Analysis of Factors Affecting Disposal Practices of Common Good Items in Higher Public Educational Institutions. Evidence from Selected Ethiopian Public Universities

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Abstract

The aim of this paper was to analyze the determinants of disposal practices of “common good items” in Ethiopian public Universities. To achieve this objective, the researchers employed the explanatory research design using primary sources of data. The questionnaires were distributed to all responsible bodies in property administration a team, purchasing departments, disposal teams of four sampled Universities and the interview was for PPPDSA disposal team leaders at federal level. The collected data were analyzed by Pearson correlation and a multiple regression analysis tools on STATA 14 software package and the regression result showed procurement planning effectiveness and Staff competence are positively and significantly affected disposal practice of sampled Universities at 0.019 and 0.005 respectively. Similarly, annual disposal plan and the implementation performance affected the disposal practices of the sampled Ethiopian Public Universities’ at 0.008 and 0.0001 respectively. Accordingly, to bring the desired outcome of staff competency and accountability at institutional and country level, ‘common good items’ procurement teams and disposal teams of each sampled universities and disposal teams of PPPDS at federal should work in collaboration so that public assets are protected and public confidence would be built on public institutions. In addition to this, since an improvement in annual disposal implementation performance enhances the disposal practices performance, it is advisable if each sampled University asset administration and disposal team should have their own annual disposal plan and send to the federal so that the federal disposal team leader implements the overall public assets disposal practices timely.

Keywords: Disposal practices, Disposal plan processes, procurement planning, staff competence, multiple regression and Ethiopian Public Universities.
Government is a giant institution that performs a large-scale procurement and disposal as compared to the private institutions. Public procurement is broadly defined as the purchasing and hiring, of goods, supplies, construction works and services by the public sector using resources from the state budget, local authorities’ budget, domestic or foreign loan. In terms of dollar amount, government organizations across the world tend to spend between 8 percent and 25 percent of GDP on goods and services procurement and in Ethiopia only the total public expenditure was more than 60 percent (Zuberi, 2010; Tesfahun, 2011). But recently, a comprehensive public procurement policies and practices are among the essential elements of good governance that needs transparency to enhance openness and clarity (Basheka, 2008; Edler and Georghiou, 2007). In asset life cycle, disposal may be considered as the third life of any item acquired by a procuring entity, first it is procured and accepted- the procurement cycle, second it is utilized by the procuring entity in the discharge of its duties- the life cycle and third it has to be disposed- the disposal cycle. The other coin side of procurement is disposal of unserviceable and surplus public assets found in stores, and compound of the public institutions. Disposal of unserviceable assets is mostly known as the act of making a sale of assets especially the long term assets such as machines, vehicles and used other long terms assets that has already depreciated their value in the length of time of usage especially in the public sector (Susan and Namusonge, 2014). The developed and developing countries have been taking various public procurement reforms due to internal and external challenges facing in public procurement and stage of economic development (Wittig, 2003). For example, public entities in Kenya have specific disposal procedures and guidelines as provided for in the Public Procurement and Disposal Act, 2005 and Public Procurement and Disposal Regulations, 2006. In Ethiopia government owned fixed assets are disposed in accordance with the provisions in the Government Property Guideline No 6/1998 (Ministry of finance and economic development, 2007). According to this manual the framework type of procurement especially on “Common Good Items” and disposal activity was fully given to Public Procurement and Property Disposal Service (PPPDS). But, the responsible public body, Public Procurement and Property Disposal Service (PPPDS) is fulfilling its mandate is questionable. Because used or depreciated assets, surplus, unserviceable physical assets are everywhere in the compound of public universities without protection.

**Statement of the problem**

Effective and efficient implementation of procurement and disposal practices play a significant role towards enhancing sustainability of organizational operations with less negative impact to social and environmental issues. It is also very important to build public goodwill over their institution or government accountability on public property management. Procurement planning is sending from each public institution are compiled sent to a major procuring entity PPPDS and it often with the help of consultants, but it is centralized where much procurement and disposal practice will be launched at apex level. Asset disposal is mostly known as the act of selling an asset usually a long-term asset that has been depreciated over its useful life like production plant and vehicles (Susan and Namusonge, 2014). According to (Munyao and Moronge, 2017) disposal should always be treated as the last phase of asset management because it is a function that is necessary for guaranteeing that organization funds are not wasted on obsolete and unserviceable equipment and assets. There are two main difficulties facing the disposal officers (agents) who must dispose-off expired goods or used ones effectively. The first condition is on the strategies used for effective disposing of goods and equipment in public organizations in order to achieve value for money. The second situation is determining whether the goods and equipment to be disposed are due for and who to assess the damage asset, who shall approve for disposal and how it shall it be done and when to be disposed? These questions are unclear to the asset management unit of each organization and to public who use and observe the assets everywhere. In another term, lack of adequate needs assessment, deficient business cases, poor procurement planning are the major challenges with public procurements which further affects the disposal volumes and procedures of disposal (Beth, 2007). A disposal plan of Ethiopian government on public owned assets created loopholes for mistreatment of public property particularly in higher public educational institutions. Ineffective disposal procedure erodes the citizens’ confidence and develop
negative attitude toward the public property administration body as a unit to the government as a whole (Ondiek and Deya, 2013). The problem of disposal of public physical assets in Ethiopia is the centralized procurement policy and disposal regulation system itself. The half centralized and half at local level disposal system brought uncountable impacts on both public asset management and organizational performances. Disposing of goods should be carefully planned and conducted in a way that obtains value for money for the agency and reduces opportunities for exploitation by individual employees, private persons or organizations (Kimeu and Were, 2013). But, if it is important to consider the Ethiopian higher public educational institutions, the depreciated or unserviceable assets are everywhere in compounds of Ethiopian universities. Thus, this paper’s main aim is to analyze factors affecting the disposal practices of ‘common good items’ in higher Ethiopian public education Institutions.

Specific objectives

- To analyze the impact of effective procurement planning on disposal practices of common good items
- To evaluate the effect of annual disposal plan on disposal practices of common good items
- To investigate influence of staff capacity on disposal practices of common good items
- To analyze the influence of competing disposal application requirements on disposal practices of common good items
- To examine the effects of disposal plan implementation performance on disposal practices of common good items
- To explain the influence of internal control techniques of institutions on disposal practices of common good items

Literatures Review

In public resource management, there are several theories in different literatures. Among others, market efficiency and ethics based theory states that efficient market functioning is negatively instructed by the unethical (irregular) practices such as frauds, misappropriates, and corruptions. Ethics based theory foundation basis was code of conduct among professionals and it further promotes self-regulation of organizations and ethical integration of institutional operations like procurement teams, asset administration teams and disposal divisions (Mwangi, 2014; Harvey, Martinko and Gardner, 2006). Again, the ethics based theory is applicable in parallel with internal control theory since the integrity of the public procurement and disposal process sub-divisions should adherence to the laws concerned is dependent on the ethical procurement officials stand and directors of each operational department towards the overall goal of the organization (Ntayi, Ngoboka and Kakooza, 2013). Internal control is all the policy and procedure adopted by the directors and management of an entity to assist in achieving their objectives, including adherence to internal policies and the safe-guarding of assets (Mutua, 2010). The internal control also ensures the prevention and detection of fraud and error as well as the completeness and accuracy of records, with the timely preparation of reliable financial information (OGAI, 2014). Therefore, the effective internal control devices are an integral constituent of justifiable and well-organized public procurement and disposal practices in a given organization(Khadija and Kibet, 2015). The Resource Based Opinion states that a resource should offer economic value and non-substitutable which involves physical and intellectual assets such as employee skills, knowledge and individual competencies (Kariuki, 2013). In this study, this theory was appropriate in the context that the research is interested in establishing the role of the employee competence and training on disposal practices in public organization(Mutua, 2010).
Factors Affecting disposal processes

Procurement planning effectiveness

Procurement Planning is a process of determining the procurement needs of an entity and the timing of their acquisition and their funding such that the entities operations are met as required in an efficient way (Willy and Njeru, 2014). A Comprehensive procurement performance is described as a function of an all-inclusive procurement planning process that analyses the value of cost estimation, quantity and quality specification (ISSA, 2018) and it extends to the ultimate disposal of property at the end of its useful life (Emaru, 2016). In contrary, poor procurement planning has been one of the major stumbling blocks to the economic development of Africa and it has been clear that a number of African countries have not paid adequate attention to the proper management of public resources(Onyango, 2012). According to (Emaru, 2016) recognized that the main challenges faced by the stakeholders in the procurement process include inadequate understanding of the roles of stakeholders in the procurement process, principles of public procurement, procurement planning and developing statements of requirements.

Asset Disposal Planning is a structured and systematic process to ensure an agency's asset portfolio comprises only those assets that effectively meet its service delivery requirements at the lowest long-term cost to Government (Too, 2010). Developing countries procurement and disposal process are characterized by bureaucratic leakage, fraud, abuse and corrupt practices are likely to occur at every stage of the process and these causes poorly managed expenditure systems, poor disposal practices and lack of effective auditing and supervision(Heald, 2003). As a result of these, most countries have become more aware of the importance of procurement as an area vulnerable to mismanagement and corruption, and have thus instituted efforts to integrate procurement in a more strategic view of government efforts (Ambe and Badenhorst-Weiss, 2012). Similarly, (Kamau, Rotich and Anyango, 2017) further enlarges that procurement plans serve as road maps and their main goal should be to enable efficient use of available resources and disposal of the public assets when it is needed. Since, effective procurement planning provides a link between government plan and quality service delivery to the public, this paper considered this variable to understand and determine procurement effectiveness, effect on disposal practices of sampled Ethiopian public Universities.

Staff competency

The human capital competency affects the performance of the public procurement within the district government procurement officials (Khadija and Kibet, 2015). Competencies indicate sufficiency of knowledge and skills that enable someone to act in a wide variety of situations (Abuya and Shale, 2018;Boyatzis and Boyatzis, 2009). Professionalism in public procurement relates not only to the levels of education and qualifications of the workforce but also to the professional approach in the conduct of business activities. If the workforce is not adequately educated in procurement matters, serious consequences including; breaches of codes of conduct may occur (Schick, 2003). Professional experience is paramount in enhancing the performance and competitiveness of an organization (Langat, 2012). This is because the public procurement officials who have the essential procurement and supply skills are able to perform their duties in a educated, authorized and interested manner. Because the efficiency of the staff on the public performance is enhanced by the superior and specialized level of education qualification. (Gould-Williams, 2003) and this research considered staff competence as one study variable.

Disposal plan processes and implementation

Asset disposal planning procedures refers to a structured process that ensures an organization’s asset portfolio includes only those assets that can successfully meet its service delivery requirements(Hastings, 2015). Disposal of unwanted assets is a critical element of most successful organizations’ efficient asset management performance measurement. strategic asset management, asset disposal strategic planning and asset disposal mechanisms are key disposal processes. A systematic asset administration is a method that uses a joint approach to efficiently assimilate operations,
assets information, entity’s atmosphere and employee skills to manage the assets (Chandima Ratnayake and Markeset, 2012). In most developing nations, stores and asset management offices of public institutions are still in full of unwanted physical asset due to wrong disposal implementation procedures. The audit reports of most public organization were characterized by poor record keeping, use of wrong disposal methods, poor disposal planning, high planning costs, inadequate disposal identification need, reduced inspection and timeliness in reviewing, and poor execution of disposal plan (WAHOME, 2015) (Susan and Namusonge, 2014). Others also mentioned lack of budget for external support, lack of required information on physical assets and lack of disposal plan that threatens physical asset disposal processes and implementation (Obicci et al., 2018; Atiga, Adafula and Nyadi, 2015). The other factors that affect disposal practice is that inappropriately selecting the disposal mechanism. physical assets may be disposed of by sale by public auction, sale by open tender, transfer to another public entity, destruction, dumping, or burying; trade-in; and disposal to public employees (Obicci et al., 2018)(Lysons and Gillingham, 2003). Therefore, assets disposal method is the other device that allows an organization to sufficiently select disposal technique and making an asset ready for disposal and easily disposed whenever it is required (Celestine, 2014).

**Internal control activities in public organizations**

Internal control procedure is a plan that determines how a combination of interrelated activities are geared to positively affect performance of employees in organizations (Thabit, Solaimanzadah and Al-abood, 2017). Similarly, a good control activity easily responds to the dynamic situation with the full potential and prevent frauds and misappropriations of organizational assets at large (Aikins, 2011). In general, to be successful in the disposal of physical assets, public division and subdivisions supposed have technical competencies, availability of resources and proper management of the disposal process and all of these factors are strictly tied to disposal processes of public organizations.

**Research Design and Methodology**

To investigate factors affecting the disposal practices of ‘common good items’ in higher Ethiopian public educational Institutions, the researchers employed the explanatory research design. The primary data source from 81 employees of from property administration teams, purchasing departments, disposal teams of four sampled Universities and disposal team leaders of PPPDSA were used in this study. The data was collected through questionnaires distributed to all responsible bodies in property administration teams, purchasing departments, disposal teams of four sampled Universities and disposal team leaders of PPPDSA of sampled Universities. The study area was purposively selected.

**Method of Data Analysis**

In order to achieve the designed objective of the study, Pearson correlation and a multiple regression analysis tool were used on STATA 14 software package.
1.1. Model specification

\[ dprac = ai + \beta_1 stafcap + \beta_2 prplneff + \beta_3 dpln + \beta_4 daplic + \beta_5 intctrl + \beta_6 dperf + \varepsilon_i \]

Table 1: Description of variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
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<tbody>
<tr>
<td>dprac</td>
<td>Disposal practice or performance</td>
</tr>
<tr>
<td>stafcap</td>
<td>Staff capacity or competence</td>
</tr>
<tr>
<td>Prplnef</td>
<td>Procurement planning effectiveness</td>
</tr>
<tr>
<td>dpln</td>
<td>Annual disposal plan</td>
</tr>
<tr>
<td>daplic</td>
<td>Disposal application completeness</td>
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<tr>
<td>intctrl</td>
<td>Internal control activities</td>
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<tr>
<td>dperf</td>
<td>Actual Disposal implementation Performance</td>
</tr>
<tr>
<td>e</td>
<td>Error term</td>
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<td>i</td>
<td>Ambo, Jimma, Mettu, and Wollega Universities</td>
</tr>
</tbody>
</table>

Source: Researchers Design, 2019

DISCUSSION AND RESULTS

According to (Njeru et al., 2014) procurement commonly involves purchase planning, standards determination, specifications development, supplier research and selection, value analysis, price negotiation, making the purchase, supply contract administration, inventory control and stores, and implementation of disposal process activities. Therefore, analyzing factors affecting disposal practices of “common good Items” in sampled higher public education institutions in Ethiopia was the aim of this study. Accordingly, the empirical analyzing exhibited an interesting result and it was explained below.

Correlation Analysis Result

According to a Pearson correlation analysis result of a sampled four universities displayed disposal practice is highly correlated with disposal plan implementation performance (60.74 Percent), staff capacity (46.82 percent), annual disposal plan (44.06 percent), and internal control activities (32.14 percent) of the Ethiopian higher public educational institutions respectively. Therefore, the disposal practices of the sampled universities are positively correlated with explanatory variables included in this study.

<table>
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<td>0.2421</td>
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1.2. Regression Result

To exactly articulate the determinants of disposal practice, the researchers used inferential statistics and the result of a multiple regression posits the following
Procurement planning is the principal function that sets the stage for consequent procurement activities and it is a legal requirement that engines the procurement procedure including the disposal activities. From financial accountability perspective, ineffectiveness of procurement planning has wide implications for government bodies at all levels. In procurement planning process if the asset they want to procure in terms of its standard, estimated prices, economic life and finally when and how to be disposed not correctly specified, the disposal process become more difficult and it also paves a way for inefficiency. The procurement planning by itself is affected by the procurement policy of the nation. Ethiopia is currently following centralized procurement system. But literatures states that centralized procurement system is characterized by blind purchase, repeat purchase, high purchase price, and inconsistency in product quality, indefiniteness, serious delays, and frequent change of specification, inadequate competition, lack of accountability and acceptance of goods of inferior quality (Zhu Q., 2015, Navneet S., 2012; Barbara M. et al., 2013). Similarly, according to (Aketch and Karanja, 2013), in centralized procurement, there is the possibility of encouraging corruption thus it is very complicated and has different tribulations to implement and results in poor operational and procedural requirements which further affects the disposal practices of public assets (Ameyaw, Mensah and Osei-Tutu, 2012). This study, measured Procurement planning effectiveness by financial accountability and community participation in each stages of procurement process. From the statistical outcome, procurement planning effectiveness is one of the highly significant factors that affects disposal practices of sampled Ethiopian universities at 0.019. an improvement in procurement planning effectiveness enhances a disposal practices by 36.24 percent. Moreover, in disposal process, if complaints are raised at some point of disposal process or stages, the disposal committee can use the procurement planning process as one kind of compliance setting procedures. Therefore, to bring the desired outcome of accountability at institutional and country level, the procurement teams and disposal teams of each sampled universities and disposal teams of PPPDS at federal should work in collaboration so that public assets are protected and public confidence would be built on public institutions.

Central public procurement structure is advisable in the situation that understaffed institutions, their human resources capacity is not sufficient to carry out the public procurement functions effectively (Patil, 2017; Grødeland, 2013). Countries have aware the significance of procurement as an area exposed to unprofessional conduct and corruption (Akther and Islam, 2020). In this study, Staff competency is measured by education level and the experiences respondents had on similar position. The Pearson correlation and regression result disclosed that Staff competence positively affected disposal practice of sampled Universities at 1 percent significance level (0.005) and staff capacity influenced the disposal performance by 39.32 percent. The interview result with PPPDS disposal team leader also exposes that almost half of public assets management leaders are assigned as a result of demotion which further affected public assets, created many loopholes for frauds, corruption and inefficient disposal practices. Therefore, it is advisable if management of sampled universities give attention to procurement planning, asset management unit and disposal practices of their respective universities because staff capacity determines all of these activities.
In Ethiopian disposal of public property shall be done in accordance with directives of the Ministry of Finance specifically, government Property Guideline No 6/1998. But, at organizational level each organization’s asset administration and disposal team has to prepare their annual disposal plan and send to the central (PPPDS) disposal team leader bureau. Then, based on the plan of each public organization the central disposal team leader prepare schedule and implement the disposal practices accordingly. This paper analyzed the impact of annual disposal plan and the implementation performance of the sampled Ethiopian Public Universities on disposal practices and the regression analysis result showed annual disposal plan affected the disposal practice by 0.008 and the disposal plan implementation performance affected disposal practices by 0.0001. Moreover, an improvement in annual disposal implementation performance, enhances the disposal practices performance by 52.78 percent. Therefore, each sampled University asset administration and disposal team should have their own annual disposal plan and send to the federal so that the federal disposal team leader implements the overall public assets disposal practices timely. Internal control procedure is a plan that determines how a combination of interrelated activities are geared to positively affect performance of employees in organizations (Thabit, Solaimanzadah and Al-abood, 2017). Similarly, a good control activity easily responds to the dynamic situation with the full potential and prevent frauds and misappropriations of organizational assets at large (Aikins, 2011). The regression result of internal control activities whether it affects disposal practices or not revealed that it moderately affects disposal practices of sampled Universities in Ethiopia at 15 percent significance level.

Conclusion and Recommendation

The Pearson correlation analysis result indicated that disposal practice is highly correlated with disposal plan implementation performance (60.74 Percent), staff capacity (46.82 percent), annual disposal plan (44.06 percent), and internal control activities (32.14 percent) of the Ethiopian higher public educational institutions respectively. From the statistical outcome, procurement planning effectiveness and Staff competence are positively affected disposal practice of sampled Universities at 0.019 and 0.005 respectively. Therefore, to bring the desired outcome of staff competency and accountability at institutional and country level, ‘common good items’ procurement teams and disposal teams of each sampled universities and disposal teams of PPPDS at federal should work in collaboration so that public assets are protected and public confidence would be built on public institutions. Similarly, annual disposal plan and the implementation performance affected the disposal practices of the sampled Ethiopian Public Universities’ at 0.008 and 0.0001 respectively. Therefore, each sampled University asset administration and disposal team should have their own annual disposal plan and send to the federal so that the federal disposal team leader implements the overall public assets disposal practices timely. An improvement in annual disposal implementation performance enhances the disposal practices performance by 52.78 percent. Therefore, each sampled University asset administration and disposal team should have their own annual disposal plan and send to the federal so that the federal disposal team leader implements the overall public assets disposal practices timely.
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