INFLUENCE OF PRE-DISPOSAL ENGAGEMENT PRACTICE ON ASSET DISPOSAL IN ENERGY SECTOR STATE CORPORATIONS IN KENYA

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Purpose: The purpose of this study was to evaluate the influence of procurement practices on asset disposal in energy sector state corporations in Kenya. The general objective of this study was to evaluate the influence of procurement practices on asset disposal in energy sector state corporations in Kenya.

Theory & Methodology: The study banked on the institutional theory and agency theory. The target population was 349 employees of the five energy sector state corporations. However, the respondents were randomly selected through multi-stage sampling technique and the sample size was 183 employees. A quantitative research design was adopted for the study.

Findings: From the study it was established that pre disposal engagement practice influence asset disposal. The study concludes that pre disposal engagement practice had a positive correlation with asset disposal in energy sector state corporations in Kenya. This implied that pre disposal engagement practice influence positively asset disposal in energy sector state corporations in Kenya and therefore H01 was rejected. Therefore, from the findings the study concludes that the greater the use of pre disposal engagement practice, the greater it will effect asset disposal. A key finding of the study on pre disposal engagement practice was the lack of objectivity in the selection of the ad hoc committee members and most of the times done at the whims of an individual mostly the chief executive officer.

Keywords: Pre-disposal engagement, asset disposal, state corporation

I. INTRODUCTION

Background and Problem Statement

The Public Procurement and Asset Disposal Act 2005 and reviewed as public procurement and disposal act 2015 aimed at promoting non-discrimination, transparency and fairness in public procurement and disposal of asset. It was aimed at ensuring that public funds are utilized effectively during the procurement and disposal of public assets. However, evidence indicates that the compliance to the ACT is still low at both levels of government (i.e. national and county level). Evidence also shows that inefficiencies have persisted at both national level and county level when it comes to the disposal of assets even after the enactment and implementation of this Act.
More attention has been given to the impact/effect of the ACT; factors affecting its implementation; compliance to the Act by the procurement staff; effect of staff training on compliance; challenges to compliance within the Kenya context even after the review in 2015 (Karimi & Namusonge, 2014; Onchweri & Muturi, 2015; Maina & Omboto, 2016; Sang & Mugambi, 2014; Ndumbi & Okello, 2015; Wahome, 2015) with less attention given to potential factors causing the inefficiency in disposing public assets, and in particular energy sector state corporations within the Kenyan Context.

The inefficiency in the disposal of assets in the public sector is caused by pre- disposal engagement practices. Despite the fact that numerous studies have been done on procurement, there are limited studies within the context of influence of pre disposal engagement practices on asset disposal in the energy sector state corporations in Kenya. Susan and Namusonge (2014) in their study concluded that public sector organizations within Yatta sub–county, which is in Kenya, had exhibited low rates of disposal. The study revealed that the rate of disposal in the sub-county was 35.7% which was quite low. Further, 100% of procurement personnel agreed that their departments had items that were unserviceable and needed disposal. These studies didn’t explore the influence of pre disposal engagement practices on asset disposal in the energy sector state corporations in Kenya.

It is estimated that inefficiencies in the processes of public disposal cost Kenya about 50 Billion annually. This is due to poor disposal planning Wahome and Marendi (2015). It is in view of this dilemma that this study assessed the influence of pre disposal engagement practices on asset disposal in energy sector state corporations in Kenya and addressed the gaps in previous studies that have a bias towards procurement in Kenya and those done in developed nations mostly focusing on land disposal. This created a significant knowledge gap that therefore formed the basis of this study.

Objectives of the Study

The general objective of this study was to evaluate the influence of procurement practices on asset disposal in energy sector state corporations in Kenya. The specific objective was: to assess the influence of pre- disposal engagement practice on asset disposal in energy sector state corporations in Kenya.

Research Hypothesis

H01: There is no significant influence of pre-disposal engagement practice on asset disposal in energy sector state corporations in Kenya.

Conceptual Framework

The conceptual framework in figure 1 shows that asset disposal is affected directly by pre disposal engagement practice

<table>
<thead>
<tr>
<th>Pre Disposal Engagement Practice</th>
<th>Assets Disposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning and Budget</td>
<td>• Return on asset disposed</td>
</tr>
<tr>
<td>Committee Selection</td>
<td>• Turnover period</td>
</tr>
<tr>
<td>Transparency and Integrity</td>
<td>• Disposing entity satisfaction</td>
</tr>
</tbody>
</table>

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Review of Variables

Pre-disposal Engagement Practice and Asset Disposal

a. Planning and Budgetary Allocation

Public Procurement Act in section 53 indicates that an accounting officer shall prepare an annual procurement plan which is realistic in a format set out in the regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process; all asset disposal shall be planned by the accounting officer concerned through the annual asset disposal plan in a format set out in the regulations; procurement and asset disposal planning shall be based on indicative or approved budget which shall be integrated with applicable budget process; all procurement and asset disposal planning shall reserve a minimum of thirty per cent of the budgetary allocations for enterprises owned by women, youth, persons with disabilities and other disadvantaged groups; an accounting officer shall not commence any procurement proceeding until satisfied that sufficient funds meet the obligations of the resulting contract are reflected in its approved budget estimates; an accounting officer who knowingly commences any procurement process without ascertaining whether the good, work or service is budget for, commits an offence under the Public Procurement and Disposal Act; any state or public officer who fails to prepare procurement and disposal plans shall be subject to internal disciplinary action, (PPDA,2015).

b. Committee Selection

The accounting officer of a public entity shall be primarily responsible for ensuring that the public entity constitute a committee for all procurement and asset disposal within a procuring entity in accordance with section 44 2b of the act (PPDA, 2015). The act also clearly states that the accounting officer of a public entity shall ensure that the procurement and disposal processes are handled by different professional offices in respect of procurements, initiation, processing and receipt of goods, works and services (PPDA,2015). Section 45 (1) of the act further states that all asset disposal process shall be handled by different persons in respect of identification, consolidation, preparation of disposal plan, pricing and disposal itself (PPDA, 2015). Section 46 of the act states that the accounting officer shall ensure that an ad hoc evaluation committee is established in accordance with the act and regulations from within the members of staff, with relevant expertise. Section 163 of the act expounds the position on disposal that an accounting officer shall establish a disposal committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment or asset. The disposal committee shall be responsible for verification and processing of all disposal recommendations in liaison with the head of procurement function as prescribed.

c. Transparency and Integrity

Public procurement and disposal act in section 58 sub section 1 informs of standard procurement and disposal documents and states that, an accounting officer of a procuring entity shall use standard procurement and asset disposal documents issued by the authority in all procurement and asset disposal proceedings; sub section 2 clearly stipulates that the tender documents used by a procuring entity shall contain sufficient information to allow fairness, equitability, transparency, cost effectiveness and completion among those who may wish to submit their applications. Section 60 of the act elaborates on specific requirements, that an accounting officer of a procuring entity shall prepare specific requirements relating to the goods, works or services being procured that are clear,
that give correct and complete description of what is to be procured and that allow for fair and open competition among those who may wish to participate in the procurement proceedings (PPDA, 2015).

The public procurement and disposal act on transparency and integrity restricts disposal to employees’ etc. Section 166 of the act states that an accounting officer of a public entity shall not dispose-off assets to an employee of the public entity or a member of a board or committee of the public except as expressly allowed under the act and the regulations, (PPDA, 2015).

Ensuring that public procurement markets function effectively requires policy makers to address two distinct but inter-related challenges: (i) promoting effective competition among suppliers; (ii) ensuring transparency in administrative processes (Mulama, 2012).

**Asset Disposal**

Each year a considerable portion of the government’s budget is allocated towards equipment, inventory, and plant procurement. Most of these equipment, plant and inventories are disposed off upon reaching the end of their economic life or usefulness or else they become surplus to requirements. The Public Procurement and Disposal Act of 2005 and reviewed in 2015 emphasizes that the disposal of government assets should be conducted with the outcome of appropriately handling items that require special attention/consideration during disposal, realizing the best net return during the disposal/selling the item, ensuring that all disposal activities are undertaken in an accountable, transparent, fair and efficient manner, (PPDA, 2015).

As such, asset disposal will be determined based on the level to which procurement expenditure is minimized, the level of accountability and transparency during the expenditure of procurement funds, and the level of compliance with procurement regulations during the disposal (Gadde, 2011). As stated in the act, the procurement and disposal of an asset must be fair, competitive, honest, cost-effective and transparent. The disposal and procurement of an equipment, inventories and plant by government agencies are required to comply with the act (PPDA, 2015).

Officers involved in the Disposal of the Asset must do so with probity (i.e., honestly, ethically, efficiently, accountably) while ensuring fairness to all parties and ensuring no conflict of interest exist. Due consideration should be given to non-friendly or dangerous environmentally goods, (PPDA, 2015).

**II. RESEARCH METHODOLOGY**

The study utilized mixed research designs aimed at collecting qualitative and quantitative data. The target population was 349 employees of the five energy sector state corporations. However, the respondents were randomly selected through multi-stage sampling technique and the sample size was 183 employees. Quantitative research design was adopted for the study. The questionnaire was used as the data collection instrument. Hence the distribution of questionnaires to top managers produced 146 respondents. Data analysis and interpretation was based on descriptive statistics as well as inferential statistics mainly regression analysis, Pearson correlation, factor analysis, and Analysis of Variance.
Variable Definition and Measurement

The measurement of variables in this study was conceptualized as provided in table 8.3 below:

Table 1: Measurement of Variables

<table>
<thead>
<tr>
<th>Variable Definition</th>
<th>Indicators</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-disposal engagement practice</td>
<td>-Planning and Budget</td>
<td>Overall, on a scale of 1 to 5, where 5 is the scale of the highest extent of use of predisposal engagement practices and 1 is the lowest.</td>
</tr>
<tr>
<td></td>
<td>-Committee Selection</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-Transparency and Integrity</td>
<td></td>
</tr>
<tr>
<td>Asset Disposal</td>
<td>-Return on Asset Disposed</td>
<td>Overall, on a scale of 1 to 5, where 5 is the scale of the highest extent and 1 is the lowest.</td>
</tr>
<tr>
<td></td>
<td>-Turnover Period</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-Disposing Entity Satisfaction</td>
<td></td>
</tr>
</tbody>
</table>

Diagnostic tests

Multicollinearity

According to Kothari (2004) the simplest means of identifying collinearity is an examination of the correlation matrix for independent variables. The presence of high correlations which is normally higher than 0.90 is the first indication of substantial collinearity. The test for multicollinearity was conducted to assess whether one or more of the variables of interest is highly correlated with one or more of the other independent variables. The variance inflation factor was used to evaluate the level of correlation between variables and to estimate how much the variance of a coefficient is inflated because of linear dependence with other predictors. As a rule of thumb if any of the VIF is greater than 10, then there is a probability of a problem with multicollinearity.

Homoscedasticity

The study also checked the existence of homoscedasticity which refers to the assumptions that the variability in scores for one continuous variable is roughly the same at all values for another continuous variable constitutes another assumption of multivariate analysis (Marr, 2004). To test for homoscedasticity, Levene test for equality was computed using one way ANOVA procedure. It was used to assess the equality of variances for a variable calculated for two or more groups.

Normality test

A normality test was done using Q-Q probability plot for all the variables under investigation. Kolmogorov-Smirnov test and the Shapiro-Wilk test were used. It is a more reliable test for determining skewness and kurtosis values of normality. If it is below 0.05, the data significantly deviate from a normal distribution. Wheeler (2001) asserts that the use of inferential parametric statistical procedures require that the assumptions of such tests of normality are tested. This is to assist the graphical tests to be performed about the normality of the data to check for skewness and kurtosis coefficients. This test helps to confirm whether the data follows a normal distribution or not. If the normality is not achieved, the results may not depict the true picture relationship amongst the variables.
Finally, linearity of data was tested using kurtosis tests (Locke and Latham, 2002). The study employed univariate analysis to identify the determinants of asset disposal, the bivariate to establish the relationships among the determinants and multivariate to derive a model and validate it. Since the study used multivariate analysis to develop a model, assumptions like linearity were tested.

### Hypothesis Testing

The null hypothesis was tested as follows:

**Table 2: Hypothesis testing**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Hypothesis test</th>
<th>Decision rule and anticipated model</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H_0$</td>
<td>There is no significant influence of pre-disposal engagement practice on asset disposal in energy sector state corporations in Kenya.</td>
<td>Karl Pearson’s zero order coefficient of correlation (Beta test) $H_0$: $\beta = 0$ $H_A$: $\beta \neq 0$ Reject $H_0$ if p-value $\geq 0.05$ (otherwise fail to reject) $P=\alpha+\beta_1PDT+\varepsilon$</td>
</tr>
</tbody>
</table>

### III. KEY FINDINGS

This section presents the findings of the study, data analysis and interpretation basing on the overall objectives of the study. The general objective of this study was to evaluate the influence of procurement practices on asset disposal in energy sector state corporations in Kenya and was guided by the following specific objective; investigate the influence of pre-disposal engagement practice on asset disposal in energy sector state corporations in Kenya.

The study targeted a sample of 183 respondents, who were top level management, middle level management and the low level management in all the five State corporations in Kenya namely; Kenya Power (KP), Kenya Electricity Generating Company (KEnGEN), Kenya Electricity Transmission Company (KETRACO), Rural Electrification Authority (REA) and Geothermal Development Company (GDC). A total of 148 self-administered questionnaires were filled out of the expected 183 yielding a response rate of 80.87 percent.

This good response rate was attributed to the data collection procedure, where the researcher personally administered questionnaires and waited for the respondents to fill, and picked the filled questionnaires. This response rate demonstrated the willingness of respondents to participate in the study. This response rate was good and representative. Mugenda (2008), established that a response rate of 50 percent is adequate for analysis; a rate of 60 percent is good and a response rate of 70 percent and over is excellent.

**Table 3: Reliability Statistics**

<table>
<thead>
<tr>
<th>Variable</th>
<th>No. Of items</th>
<th>Alpha ($\alpha$)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre disposal engagement practice</td>
<td>11</td>
<td>0.795</td>
<td>Reliable</td>
</tr>
</tbody>
</table>
Descriptive Results

Table 4: Results of pre disposal engagement practice

<table>
<thead>
<tr>
<th>Pre-disposal Engagement Practice</th>
<th>Not at all (%)</th>
<th>Low Extent (%)</th>
<th>Moderate (%)</th>
<th>Great Extent (%)</th>
<th>Very Great Extent (%)</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In our organization we have asset disposal committee</td>
<td>4</td>
<td>0</td>
<td>0.7</td>
<td>75</td>
<td>21</td>
<td>4.08</td>
<td>0.753</td>
</tr>
<tr>
<td>2. In organization the asset disposal committee is set up as and when required</td>
<td>0.7</td>
<td>0</td>
<td>4.6</td>
<td>74</td>
<td>21</td>
<td>4.15</td>
<td>0.546</td>
</tr>
<tr>
<td>3. In our organization persons with integrity from user and support departments make the disposal team</td>
<td>5.3</td>
<td>31</td>
<td>25</td>
<td>27</td>
<td>11</td>
<td>3.08</td>
<td>1.12</td>
</tr>
<tr>
<td>4. In our organization the integrity of the committee influence asset disposal</td>
<td>4.8</td>
<td>20</td>
<td>21</td>
<td>52</td>
<td>2.7</td>
<td>3.28</td>
<td>0.971</td>
</tr>
</tbody>
</table>

From the study findings in Table 4, it shows that organizations have asset disposal committee and these asset disposal committees are set up as and when required received very high rating of 4.08 and 4.15 respectively. The respondents also rated high on integrity of persons in user departments and persons with the integrity in user committee influence asset disposal with a mean of 3.08 and 3.28 respectively. From the study, it was found that there was no significant difference in the responses of the respondents since the standard deviation was less than one except the responses on ‘organization select persons with integrity from user and support departments make the disposal team’ which showed significant difference of more than one. This meant that majority of the respondents had diverse views regarding the issue of selecting persons to constitute disposal team.

Based on the study findings, it’s clearly evident that before an organization embark on asset disposal process, it mandatory that it has to form an asset disposal committee and this committee is selected based on the integrity of individual persons who are regarded to influence the asset disposal process. Also, this disposal committee is formed on ad hoc basis to discharge its duties and once it accomplishes its mandate it is disbanded. These study findings concurred with the public procurement and asset disposal act of 2015 which stipulate that any state corporations intending to dispose its asset, must constitute an asset disposal committee to carry out asset disposal process. The procurement systems in the public sector aim to maximize overall value for money for citizens. This requires considerations of issues such as client satisfaction, the public interest, fair play, honesty, justice and equity (Onyinkwa, 2013). Therefore, procurement process of asset disposal should be promoting effective competition among suppliers and ensuring integrity in administrative processes (Mikkola, 2007).
In addition, the study established that integrity of persons in user departments and persons with the integrity in the committee influence asset disposal. These findings agreed with the public procurement and disposal act on transparency and integrity which restricts disposal to employees etc. Section 166 of the act states that an accounting officer of a public entity shall not dispose-off assets to an employee of the public entity or a member of a board or committee of the public except as expressly allowed under the act and the regulations.

Table 5: Results of Asset Disposal

<table>
<thead>
<tr>
<th>Asset Disposal</th>
<th>Not all (%)</th>
<th>Small extent (%)</th>
<th>Moderate (%)</th>
<th>Great extent (%)</th>
<th>Very Great extent (%)</th>
<th>Mean</th>
<th>Std. deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my organization we strive to minimize disposal expenditure</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>41</td>
<td>51</td>
<td>4.43</td>
<td>.640</td>
</tr>
<tr>
<td>In my organization after disposal a check is done on the disposal amount vis a vis the evaluation</td>
<td>0</td>
<td>3</td>
<td>14</td>
<td>43</td>
<td>40</td>
<td>4.19</td>
<td>.800</td>
</tr>
<tr>
<td>In my organization an evaluation is done on the duration taken during disposal of assets</td>
<td>0</td>
<td>2</td>
<td>8</td>
<td>30</td>
<td>60</td>
<td>4.49</td>
<td>.716</td>
</tr>
<tr>
<td>In my organization an evaluation is down on the duration taken to handover the items disposed</td>
<td>0</td>
<td>0</td>
<td>13</td>
<td>32</td>
<td>56</td>
<td>4.43</td>
<td>.712</td>
</tr>
<tr>
<td>In my organization an evaluation is done on the process to identify any bottleneck or litigation on the process</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>34</td>
<td>52</td>
<td>4.37</td>
<td>.730</td>
</tr>
</tbody>
</table>

From the study findings, it was found that organizations strive to minimize disposal expenditure, a check is done on the disposal amount vis a vis the valuation after disposal, evaluation is done on the duration taken during disposal of assets, evaluation is done on the duration taken to hand over the items disposed and evaluation is done on the process to identify any bottlenecks or litigation on the process. All these were rated very highly by respondents with the means of 4.43, 4.19, 4.49, 4.43 and 4.37 respectively. From the study, it was also found that there was no significant difference in the responses of the respondents since the standard deviation was less than one.

These study findings concurred with Gadde (2011) who established that asset disposal should be determined based on the level to which procurement expenditure is minimized, the level of accountability and transparency during the expenditure of procurement funds, and the level of compliance with procurement regulations during the disposal. Also the PPDA (2015) states that procurement and disposal of an asset must be fair, competitive, honest, cost-effective and transparent.

Table 6: Multicollinearity Test Results for the Study Variable

<table>
<thead>
<tr>
<th>Variables</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-disposal Engagement</td>
<td>0.446</td>
<td>2.242</td>
</tr>
</tbody>
</table>
Multiple Regression Results

The study used multiple regression analysis to determine the linear statistical relationship between the independent and dependent variables of this study. The entire five null hypotheses as stated in chapter one of this study were tested using regression models.

a) **Test of hypothesis 1: There is no significant influence of pre-disposal engagement practice on asset disposal in energy sector state corporations in Kenya.**

The study conducted regression analysis so as to investigate the effect of pre-disposal engagement practice on asset disposal in energy sector state corporations in Kenya.

The hypothesis to test for this specific objective was:

H<sub>01</sub>: There is no significant effect of pre-disposal engagement practice on asset disposal in energy sector state corporations in Kenya.

Table 7: Model Summary of pre disposal engagement

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>RStd. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.677&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.458</td>
<td>.455</td>
<td>3.285</td>
</tr>
</tbody>
</table>

The linear regression model showed that adjusted R<sup>2</sup> = 0.455 which means that 45.5 percent change of asset disposal in energy sector state corporations in Kenya can be explained by a unit change of pre disposal engagement practice. The result is shown in Table 9.6. Also, the result indicated that one unit change in pre disposal engagement translates to 45.5 percent change in asset disposal in energy sector state corporations in Kenya and therefore, pre disposal engagement practice has influence on asset disposal.

Further test on ANOVA showed that the significance of the F-statistic (123.482) is less than 0.05 since p value, p=0.00, as indicated in Table 8. This implied that there is a positive significant relationship between pre disposal engagement practice and asset disposal in energy sector state corporations in Kenya.

Table 8: ANOVA<sup>a</sup> of pre disposal engagement

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1332.537</td>
<td>1</td>
<td>1332.537</td>
<td>123.482</td>
<td>.000&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>Residual</td>
<td>1575.537</td>
<td>146</td>
<td>10.791</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2908.074</td>
<td>147</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Asset Disposal

b. Predictors: (Constant), Pre disposal engagement practice
Additional test on the beta coefficients of the resulting model, showed that the constant $\alpha= 3.884$, if the independent variable of pre disposal engagement practice is held constant then there will be a positive asset disposal in energy sector state corporations in Kenya by 3.884. The regression coefficient for pre disposal engagement practice was positive and significant ($\beta = 0.677$) with a t-value=811.11 (p-value<0.001) implying that for every 1 unit increase in pre disposal engagement practice, asset disposal in energy sector state corporations in Kenya is predicted to increase by 0.677 units and therefore $H_{01}$ is rejected. As shown in Table 9.

Table 9: Coefficients* of pre disposal engagement

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.884</td>
<td>1.548</td>
<td>2.509</td>
<td>.013</td>
</tr>
<tr>
<td>1</td>
<td>Pre disposal engagement</td>
<td>.528</td>
<td>.047</td>
<td>.677</td>
</tr>
</tbody>
</table>

*a. Dependent Variable: Asset Disposal

From the result it is revealed that pre disposal engagement significantly influence asset disposal in energy sector state corporations in Kenya. This finding is in harmony with section 44 of PPDA (2015) that an accounting officer shall ensure that procurement and disposal of goods, works and services of a public entity are with approved budget of the entity. This then means that prior to initiating any procurement or disposal exercises proof of availability of funds to run the whole process is key i.e. budgeting, allocation of budgets and approval. For the purpose of ensuring that the accounting officer’s decisions are made in a systematic and structured way, an accounting officer shall establish systems and procedures to facilitate decision making for procurement and disposal. All procurement processes shall be within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan; undertaken by a procuring entity as per the threshold matrix prescribed; and undertaken in strict adherence to article 227 of the constitution, (PPDA, 2015).

Table 10: Coefficients* of overall model

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>-15.005</td>
<td>1.27</td>
<td>-11.763</td>
<td>.000</td>
</tr>
<tr>
<td>Pre disposal engagement</td>
<td>.270</td>
<td>.032</td>
<td>.347</td>
<td>8.550</td>
</tr>
</tbody>
</table>

The estimated multiple regression model to estimate asset disposal

$Y = -15.005 + 0.270X_1$

Where:

$Y$ = Dependent variable (Asset Disposal).

$\beta_0$ = Constant or intercept which is the value of dependent variable
when all the independent variables are zero.

\[ \beta_1 = \text{Regression coefficient to be estimated} \]

\[ X_1 = \text{Pre-disposal transaction practices} \]

IV. CONCLUSIONS AND RECOMMENDATIONS

Conclusion

From the study findings, it is concluded that many organizations have asset disposal committee and the members of asset disposal committee are drawn from user and support departments. It could also be concluded that disposal committee is formed on ad hoc basis to discharge its duties and once it accomplishes its mandate it is disbanded. However, the study concludes that the disposal committee members are not selected objectively. Lastly the study concludes that pre disposal engagement practice had a strong positive correlation with asset disposal in energy sector state corporations in Kenya. This implied that pre disposal engagement practice influence positively asset disposal in energy sector state corporations in Kenya.

Recommendations

Due to the very positive influence of pre-disposal engagement practice on asset disposal energy sector state corporations should consider the selection of the ad hoc committee being vested in a team and not an individual to foster and reinforce integrity issues.

The government through this study sees the magnitude of disposable assets and ways to ensure excellent asset disposal. This should guide policy changes to consider centralized disposal and division of the regulatory agency into say Public Procurement Authority and Public Disposal Authority to remove the current 99% focus on only procurement.

References


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