

Pohja, (2021) researched on the effect of bid evaluation rules on participation in public procurement competition with endogenous entry. The study revealed that in Finland, there are two types of evaluation from which procurement staff can choose. That is, price only evaluation and price plus quality evaluation of which the latter is called scoring auction.

Zhang, (2020) Investigated construction of bid evaluation index system in government public project green procurement in China Based on D-S Evidence Theory. The study found out that the bid evaluation index system for government public project green procurement has a very important

practical significance for government in terms of implementing the green procurement in the engineering field, building and improving the government public project green procurement system.

Benonisen and Strand (2020) carried out a research on how different evaluation methods affect outcome in procurement. The study found out that price is weighted relative more than quality during the evaluation process. A report by Integrated Centre for Migration Policy Development, ICMPD, (2020), document that the evaluation criteria should be fair, measurable, clear and all-inclusive, to ensure that the evaluation process is thorough, complete and robust.

Morton *et al* (2015), performed a study on lifecycle costing. The study revealed that to achieve value for money, all relevant costs should be considered at strategy planning stage, design phase, tender development stage and at the Bid evaluation stage. This will enhance consideration of potential options and informs the business case and budget. A research by Kozik, (2019) on The Process of the Tender Evaluation in Public Procurement for Implementation of Design Documentation, revealed that price still remain criterion for evaluation by the contracting authorities.

Niewerth *et al* (2020) studied Tender evaluation through efficiency analysis for public construction contracts Stefan. The research revealed that, it is important to comply with the legal scope when evaluating supranational tenders for construction projects. Sarker *et al* (2012) studied influencing factors of tender evaluation. The study found that, without a proper and accurate method for evaluating the tender, the performance of the project will be affected, thereby denying the client value for money. A research by Kusumarukmi and Adi (2019) on Public Tender Evaluation Process for construction projects revealed that, the most common problem during the Tender Evaluation Process is the bidding system's inability to provide a complete database of contractors with their personnel, works done, past experience and performance evaluation.

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This Chapter explains the methodology used in the entire study. It looked at the research design, research philosophy, target population, sampling techniques and sample frame, research instruments, data collection instrument, data collection procedure, pilot test, validity and reliability. Analytical techniques were also discussed.

3.2 Research Design

This study used Survey Research Design. According to Stats, (2019), Survey design is critical in determining quality research and obtaining good data. According to Leavy (2017), survey research design is appropriate in research where large population is geographically spread, which was the case in this study. This study was anchored on Functionalism research Philosophy. According to (Diago, 2019), Functionalism is a theoretical perspective that focuses on the functions performed

in society by social structures such as institutions, hierarchies, and norms. It is both realistic and positivistic.

3.3 Target Population

Population is defined by Masid (2018) as the study`s target that it intends to study or treat. Population of this study comprised of all the Service State Agencies in Kenya. According to Report of The Presidential Taskforce on Parastatal Reforms (PTPR) 2013, there are 132 state corporations which provide services to Kenyans and are classified into various segments such as the executive agencies, regulatory authorities, research institutions, universities and tertiary institutions, which are located across the country, thus, the study population. The study targeted Audit, ICT and Procurement Managers respectively in the 132 Service state corporations in Kenya. This makes a total of 396 respondents. The target population for this study was therefore 396 respondents. The study targeted these groups because they are involved in executing key procurement activities at various stages. Table 1 shows the number of service state corporations, target population and their percentages.

Table 1: Distribution of Target Population

Units of Study	Total	Audit Manager	ICT Manager	Procurement Manager	**Target Population**	(%)
Executive Agencies	62	1	1	1	**186**	46.97%
Independent Regulatory Authority	25	1	1	1	**75**	18.97%
Research Institutions	45	1	1	1	**135**	34.09%
Total	**132**				**396**	**100.00**

Source: PTPR, (2013)

3.4 Sample and Sampling Technique

Oribhabor and Anyanwu (2019), defines Sample as a group of relatively smaller number of people selected from a population for investigation purpose. This study employed a stratified random sampling technique since the population was not homogenous. The population was therefore stratified into a number of sub-population or strata and sample items were selected from each stratum. Chung (2015) posits that stratified random sampling is appropriate whenever there is a heterogeneity in a population that can be classified with ancillary information. This was appropriate for this study since Service State Corporations are in various sector (Executive Agencies, Independent Regular) and as such, are deemed to be heterogeneous. The aim of stratification was to ensure that sub-groups were proportionately represented. The study followed the method of Taro Yamane to determine the sample size from a given population as shown below:

$$n = \frac{N}{1+N\,(e)^2}$$

Where;

n= sample size

N= Population under study

e= margin error of 5%

From the target population of 396 as shown above, the sample size will be

$$n = \frac{396}{1+396(0.05)^2}$$

n= 396/1+0.99

n= 396/1.99.

n=199

The Sample size is 199 from the total population of 396. The sample size represents 50% hence, a good representation of the populations since it is greater than 10 percent of the target population. According to Gupta (2009), for a sample to be a good representative of the population it should be at least 10 percent of the target population

From a population N=396, a proportional allocation of the strata was adopted in order to get a sample size of 199 as shown in table 2

Table 2: Sample Size Distribution

Segments	Executive Agencies	Independent Regulatory Authority	Research Institutions	**Sample Size**
Audit Managers	32	12	24	93
ICT Managers	13	8	17	38
Procurement Mangers	48	18	27	68
Total	**93**	**38**	**68**	**199**

3.6 Research Instrument

Questionnaires was used as the main tools for data collection. The selection of questionnaire was due to the type of data to be collected, the study objectives and time available. The questionnaire was used to get information from Procurement Managers, ICT Managers and Audit Managers respectively. According to (Douglas 2015), primary data are those which are collected for the first time by the researcher. Questionnaires were used because the study was concerned with variables that cannot directly be observed such as views, opinions, perceptions and feelings of the respondents.

4.0 RESEARCH FINDINGS AND DISCUSSION

4.1 Response Rate

Table 3: Response Rate

	Frequency	**Percentage**
Responded	158	79.4

Not respondent	41	20.6
Total	**199**	**100**

A total of 199 questionnaires were distributed to the respondents out of which 158 questionnaires were successfully filled and returned. This represents a response rate of 79.4%. According to Fosnacht (2017), a response rate of 75% and above is acceptable. According to Dyer, et al (2018), a 50% response rate is sufficient; a rate of 60% is good and that above 70 is exceptional. The outstanding response rate is attributed to the method of data collection used, whereby the researcher together with the research assistants administered the questionnaires to the respondents who filled them after which they were then collected. Therefore, this study`s response rate of 79.4 is acceptable. The response rate at 79.4% is comparable to similar studies in the domain of supply chain management such as Mwangangi, (2016) whose study on influence of logistics management on performance of manufacturing firms in Kenya reported a response rate of 70%.

4.2 Descriptive Analysis for Tender Evaluation Process

Tender Evaluation Process was assessed through three main measures namely Tender Opening, Comparative analysis and Tender Award. The respondents were requested to indicate their level of agreements on specific statements regarding Tender Evaluation Process. This study used a five point Likert scale to collect the views from the respondents where: 1=Strongly Disagree (SD), 2= Disagree (D), 3=Neither agree Nor disagree (N), 4=Agree (A) and 5=Strongly Agree (SA). The findings are as detailed in table 4.

Table 4: Descriptive Results for Tender Evaluation Process

Statement	SD		D		N		A		SA		M	Std.
	F	%	F	%	F	%	F	%	F	%		
The agency has adopted e-Tendering process which it uses in tender opening and bids evaluation	9	5	23	15	52	33	51	32	23	15	3.44	1.060
Scoring method is developed for technical evaluation of bids	0	0	5	3	27	17	69	44	57	36	4.10	0.804

Financial evaluation is based on Prevailing Market price and total cost of ownership	10	6	15	9	55	35	50	32	28	18	3.55	1.051
There is openness in the tender award	0	0	6	4	38	24	69	44	45	28	3.95	0.816

On the statement ` The agency has adopted e-Tender Evaluation Process which it uses in the opening of bids and tender evaluation `. Majority of the respondents 52(33%) neither agreed nor disagreed with the statement on e-Tender Evaluation Process being adopted by the state agencies. 51(32%) agreed with the statement, 23(15%) strongly agreed, while 23(15%) disagreed and 10(6%) strongly disagreed with the statement on adoption of e-Tender Evaluation Process by the service state corporations in Kenya. This was represented by a mean of 3.44 and a standard deviation of 1.060. This implies that most of the service state corporations in Kenya are still using the traditional method of tendering. The study finding relate with a research by Gichuhi and Waruguru (2020) who found that, despite the importance of e-tendering, Geothermal Development Company had not adopted its usage and therefore was still using the traditional and manual methods of tendering. According to Al-Yahya and Panuwatwanich (2018), barriers to proper implementation of e-Tender Evaluation Process includes lack of top management support, lack of Infrustructure in Information Technology (IT), costly IT systems, lack of technical expertise and insecurities in online transactions.

On the statement ` Scoring method is developed for technical evaluation of bids`. Majority of the respondents 69(44%) were in agreement with the statement on technical evaluation, 57(36%) strongly agreed, 27(17%) neither agreed nor disagreed with the statement on technical evaluation while 5(3%) disagreed. None strongly disagreed with the statement on technical evaluation. This study conforms with the research by Duda, (2016) which states that the evaluation committee most often uses the scoring method for technical evaluation. According to World Bank (2016), The Qualifying criteria during the technical evaluation should be stated in such a way that an assessment can determine whether the Bid/Proposal is substantially responsive to the technical and commercial requirements.

On the statement whether financial evaluation is based on Prevailing Market price and lifecycle costing `. Majority of the respondents 55(35%) neither agreed nor disagreed, 50(32%) of the

respondents agreed, 28(18%) strongly agreed while 15(9%) disagreed and 10(6%) strongly disagreed with the statement on market survey. This was represented by a mean of 3.55 and a standard deviation of 1.051. This is an indication that service state corporation do not to a great extent undertake market survey to inform their purchase decisions. According to a study by Prajapati, Pitroda and Bhavsar, (2015), one of the most important decision that have to be done by any contractor competing in the market, is which price to bid for when a serious invitation has been received. A study by Heralova, (2019) document that cost estimation through lifecycle costing methods could be helpful in quantification of construction projects. According to Aden, *et al,* (2016), one of the basic rules of procurement is that in the end, it is important to think in terms of the total cost of ownership, which do not only include the purchase price, but also time and resources that are expended in the pursuit of the ownership.

On the statement `There is openness in the tender award`. Majority of the respondents 69(44%) agreed with the statement, 45(28%) strongly agreed , 38(24%) neither agreed nor disagreed while, 6(4%) disagreed with the statement. None of the respondents strongly disagreed. This was represented by a mean 3.96 and a standard deviation of 0.816. The above result is an indication that service state corporations practice the standard procedure of transparency as required in the public procurement policy. These findings are in agreement with a study by Afoakwa, (2014) on relevance of transparency in public procurement which states that the principles of transparency has been shown to be relevant in the process of acquiring goods, services and works as a function of modern governance. These study findings also support the findings of the study by Puddephatt and Kasper (2016) which acknowledged that openness can improve access to public procurement opportunities through disclosure, publication and dissemination of information on available tenders.

The results were a clear indication that implementation of Tender Evaluation Process is significant in the performance of services state corporations in Kenya. According to Amadou and Azmani (2015, the analysis and evaluation stage is very important in the process of tendering. Posit that, in terms of rules and regulations, the most important thing which need to be done immediately is the synchronization of all rules applied during the bidding process so that the rules used are clear throughout the process. Plebankiewics and Kozic (2017), noted that using non-price criteria in the evaluation process involves the necessity on part of the contracting authority to indicate the methods of tender evaluation by means of individual criteria, and if possible, a specific definition of what the contracting will award points for and in what amount.

4.3 Test for Hypothesis

4.3.1 Regression Analysis for Tender Evaluation Process

The objective of the study was designed to examine influence of Tender Evaluation Process on operational performance of service state corporations in Kenya. Following the theoretical arguments, the following hypothesis was formulated and tested:

H_{01}: Tender Evaluation Process does not significantly influence operational performance of service state corporations in Kenya.

The hypothesis was tested by running an ordinary least square regression. The result for the tests are presented in the tables 5.

Table 5: Model Summary Results for Tender Evaluation Process

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.651[a]	.424	.420	.49608

a. Predictors: (Constant), Tender Evaluation Process

The model summary in table 5 demonstrates the coefficient of determination as indicated by R square to be 0.424. This implies that 42.4% of operational performance of service state corporation in Kenya is explained by the Tender Evaluation Process while the rest, 57.3.0% is contributed by other related variables.

4.3.2 ANOVA Result for Tender Evaluation Process

Table 6: ANOVA Results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	28.235	1	28.235	114.730	.000[b]
	Residual	38.391	156	.246		
	Total	66.626	157			

a. Dependent Variable: Operational performance of service state corporations in Kenya

b. Predictors: (Constant), Tender Evaluation Process

In table 6, the ANOVA was used to show the overall model significance. Since the p-value is less than 0.05, then Tender Evaluation Process had a significant explanatory power on operational performance of service state corporation in Kenya (F=114.730 and p-value <0.05). The finding was further supported by p-value of 0.000. The researcher then rejected the null hypothesis stating that Tender Evaluation Process does not influence operational performance of service state

corporation in Kenya, and considered the alternative hypothesis since the Tender Evaluation Process has significant influence on operational performance of service state corporation in Kenya. This finding is in agreement with that of Niewerth, *et al* (2020) who found that tender evaluation is a means through which an organization can analyze efficiency in public construction contracts.

4.4 Regression Coefficients for Tender Evaluation Process

Table 7: Coefficient Results for Tender Evaluation Process

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.183	.184		11.831	.000
	Tender Evaluation Process	.518	.048	.651	10.711	.000

a. Dependent Variable: Operational performance of service state corporations in Kenya

The regression coefficients show the relationship between operational performance of service state corporations in Kenya with Tender Evaluation Process, B_1=.518 is significant with t=10.711, P=.000. The significance of the observed t-value, which is greater than the critical value, provides further evidence that the two variables are significantly related. Consequently, the positive beta coefficient implies that a unit change in tender evaluation practice results in a rise in operational performance of service state corporations in Kenya by 0.518 units. As such the null hypothesis was rejected. The researcher considered the alternative hypothesis since the Tender Evaluation Process has significant influence on operational performance of service state corporations in Kenya. This results therefore show the variables are related under the following model:

$Y = \beta 0 + \beta 1\ X1 + e$

Where

Y_{PPF} = Operational performance of service state corporations in Kenya

$\beta 0$ = constant (coefficient of intercept)

X1 = Tender Evaluation Process

e = error

Hence

$Y_{PPF} = 2.183 + 0.518X_1 + e$

(Operational performance of service state corporations in Kenya = 2.183 + 0.518 Tender Evaluation Process)

The findings correlate with a study by Zhang, (2020) who found that the bid evaluation index system for government public project green procurement has a very important practical significance for government in terms of implementing the green procurement in the engineering field, building and improving the government public project green procurement system. Benonisen and Strand (2020) carried out a research on how different evaluation methods affect outcome in procurement. The study found out that price is weighted relative more than quality during the evaluation process.

5.0 Conclusion of the study

The application of e-tendering in procurement process is a requirement by the public procurement and Asset disposal Regulation, 2020. This study concludes that e-tendering process is not to a large extent practiced by service state corporations in Kenya. If implemented, the e-Tender Evaluation Process will lead to reduction of operation costs and increase efficiency in terms of time and services offered to suppliers, user departments and other stakeholders. The study concludes that service state corporations develop Scoring method for technical evaluation of bids to serve many purposes including ensuring fair competition during the technical evaluation process. The study revealed that most purchase done by state agencies are not as per the prevailing market prices. This leads to purchase of products at higher prices which is against the spirit of public procurement. However, majority of the respondents acknowledged that there is transparency in contract award. The study therefore concludes that there is indeed a statistical significant relationship between Tender Evaluation Process and performance of services state corporations in Kenya.

5.1 Recommendation of the Study

To Achieve Value for Money and reduce on high cost of Acquisitions, service state corporations must implement the e-Tendering Process and ensure there is a transparent ranking procedure during the Tender Evaluation Process. The ranking Procedure will discourage against the deliberate use of fake competition by favoring a particular bidder. Before tender award, Market survey should be undertaken to enable the procuring entity compare the quoted prices against the trending market prices and make an informed decision. Lastly, Lifecycle costing should be considered as a good practice not only to gain from cost savings but also to ensure that quality of product is taken care of in financial quotation of bids.

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