

**INTERNATIONAL JOURNAL OF
INNOVATIVE RESEARCH AND KNOWLEDGE**

ISSN-2213-1356

www.ijirk.com

**EFFECT OF DISPOSAL METHOD ON ASSETS DISPOSAL
EFFICIENCY IN THE COUNTY GOVERNMENT
OF NAKURU****Titus Kiroko Njoroge & Wanderi Karanja**School of Entrepreneurship, Procurement and Management
Jomo Kenyatta University of Agriculture and Technology, Kenya**ABSTRACT**

Disposal in the county government of Nakuru is guided by the procurement and disposal act manual. From the county manual, disposal of assets and equipment is usually carried out after three years. However the process of assets disposal is not effective. Government offices, compounds, stock yards, parking lots and main stores exhibit assets lying idle, unserviceable stores strewn all over the yards, unserviceable motor vehicles lining up the parking lots and unserviceable office equipment and furniture piling up in the main stores therefore the study sought to establish the effect of disposal method on assets disposal efficiency in the county government of Nakuru. The study was supported by institutional theory, game theory and theory of economic order quantity. The study adopted descriptive research design. The target population of the study was 10 procurement heads, 21 accounting heads and their assistant and 20 store managers and their assistant in the County government of Nakuru headquarter. Since the target population was small the study adopted census technique to include all the 51 targeted respondents. Data was collected using a questionnaire that was administered through "drop and pick" method. The collected data was coded into SPSS for analysis, and presented in form of tables and discussed in line with the objectives of the study. The study established that there exists a strong positive and significant relationship ($r = 0.547$) between disposal method and assets disposal efficiency in Nakuru County. The researcher recommended that the county government should consider the market values on assets disposal efficiency because depreciation expense is used to better match the expense of a long-term asset to the revenue it generates. The study suggests that similar studies should be conducted to assess the factors affecting disposal of assets among other government institutions.

Keywords: *Assets Disposal, Disposal method*

1.0 INTRODUCTION

Disposal of stores is considered as one of the most critical functions for materials management in any given organization (Osibanjo, 2007). This has been necessitated by the fact that equipment and other items in stores become obsolete, surplus and unserviceable over a period of time mainly because of its long-term usage. Disposal of this kind of stores is required to be carried out on periodic basis (CSIR, 2007). Goods that are due for disposal still contain value for money even though they still undergo wear and tear, financial value can be obtained from them as a gain to the respective institution. Furthermore, disposal of assets and equipment results in generation of large sum of monetary value through methods such as, trade in, resale and auction which could highly facilitate achievement of value for money. Disposal therefore should be deployed on fair and reasonable market value for every surplus item.

Globally, the responsibility of public procurement has been established with great concern such that it is considered as a driving force for growth and development, as such facilitating establishment of procurement function in the entire globe (Sanchez-Graells, (2013). Public entities have always been the main purchasers, with the responsibility of dealing with substantial budgets. Mahmood, (2010) also stated that 18.42% of the entire world GDP is represented by the public procurement. Public procurement is progressively acknowledged essential in delivery of services in developing countries (Basheka & Bisangabasaija, 2010), and also reports a great percentage of the total expenditure. International Public Procurement Forum II (2010) that was conducted China, at the Central University of Finance and Economics highlighted about new profession, new discipline and new development in public procurement. The focus of the forum was to establish a teaching network, global academic research and policies to be embraced in the field of public procurement (Public Procurement, 2010). This is a clear indication of the existence of crucial areas in the procurement function that require standardization, which is critical to businesses and government institutions.

According to PPA 2003, the Government of Ghana spends 18.2% to 25.5% of Ghana's Gross Domestic Product (GDP), on goods, services and works to assist in effective delivery of services to the citizens Osei-Tutu, Mensdah and Ameya (2011). However, significant proportion of this expenditure are expended on goods, many of which need to be disposed off, which other departments can make use of such goods to improve services, because many institutions do not follow laid down procedures of disposing goods to obtain value for money. According to study conducted by Chand, Bapat, Hall, Morse, Owen, Pietrzyk, and Tinnell, (2008) integrated material management ought to be viewed from holistic perspective, the actions of planning, acquisition, control and disposal should be performed in such a way that facilities, personnel and capital are optimized, while providing appropriate customer service levels, (Wilson, Zeithaml, Bitner & Gremler, 2012). In Kenya, public procurement is governed by the Public Procurement Disposal Act, 2015.

In Kenya, Procurement methods are open tendering, restricted tendering, direct procurement, request for proposal, and request for quotations, specially permitted procurement and practices for low value procurements (Public Procurement Act, 2015). The most preferred method is the open tendering as it allows for fairness and transparency. The rest are usually referred to as alternative procurement methods and should only be used where expressly allowed by the law (Procurement Act, 2015). For each method, there exists a threshold of expenditure beyond which an entity cannot exceed, but the minimum level of expenditure usually depends on the procurement entity's budgetary allocation. There is need for strict adherence to these thresholds in order to remain compliant with the law, (Public Procurement and Regulations, 2006). The bodies which regulate public procurement in Kenya are National Treasury on public procurement and assets disposal, Public Procurement Regulatory Authority (PPRA), and Public Procurement Regulatory Board (PPRB)

regulate procurement practice in Kenya. These four can be termed as the pillars of the procurement (Public Procurement and Disposal Act, 2015).

The common and acceptable method of disposing assets and equipment at the County Government of Nakuru is through an open tendering. Advertisement is usually done to the entire public using the newspaper and the interested parties participate in the bidding process within the stipulated timelines of the advertisement. The chief officer who is the head of the finance unit appoints the adhoc committee to facilitate the entire disposal process. The committee undertakes the preliminary evaluation, technical evaluation, financial evaluation. The objective of the disposal evaluation team is to establish the best bidders in terms of the highest quoted price. The participants who qualify for the award are notified as well as those who do not qualify with the respective reasons. Award letters are submitted to the winning parties and finally taken to the ground by the procurement officer to be identified with their respective assets and equipment. On the other hand transfer to other institutions is another method of disposal however, authority for transfer of assets and equipment to other institutions must be obtained from the accounting officer in charge or the chief officer.

Statement of the Problem

Disposal of assets and equipment is one of the most important functions in any given organization both public and private organization. Inefficiency in assets disposal results in risks of unnecessary expenditure on storage costs, gradual loss of the value in those items and the possibility of disposing assets, at a value lesser than the residual value or best achievable value in the market. Disposal in the county government of Nakuru is guided by the procurement and disposal act manual. From the county manual, disposal of assets and equipment is usually carried out after three years. However the process of assets disposal is not effective. Government offices, compounds, stock yards, parking lots and main stores exhibit assets lying idle, unserviceable stores strewn all over the yards, unserviceable motor vehicles lining up the parking lots and unserviceable office equipment and furniture piling up in the main stores. The researcher therefore sought to carry out a research on the effect of disposal method on assets disposal efficiency in the county government of Nakuru.

Research Hypothesis

H₀₁: There is no significant effect of disposal method on assets disposal efficiency in the county government of Nakuru.

2.0 LITERATURE REVIEW

Theoretical Review

The study was anchored on the concept of game theory.

Game theory

Game theory was developed in the early 1940s by John von Neumann and Oskar Morgenstern. It is usually concerned with examination of situations that involve conflict and also cooperation. Game theory has resulted in developing many approaches in different capacities such as auction, economics, business, politics and philosophy (Fiestras-Janeiro, 2011). Following the intensity developed by its possible applications, interest in the game theory observed by the operations and inventory management professional increased during 1960s and 1970s. Game theory provides mathematical techniques to model strategic relations in which there are a variety of players (decision makers) that want to optimize their benefits by playing a certain strategy that considers the strategies of the other players (Qinan & Parlar, 2009). The games can be divided into two branches: corporative games and non-corporative games. In corporative games, groups of players are able to form coalitions. So they can make binding commitments with side-payments (Mahdavi, Mazdeh & Karamouzian, 2014).

In non-corporative games, players are not able to make binding commitments concerning which strategy they will choose. Therefore, decisions are developed independently. Public institutions, which include national government and county governments, maximize their convenience by minimizing cost of procuring and storing inventory. However, decision makers in public institutions are governed by the Public Procurement and Asset Disposal Act, 2015 on when and how to procure or dispose materials and assets. The Act provides guidelines on material acquisition, records management, stock control management, and disposal management. In a study on the approach of game theory in decision making on inventory level.

Chinchuluun, Karakitsiou and Mavrommati, (2016) carried out a study on the game theory models and their implementation in inventory management and established that inventory challenges are concerned with a single decision maker, who makes the decisions on the produced quantity under certain speculations on the demand and the planning scope. Therefore the game theory is relevant to the current study to help the researcher understand how decision making concerning acquisition, inventory management and disposal of assets and equipment is done at the county government of Nakuru.

Conceptual Framework

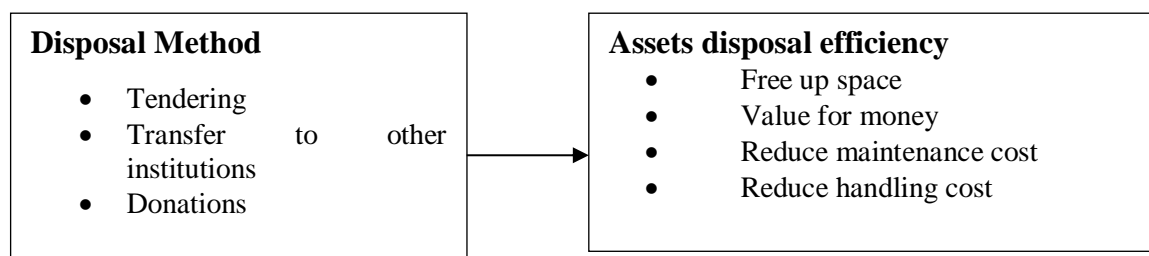


Figure 1: Conceptual Framework

Disposal Method

Disposal is the process whereby a public entity sells items of stores to the public or interested parties with an aim of attaining value for money. Nyamamba (2010), defines disposal as a method of withdrawal of ownership from what was initially considered to be useful. The goal of public procurement and disposal Act and Regulations 2005, as Mwangi, (2013) highlights, is to develop effective procurement procedures, provide mandate and supplement guidance for conducting the procurement processes efficiently and effectively, in compliance with the given Act and Regulation.

Performance and Managerialism are the focus in disposal management. Social and economic pressures both at global and domestic strength have driven governments to pursue enhancement of performance in all public sectors. The public procurement reforms have greatly focused on advancing effectiveness, efficiency and outcomes in the entire public procurement. This has amplified human resource regard of managerialism as vital in the disposal process (Mwangangi & Owuoth, 2015). According to a study survey conducted on disposal, the general functions of supply chain were surplus and scrap disposal (Kaye & Worrel, 2012). The research observed the degree of implication in surplus and scrap disposal to be eighty six percent (86%). However the necessity for efficiency and responsibility in disposal, these results were considered to be crucial and important, hence provides an indicator that disposal of surplus and scrap is vital in the Supply Chain function (Kaye & Worrel, 2012).

However, high level of procurement participation in surplus and scrap disposal in public institutions may originate from procedural conditions, the importance on the tendering processes for selling and disposal of surplus, scrap, equipment and materials may need the participation of the supply chain function in such

processes. Higher centralization levels in the public sector organizations may be responsible for its influence over surplus and scrap disposal, while many private organizations may consider hiring individual business units or plants to pursue the activities on their behalf (Nyarku, Aggrey & Kusi, 2014).

In the county government of Nakuru, an adhoc disposal committee is assigned by the chief officer who is the head of the unit, and the head of procurement is assigned as the secretary of the committee. The commonly used method is open tendering, whereby advertisement of the assets and equipment to be disposed is initiated by the procurement head. The disposal committee carries out the preliminary evaluation, technical evaluation and financial evaluation of the submitted tender documents. The criteria for award is through the highest price bidder. After completion of the evaluation process, notifications are given to both winning tenderers and those who do not qualify as well as the reason of not qualifying. The qualified tenderers are finally given the award letters of the respective tendered disposal items, with a time a frame of 14 days for making payments, before delivery of the items. Failure to make payments within the 14 days calls for cancellation of the award. On the other hand, items and equipment can be transferred to other public institutions like, colleges, schools or any of the 11 sub-counties of Nakuru with, authority from the chief officer.

Assets Disposal Efficiency

Effective management and prompt consideration of the increasing quantity of redundant and unserviceable equipment lowers challenges of material management personnel, and makes it possible to embrace security and safety of respective people and also the environment (Bhattacharjee, Sengupt, Mazumdar & Barik, 2012). In addition, removing unusable assets and equipment in an environmentally friendly way and fiscally accountable manner in good time, reduces the work load, security and safety problems; and enables to gain return and economically utilize spaces (MOFED, 2011; BOFED, 2011). Disposing items follow; the laid down policies and approval authority for the actualization of equipment disposal (e.g. defective or obsolete items) (Mensah, 2014).

Benton, (2010) explained the disposal of items first, is of great importance to pursue verification the approval before releasing goods for the actual disposal and also it is a requirement for the receiving staff in charge to acknowledge the receipt. Inventory management record requires to be updated effectively without delays and the relevant copies availed to the accounts departments. If items require to be disposed through sale, price quotations should be obtained from the buyers through a competitive technique, proper documentation of the offers should be done and finally updating the accounting record as par the disposal records.

According to Brace-Govan & Binay, (2010) a number of precise reasons for disposal of assets and equipment are highlighted in the official Dutch documents which include; Redundancy-disposal of equipment which was initially planned to be maintained in service for a reasonably longer period, but has ended up being redundant as a result of development of the new defense policy. This entails both new equipment (such as Leopard 2 tanks of around 10 to 15 years old) and also old equipment which is close to obsolescence (about 25 years-old, but upgraded, Leopard 1 tanks), however replacement is not considered. The disposal due to slight changes in tasks for example, rapid reductions in the heavy machinery equipment such as tanks, track armoured vehicles (partly replaced the wheeled armoured vehicles), heavy artillery and the fighter aircraft (more emphasis is apparently placed on airlift capacity and attack helicopters). The obsolete materials which have reached the optimum level of its useful life in the dutch armed forces is usually replaced by a better modern equipment. Of course, this is an ordinary ongoing process in every army. The Dutch armed forces are established for application in operations that demands for technologically developed weapon systems, and obsolescence in the Dutch defense system does not necessarily mean obsolescence per se. High exploitation cost in a few cases, equipment is phased out mainly because of the high costs involved in operating, either in the Dutch force system or because the systems are perceived to be too expensive to operate and also maintain.

Empirical Review

Yusdira (2013) conducted a research on effectiveness of the public sector asset management in Malaysia. The target population was 50 from the 24 ministries and the department of the prime minister in the Malaysian federal government agencies. The instruments used for data collection were questionnaires with both open ended and closed questions. There were forty eight respondents who fully responded to each questionnaire. The study developed that managerial department have no responsibilities on fixed assets. It was also established that there was no procedure for the distribution of fixed assets hence no legislative frame work on disposal of plant assets therefore no efficiency in management and disposal of assets and equipment. The researcher recommends that further research should be done on developing appropriate framework for asset management and guideline to ensure the asset management policies and practices are consistent, uniform and successful in all government levels of Malaysia.

In a study conducted by Michael, (2014) on Strategies for goods and equipment disposal effectiveness in the public sector in Ghana. Qualitative approach was adopted where survey of literature was applied in the collection of data and embraced content analysis for data analysis. Twenty seven journals were used, four public procurement acts were adopted from neighbouring countries as well as relevant documents. The study established that there existed goods and equipment disposal practices in the public sector of the republic of Ghana. Strategies established were; coding of all asset during procurement was carried out into their outfit to ensure their longevity, an independent professional body was employed to examine all assets whenever they were due for their disposal, disposal certificates were issued by the prevailing disposal committee, the institution head was in charge of examining and approving the disposal method to be used, and also ensured the developed asset and disposal plan is efficient, effective and economical in the entire public sector. The research was limited to public institutions hence further research can be conducted also in the private sector in the republic of Ghana.

Elijah, (2015) conducted a study on effects of unserviceable asset disposal on the performance of government ministries of Kenya. The targeted population of his study was the three hundred and forty employees at the ministry of The National Treasury in top management, middle management and also lower management. Stratified random sampling was used to pick a sample size of fifty one (51). The instruments used for data collection were open ended and closed ended questionnaires. The study found that the inventory control practices were ineffective in the ministries which greatly contributed to the accumulation of unserviceable equipment and assets and also, application of effective techniques for inventory control failed because the ministries lack qualified and competent supply chain officers hence, a negative effect on inventory management. The researcher thus recommends that further research should be done on the forecasting of inventory and asset management, storage equipment and storage space with a view of finding out the factors that affect disposal redundant inventory.

Kagendo, (2016) studied the effects of Public Procurement and Disposal Act on Procurement function of Kenyan Parastatals. The specific objective was to find out the effect of PPADA, 2015 on the processes procurement in Kenyan Parastatals and to establish the challenges in adopting the Act. The research used a cross sectional descriptive design and the sample population was all parastatals in Nairobi County. The study established that PPADA enhanced cooperation in the procurement processes of the parastatal in Kenya. In addition, PPADA enhanced the quality of delivery of goods, services and finally it supported the standards of ethics upheld in the procurement function among parastatals. On the available drawbacks of PPADA, the study ascertained that procurement personnel were corrupt, ignorance in adherence to the PPADA guidelines, unresponsiveness to bids, inefficiency of the PPRA body on enforcing realistic penalties to any offender and also absence of institutional incentives and deadlines for the public procurement policy adoption, exposed significant challenges.

Critique of the Existing Literature Relevant to the Study

Yusdira, (2013) conducted a research on effectiveness of the public sector asset management in Malaysia. The target population was 50 from the 24 ministries and the department of the prime minister in the Malaysian federal government agencies. It was also established that there was no procedure for the distribution of fixed assets hence no legislative frame work on disposal of plant assets therefore no efficiency in management and disposal of assets and equipment. However, the study was conducted in Malaysia and the findings may not be applicable to the current study due to different government leadership.

In a study conducted by Michael, (2014) on Strategies for goods and equipment disposal effectiveness in the public sector in Ghana. Qualitative approach was adopted where survey of literature was applied in the collection of data and embraced content analysis for data analysis. The study established that there existed goods and equipment disposal practices in the public sector of the republic of Ghana. Strategies established were; coding of all asset during procurement was carried out into their outfit to ensure their longevity, an independent professional body was employed to examine all assets whenever they were due for their disposal, disposal certificates were issued by the prevailing disposal committee. However the study adopted qualitative approach and survey literature, while the current study will adopt, descriptive study and cases study to collect data from Nakuru county government.

Elijah, (2015) conducted a study on effects of unserviceable asset disposal on the performance of government ministries of Kenya. The target population was the three hundred and forty employees at the ministry of The National Treasury in top management, middle management and also lower management. Stratified random sampling was used to pick a sample size of fifty one (51). However, the study adopted a stratified random sampling and thus the findings may not be applicable to the current study which adopted a census technique where all the targeted respondents participated in the study.

Kagendo, (2016) studied the effects of Public Procurement and Disposal Act on Procurement function of Kenyan Parastatals. The specific objective was to find out the effect of PPADA, 2015 on the processes procurement in Kenyan Parastatals and to establish the challenges in adopting the Act. However, the study was confined on the PPADA act while the current study specifically reviewed the methods of asset disposal, inventory levels and market values as the determinants of asset disposal in the county government of Nakuru.

Research Gaps

Yusdira, (2013) conducted a research on effectiveness of the public sector asset management in Malaysia. However, the study was conducted in Malaysia and the findings may not be applicable to the Kenyan context. In a study conducted by Michael, (2014) on Strategies for goods and equipment disposal effectiveness in the public sector in Ghana. Qualitative approach was adopted where survey of literature was applied in the collection of data and embraced content analysis for data analysis. However the study adopted qualitative approach and survey literature, while the current study will adopt, descriptive study and cases study to collect data from Nakuru county government.

Elijah, (2015) conducted a study on effects of unserviceable asset disposal on the performance of government ministries of Kenya. The target population was the three hundred and forty employees at the ministry of The National Treasury in top management, middle management and also lower management. Stratified random sampling was used to pick a sample size of fifty one (51). However, the study adopted a stratified random sampling and thus the findings may not be applicable to the current study which adopted a census technique where all the targeted respondents participated in the study.

Kagendo, (2016) studied the effects of Public Procurement and Disposal Act on Procurement function of Kenyan Parastatals. The specific objective was to find out the effect of PPADA, 2015 on the processes procurement in Kenyan Parastatals and to establish the challenges in adopting the Act. However, the study

was confined on the PPADA act while the current study specifically reviewed the methods of asset disposal, inventory levels and market values as the determinants of asset disposal in the county government of Nakuru.

Summary of Reviewed Literature

The study was anchored on the concept of game theory. Game theory provides mathematical techniques to model strategic relations in which there are a variety of players (decision makers) that want to optimize their benefits by playing a certain strategy that considers the strategies of the other players. Game theory is relevant to the current study to help the researcher understand how decision making concerning acquisition, inventory management and disposal of assets and equipment is done at the county government of Nakuru.

3.0 RESEARCH METHODOLOGY

The study adopted a descriptive design, where data was collected through researching the whole study population to examine the relationship between the respective variables of interest. This has an advantage of avoiding diverse complicated aspects of the use of data drawn from various points in time hence effective in explaining, describing and validating the findings of research. The design was used to investigate the determinants of assets disposal efficiency in the county government of Nakuru.

Target Population

The target population of the study was 10 procurement heads, 21 accounting heads and their assistant and 20 store managers and their assistant in the County government of Nakuru headquarters. Since the target population is small and manageable the researcher adopted census technique. The distribution of the respondents is shown in Table 1.

Table 1: Target Population

Ministries/ Department	Procurement Officers (Department Heads)	Store Managers and their assistant	Accounting Heads and their assistance	Total
Finance and Economic Planning	1	2	2	5
Agriculture, Livestock and Fisheries.	1	2	2	5
Health Services	1	2	2	5
Environment Energy Natural Resources and Water	1	2	2	5
Education, Culture, Youth and Social Services	1	2	2	5
Public Services Management	1	1	2	4
Roads, Public Works and Transport	1	2	2	5
Lands, Physical Planning and Housing	1	2	2	5
Industrialization, Trade and Tourism	1	2	2	5
Information, Communications and e-Government	1	2	2	5
Total	10	21	20	51

Source: County Government of Nakuru Records (2019)

Data Collection Instruments and Procedure

The study employed questionnaires as the main instruments for collection of data that contain close ended questions. Questionnaires are preferred because they are effective instruments for collection of data and they allow respondents to give enough opinions concerning the research problem Zohrabi, (2013). Questionnaires facilitated obtaining sufficient information on the determinants of assets disposal efficiency in the county government of Nakuru. Prior to the data collection, a letter was obtained from Jomo Kenyatta University of Agriculture and Technology to authorize the actual research to be carried out at the county government of Nakuru. The researcher also sought a permit from the National Commission for Science, Technology and Innovation (NACOSTI). Primary data was collected from the respective departments of the county government of Nakuru headquarters, since they were conversant with the disposal of assets and equipment. The questionnaires were physically administered to the respondents and were collected later to give the respondents sufficient time to respond effectively.

Pilot Test

A pilot test was conducted to assess validity of the questions and the likely reliability of data that was collected. The pilot study provided the opportunity to identify and remedy any potential problems with the instrument including questions that respondents might not understand and questions that may combine two or more issues in a single question. The researcher therefore sought to carry out a pilot test in the headquarters county government of Kericho, being the closest county. The content of validity for data collection was measured if the instruments sufficiently extend to the entire area of research. The valuable components and suggestions obtained from research expert through expert judgement was valuable to enhance validity of instruments

Data Analysis and Presentation

Descriptive statistics was used to show frequencies, percentages and ratios while inferential statistics was used to show relationship between variables. Pearson correlation coefficient was applied in the analysis because it enhances establishment of the relationship between independent and dependent variables. Pearson correlation(r) establishes if there is an automatic connection among the variables where the Pearson's correlation differs from +1 to -1, with 0 showing there lacks a relationship and 1 showing there is a direct connection. Hypothesis was tested at $\alpha=0.05$ significance level.

FINDINGS

Response Rate

The study had a sample size of 51 respondents. Out of 51 respondents, 50 responses were obtained giving a response rate of 98%. According to Kothari (2004) any response of 50% and above is adequate for analysis thus 98% was excellent. The high response rate was achieved by explaining to the respondents the purpose of the research and how their feedback would be used, the researcher was also considerate of the respondents time.

Descriptive Findings and Discussions

Table 2: Effect of Disposal Methods on Assets Disposal Efficiency

Disposal Methods	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Std.
Disposal of assets through open tendering help the county government get the best price when disposing assets	58	24	8	4	6	4.177	0.912

Use of direct procurement as disposal method affect the efficiency of disposal of assets	40	48	4	8	0	3.984	1.032
Asset disposal through donation helps to save space and reduces the cost of maintenance.	50	34	8	4	4	4.145	0.921
Disposing assets by transferring to other institutions reduces cases of wastage	54	36	2	5	3	4.563	.608
Asset disposal through trading minimize losses	48	40	3	5	4	4.181	.513

From the findings 58% of the respondents strongly agreed that disposal of assets through open tendering help the county government get the best price when disposing assets, 24% agreed 8% of the respondent were neutral 4% disagreed while 6% strongly disagreed (mean=4.177, SD=0.912). From the finding 40% of the respondents strongly agreed that use of direct procurement as disposal method affect the efficiency of disposal of assets, 48% agreed, 4% were neutral while 8% disagreed (mean=3.984, SD=1.032). On the same note, 50% of the respondents strongly agreed that asset disposal through donation helps to save space and reduces the cost of maintenance, 34% agreed 8% were neutral 4% disagreed while 4% strongly disagreed (mean=4.145, SD=0.921). From the findings 54% of the respondents strongly agreed that disposing assets by transferring to other institutions reduces cases of wastage 36% agreed, 2% were neutral, 5% did not agree while 3% strongly disagreed (mean=4.563, SD=0.608).

Moreover, 48% of the respondents agreed that asset disposal through trading minimize losses, 40% agreed, 3% were neutral 5% did not agree while 4% strongly agree (mean=4.181, SD=0.513). The findings are congruent to those of Nyamamba (2010) who observed that disposal of asset through trade in is a common practice to exchange a used asset for a new one. The value of the trade-in agreed by the purchaser and seller is called the trade-in allowance. This amount is applied to the purchase price of the new asset, and the purchaser pays the difference.

Assets disposal efficiency

Table 3: Assets Disposal Efficiency

Statements	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Std. Deviation
The overall asset and equipment disposal is accomplished in a seamless manner that reduces the cost of logistics.	32	41	8	8	11	3.855	1.185
Asset disposal frees space and for new assets and reduces cost of production	49	40	3	5	3	4.403	0.778
The county government reduces the maintenance cost, and saves money for the purchases of new assets.	48	44	0	5	3	4.307	0.738
Value for money is achieved when disposing off stores	53	44	3	0	0	4.145	0.807

The researcher sought to find out the effects of assets disposal efficiency. The findings from the analysis presented in Table 4.9 indicated that the respondents strongly agreed that the overall asset and equipment disposal is accomplished in a seamless manner that reduces the cost of logistics with (mean=3.855 SD=1.185). The respondents further strongly agreed that asset disposal frees space and for new assets and reduces cost of production (mean=4.403, SD=0.778). On the same note, the respondents also agreed that the county government reduces the maintenance cost, and saves money for the purchases of new assets (mean=4.307, SD=0.738). The study sought to find out whether the value for money is achieved when disposing off stores and majority were in agreement (mean=4.145, SD=0.807). The findings agrees with Baily & Jessop,(2016) study which observed that when a company disposes assets it frees space for other new assets and reduces the maintenance and handling costs which in turn increases productivity.

Assumption of Regression Model

A multicollinearity test was carried out to ensure that the independent variables did not have co-linearity amongst themselves.

Table 4: Tolerance and VIF Test

		Collinearity Statistics	
Model		Tolerance	VIF
1	(Constant)		
	Disposal Method	.741	1.350
a. Dependent Variable: Assets disposal efficiency			

From the findings, the variable disposal method had a tolerance of 0.741 and a VIF of 1.350, Since the tolerance for all the variables was more than 0.1 and the VIF was not more than 10 therefore there was no need of further investigations.

Correlation between Disposal Method on Assets a Disposal efficiency

The study conducted a correlation analysis between disposal methods on assets disposal efficiency in Nakuru County Government.

Table 5: Correlation between Disposal Method on Assets Disposal Efficiency

		Disposal Method
Assets disposal efficiency	Pearson Correlation	.547*
	Sig. (2-tailed)	.014
	N	50

*. Correlation is significant at the 0.05 level (2-tailed).

The study established that there exists a strong positive and significant relationship ($r = 0.547$) between disposal method and assets disposal efficiency in Nakuru County. This is supported by the P-value of 0.014 which is less than correlation of 0.05. This implies that disposal method and assets has a significant effect on assets disposal efficiency in the County Government of Nakuru. The study agree with Baker, (2014) who found out that asset management is a process to manage demand and guide acquisition, effective disposal method of assets help to manage the risks and costs over their entire life which is positively linked with the efficiency of the assets.

Table 6: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.026	.420		4.824	.000
Disposal Method	.596	.107	.548	5.570	.013

Dependent Variable: Assets disposal Efficiency.

The equation below illustrates the findings of the multiple regression coefficients

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

The findings indicated that all the predictor variables in the study have a positive relationship with financial performance of the mutual funds. Thus,

$$Y = 2.026 + 0.596X_1 + \varepsilon$$

The value of assets disposal efficiency in the county government of Nakuru without the influence of the predictor variables is 2.026. This explains that, at any given time, equipment disposal efficiency in the county government of Nakuru will be 2.026 holding other factors constant at 0. The results also illustrate that, a unit change in disposal method would result to 0.596 times change in assets disposal efficiency in the county government of Nakuru.

Hypothesis Testing

The study sought to test the hypothesis that: H_{01} : there is no significant effect of disposal method on assets disposal efficiency in the county government of Nakuru. From the findings the p-value was 0.013 which was less the 0.05 significant level. Therefore, based on the rule of significance, the study rejects the null hypothesis (H_{01}) and concluded that disposal method has a significant on assets disposal efficiency in the county government of Nakuru.

CONCLUSION

From the findings the researcher concluded that that asset disposal through donation helps to save space and reduces the cost of maintenance. It was also concluded that disposing assets by transferring to other institutions reduces cases of wastage. The researcher further concluded that asset disposal through trading helps to minimize losses. The type of disposal method that any public organization use dictates the level of efficiency. The method of disposal tends not to optimize generation of income. In any case, a number of the assets and equipment are usually sold after about seven of service being declared obsolete, unserviceable, redundant or unproductive. Collectively, the government may end up losing a lot of appropriation in aid income that would otherwise have been conveyed into procuring new assets and equipment.

RECOMMENDATIONS

The researcher recommended that the county government should dispose assets and equipment through open tendering as this helps the government to select the tender with the effective competitive price. The study recommends that; the county government should dispose assets and equipment through trade in because this method is effective in determining the value of the asset which is called the allowance price, this is because the amount may be used to apply to purchase price of the new asset, and the purchaser pays the difference.

Suggestions for Further Research

The study suggested that a similar studies should be conducted to assess the factors affecting disposal of assets among private organization. The researcher also recommended that further research should be done on developing appropriate framework for asset management and guideline to ensure the asset management policies and practices are consistent, uniform and successful in devolved government units.

REFERENCES

- Baily, K., & Jessop, U. (2016). Factors affecting performance of public procuring entities, a case study of Ministry of Finance. Unpublished research project. Jomo Kenyatta University of Agriculture and Technology, Nairobi.
- Baker, F. (2014). Causes of delay of disposal of obsolete and redundant stores, case of Ministry of Health Headquarters. Unpublished research project. Jomo Kenyatta University of Agriculture and Technology, Nairobi.
- Basheka, B. C. & Bisangabasaija, E. (2010). Determinants of unethical public procurement in local government systems of Uganda: a case study. *International Journal of Procurement Management*, 3(1), 91–104.
- Benton Jr, W. C. (2010). *Purchasing and Supply Chain Management 3/e*. New York.
- Bhattacharjee, J., Sengupta, A., Mazumdar, C., & Barik, M. S. (2012, September). A two-phase quantitative methodology for enterprise information security risk analysis. In *Proceedings of the CUBE International Information Technology Conference*(pp. 809-815). ACM.
- BOFED, (2011). Government Procurement in the WTO. *The Hague/ London/New York: Kluwer Law International*.
- Brace-Govan, J., & Binay, I. (2010). Consumption of disposed goods for moral identities: a nexus of organization, place, things and consumers. *Journal of Consumer Behaviour: An International Research Review*, 9(1), 69-82.
- Chand, S., Bapat, V. R., Hall, K. H., Morse, R. A., Owen, J. P., Pietrzyk, A. P., ... & Tinnell, K. A. (2008). *U.S. Patent No. 7,388,491*. Washington, DC: U.S. Patent and Trademark Office.
- CSIR, (2007). *The WTO regime on government procurement: challenge and reform*. Cambridge, U.K: Cambridge University Press.
- Elijah, W.W. (2015). The effects of unserviceable asset disposal on the performance of government ministries, Kenya
- Fiestras-Janeiro, L. (2011). *The impact of corporate governance on procurement, supply chain management: A procurement perspective*. Melbourne, Australia: Hargreen Publishing.
- Kagendo (2016). *The effects of Public Procurement and Disposal Act on Procurement function of Parastatals*, Kenya.
- Kaye Nijaki, L., & Worrel, G. (2012). Procurement for sustainable local economic development. *International Journal of Public Sector Management*, 25(2), 133-153.
- Kothari, C. (2004). *Research methodology. Methods and Technique*, New Delhi: New Age International Publishers
- Mahmood, S. A. I. (2010). Public procurement and corruption in Bangladesh. Confronting the challenges and opportunities. *Journal of public administration and policy research*, 2(6), 103-111.

- Mensah, F. (2014). Balancing accountability and efficiency in a more competitive public sector environment”, *Australian journal of public Administration*, Vol.59 No.3 pp .58-71.
- Michael, K. (2014). Determinants of unethical public procurement in local government system of Uganda: a case study. *International Journal Procurement management*, 3(1), pp.91-104.
- MOFED, (2011). Factors Affecting Procurement Performance: A case study of Ministry of Energy. *International Journal of Business and Commerce*, 3(1), 54 70.
- Murrende, K., & Namusonge, J. (2014) . Challenges of Procurement Strategy Implementation among Road Agencies in Kenya. *International Journal of Business, Humanities and*
- Mwangangi, A., & Owuoth, R. (2015). Abc analysis as an inventory control technique. *Quaid-EAwam University research journal of engineering, science and technology*, 1(1).
- Nyamamba, R., (2010). Principles of inventory management: When you are down to four, order more. Springer Series in Operations Research and Financial Engineering. Retrieved from <http://www.springer.com>
- Nyarku, R., Aggrey, E., & Kusi, R. (2014). Total asset management guideline, asset disposal strategic planning. Retrieved from http://www.treasury.nsw.gov.au/_data/assets/pdf_file/0016/5092/asset_disposal.pdf
- Osei-Tutu, E., Mensdah, S., & Ameya, C. (2011). The level of compliance with the public procurement Act (Act 663) in Ghana.
- Osibanjo, Y. (2007). An inventory of theory in logistics and SCM research. *The International Journal of Logistics Management*, 21(3), 404-489.
- Public Procurement, (2010). Measuring Professionalism Variables and their Implication to Procurement Outcomes in Uganda. *The 3rd International Public Procurement Conference*
- PPDA, (2015). Development partners and governance of public procurement in Kenya: enhancing democracy in the administration of aid. *International law and politics*, 37(4), 829-868
- Qinan, P., & Parlar, D. (2009). Use of strategic approach to procurement of goods and services in Kenyan Public Universities”. Unpublished MBA project, Egerton University, Nakuru Kenya.
- Sanchez-Graells, A. (2013). Public procurement and competition: some challenges arising from recent developments in EU public procurement law. *Research handbook on european public procurement, forthcoming*.
- Vaziri, T., & Sodhi, A. (2013). *Research Methodology: From Philosophy of Science to Research Design*. CRC Press
- Wahome, S., & Marendi, L. (2015). *Procurement planning practices and service delivery of state corporations in Kenya*. Published MBA Thesis. University of Nairobi.
- Wilson, A., Zeithaml, V. A., Bitner, M. J., & Gremler, D. D. (2012). *Services marketing: Integrating customer focus across the firm* (No. 2nd Eu). McGraw Hill.
- Yusdira, K. (2013). Benchmarks for Health Expenditures, Services and Outcomes in Africa during the 1990s. *Bulletin of the World Health Organization*. Vol.78, (6): pp. 761–69.
- Zohrabi, M. (2013). Mixed Method Research: Instruments, Validity, Reliability and Reporting Findings. *Theory & practice in language studies*, 3(2).