Contribution of Non-Current Assets Management on Organisation Performance

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ABSTRACT

The study assessed contribution of non-current assets management on organization performance in Tanzania. The study consisted three identified independent variable that were tested towards organization performance as the dependent variable. The independent variables include company size, production catalyst and company inputs. The study was conducted using explanatory design through causality testing approach in knowledge generation. The study employed primary data since a case was selected for the inquiry to be undertaken which was the Institute of Finance Management (IFM). Primary data were obtained from the sample of 83 respondents through structured questionnaire. The gathered results were computed in SPSS software specifically version 23.0 whereas relevant statistical tests were obtained to present the findings. Descriptive statistics were used to describe the profile of the respondents with inferential analysis specifically correlation and multiple regression analysis used to describe the relationship between study variables. The results revealed that all three tested predicting variables to the dependent variable namely company size, production catalyst and company inputs are positive with significant effect statistically to the dependent variable ($p<0.05$) which is organization performance. The implication of the results is that performance of the organizations in Tanzania through non-current assets is influenced with company size, production catalyst and company inputs. The study recommended that it is essential for non-current assets to be considered prior to the company focus or assessment towards performance respectively.

Keywords: Non-current asset, Management, Organisation Performance

INTRODUCTION

Non-current assets are essential in the organizations since they comprise of the assets and properties that may not be easily converted into cash but they are of great relevance to the organization in terms of performance and prosperity (Sangster et al, 2021). These are important assets in the organizations since they are required to be possessed with some being tangible (physical) and others intangible (non-physical). Non-current assets are essential in the organization because they constitute implication regarding the performance of the organization(s) regardless of the sector (Rogers, 2019).

This is the case because each and every organization requires the possession of non-current assets to facilitate the production process and service delivery for the purpose of assuring that there is prosperity in the tasks (O'Sullivan & Sheffrin, 2021). For instance, entities in the manufacturing sector may be useful and sufficient in performance provided that they possess tangible factories, machines, equipment necessary to foster production process and other inputs. Business entities on the other hand should possess the abundant goods and services that may foster the successful conduct of the business to the customers (Rogers, 2019).

The requirements to facilitate the activities as tangible and intangible assets are considered as fixed or non-current assets (Birch, 2016). The assets are considered useful with regard to the performance of the organization because they successfully reflect and predict the size of the organization which has implication

towards performance (Piryonesi, 2019). This is the case because the higher the number of assets implies that the company has attained significant growth with vice versa being the case.

Despite that, non-current assets serve as the catalyst for production and manufacturing process to assure the generation of goods and services which fosters sells and consumption pattern (Downes & Goodman, 2018). Moreover, non-current assets may be used as the inputs essential towards output generations which has implication towards performance of the company(s) regardless of the sector (Mohamed et al, 2018). This is the practice and behaviour all over the globe among entities both in developed and developing states respectively.

Tanzania in particular constitute various formal entities as organizations both public and private with varying sizes including business and non-business (Lawrence, 2018). Some are local companies and others are foreign companies operating in various sectors including multinational corporations. The entities comprise both current and non-current assets as catalysts towards attaining their goals and objectives (Skinner, 2019). However, with non-current assets are essential in the performance and prosperity of the entities.

This is the case because the assets play vital role pertaining to the performance of the companies because they are indicators to the worthiness of the company and some serve as inputs that are useful in transforming into outputs for attaining the expected goals and objectives of the organization. Since that is the case, it is certain that non-current assets play vital role in fostering performance of the companies though less studies have been envisaged in the area which is essential to address the situation in Tanzanian environment.

Therefore, non-current assets may be used to perform various investments such as renting and others including setting of activities that may foster gains to the company direct or indirect. This being the case the phenomenon has been less articulated as the inquiry with regard to the performance of the company though the assets shows prospects of influencing performance once well utilized strategically with the focus towards maximizing gains to the company for prosperity purposes.

Non-current assets are essential in facilitating performance in the organizations regardless of the sector as well as business and non-business entities (Piryonesi, 2019). Non-current assets seems to constitute influence pertaining to performance of the company though with Tanzania the area is still recent regarding the inquiry undertaking and the banking sector in particular. The situation is attributed by the fact that there is little understanding regarding the non-current assets relationship with the well-being of the company in Tanzania (Lawrence, 2018). This signifies the need to articulate the issue further in line with the study to assure the generation of the outcome pertaining to the Tanzanian environment.

This necessitated the need to conduct the study further in Tanzania since several studies have been conducted prior to organization performance with the focus towards current assets. This include Pembe (2020) assessed the role of liquidity towards performance of listed companies. Also, Kagembulo (2021) examined the role of inventory management towards organization performance in medical supplies in Tanzania. However, both studies among several recommendations suggest further on the need to articulate on non-current assets contribution towards organization performance in Tanzania. This entailed that little studies had been envisaged in the area under inquiry which was the gap needed to be filled. Therefore, the study was conducted to assess the contribution of non-current assets on organization performance in Tanzania.

LITERATURE REVIEW

The section describes the theoretical reviews, empirical reviews and the description of variables using conceptual framework.

Theoretical Review

The study was guided with investment theory and financial theory respectively. Investment theory to begin with is an economic theory which supports the decisions prior to the conduct and undertaking of investments (Cochrane, 2005). The theory has been propagated with Sternberg and Lumbart (1991) who focused on the components that may foster decisions to undertake the investments as well as the assessment on the means to

assure returns in investments and also projection of the investment. The theory suggests that investments which are adequate and reliable undertaken by individuals, groups, entities, companies, governments and other actors depend on the level of awareness of the investment itself, driving motives as interests behind carrying on the investment and the way of assuring management and monitoring of the investment (Krause, 2018). Investments are need facilitated by several components including the size of the investment itself, production processes and catalysts involved and the level of the inputs that need to be engaged (Ibid).

This is certain due to the fact that as the investor is well aware of the investment that is interested to invest, the capital returns are automatically likely to be assured because they may project the outcome already and be certain with the behaviour and outcomes to a great scale (Goetzmann, 2000). Apart from that, awareness on the investment also implies that the investor is likely to manage the investment in the manner that is certain to assure positive returns and continuity of the business because all rational assessments and evaluations have already been taken into consideration (Lalley, 2016). This assures positive results since automatically the implication is further that such an investment is within the interests of the investor to assure that positive results are attained. The theory is connected to the study on the ground that non-current assets usually in the organizations may be considered as investments for future generations and others as inputs to facilitate the production process and manufacturing for the greater good of the company. Other establishments serve as catalyst for the business to assure prosperity and performance that is essential for the inquiry to be undertaken in Tanzanian environment.

Apart from that, financial theory on the other hand is an economic and management theory which is centred on the pattern and practice of undertaking investment(s) and deployment of assets and liabilities in a certain span or period of time with clear assessment on the outcomes (Fergusson, 2012). The theory has been propagated by James Duessenberry who suggests that the pattern of investments and deployment of assets and liabilities may be deemed useful and effective provided that risk management measures are well considered and undertaken through assuring awareness on the investment by the investor(s) (Thorton, 2016). This is essential since the practices depends with the size of the entity, production pattern, the inputs that may be involved and other concerns regarding the situation at hand.

This is important because risk assessment may be well articulated for rational decision making to be certain in the whole investment process (Snowdon, 2019). Apart from that, value for money is another component that is emphasized with the theory because it is essential in measuring efficiency and effectiveness that it is a component useful to assess performance based on the set targets achieved as well as the relationship between resources usage and the outcomes that have been generated by the business for that matter (Kenton, 2020).

This also encompasses the interests of the investors and the pattern of management style since they are all included in the process of deployment if assets and liability which covers the whole investment practices (Doss *et al,* 2012). The theory has been criticized for being focused on the balance between assets and liabilities in the investment without taking into consideration on the investment style using own sources with investors lacking liabilities (Snowdon, 2019).

The theory is relevant to the study because non-current assets in the organizations are investments that may be placed to serve different purposes. This is the case because some of the assets are means that reveals the growth and size of the company, others are investments serving as catalysts for production process and some are means to facilitate the transformation of inputs into outputs. This is necessary to envisage the situation in Tanzanian environment.

Empirical Reviews

Several studies have been envisaged in the area including Wang (2021) assessed the design of fixed assets management systems in universities and colleges using barcodes and other technologies. The study was conducted in China using survey design with the results revealing that fixed assets have been established and keep on being placed in the universities and colleges which are technology based and others to foster the realization of fourth industrial revolution which is automation. The fixed assets are essential to serve as inputs that assures the facilitation of the expected goals and objectives to be achieved with implication towards

organization performance. The study recommends also the conduct of other studies pertaining to fixed assets in other contexts whereas the study seeks to respond on the venture in Tanzanian environment.

Makaluas and Ponto (2018) examined the analysis of internal control pertaining to fixed assets in the manufacturing entities. The study was conducted in Indonesia using cross sectional design. Findings indicated that internal control measures in the organizations including manufacturing sector entities and others is responsible in handling, planning and monitoring of all assets including the fixed ones. This is the case because they are investments that are generated for various purposes including inputs to foster transformation of outputs, production catalysts and the determinant of company size. In that case, this prompt the need to envisage on the area with regard to Tanzanian environment that the study seeks to determine the actual outcome of the situation.

Rogers (2019) assessed the influence of fixed asset towards performance in the banking sector organizations. The study was conducted in United States using survey design with the findings revealed that the assets are useful apparatus for the returns generation in terms of wealth. This is attributed by the fact that the assets serve as investments that assure sufficient financial gains to the company. Some of the assets are direct means that are used by the company to assure prestige and continuity in the business. This fosters the need to envisage further in Tanzania in the area pertaining to performance respectively in Tanzanian environment.

Johnson (2020) assessed the role of fixed assets management towards performance among manufacturing entities in United Kingdom (UK). The study employed comparative analysis with the findings revealed that fixed assets management are useful in facilitating the performance of the manufacturing sector entities since the assets are tangible with the gains and advantage to the company. This also fosters the need to undertake the study in Tanzania pertaining to the relationship between non-current assets and organization performance to address the concern.

Conceptual Framework

This is the model intends to reveal the description of the variables under study and the way they influence one another in the process of generating knowledge. The variables include the predictors and the dependent variable that intended to ensure successful knowledge generation process for the study. Therefore, figure 1 illustrates the results.
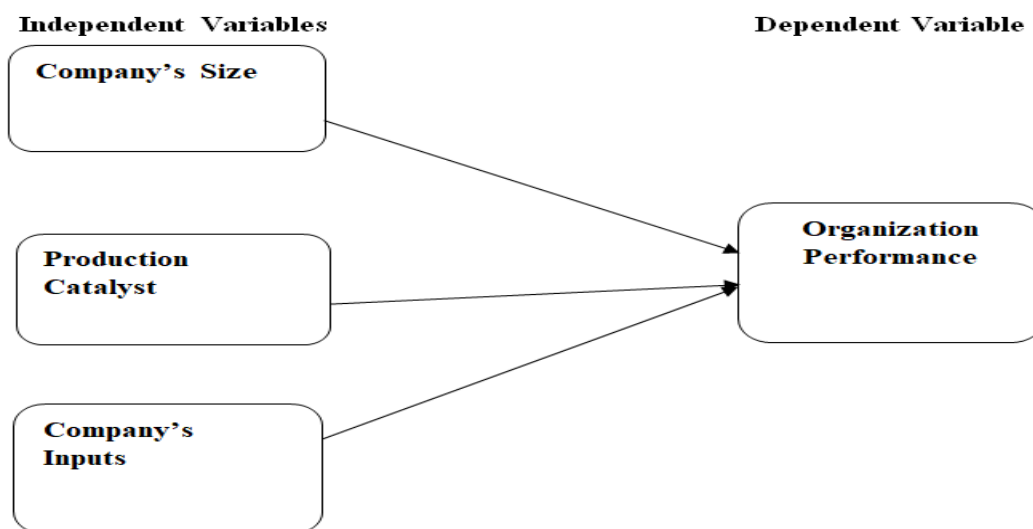

Figure 1 Conceptual Framework

Source: Rogers (2019)

The framework describes the study on assessing the contribution of non-current assets on performance of the organization in Tanzania. The study is guided by the assumption that organization performance is positively

influenced or contributed by non-current assets. Therefore, three independent variables have been identified for testing which are stated below.

H1: There is positive relationship between company's size and organization performance through non-current assets in Tanzania.

H2: There is positive relationship between production catalyst and organization performance through non-current assets in Tanzania.

H3: There is positive relationship between company's input and organization performance through non-current assets in Tanzania.

METHODOLOGY

The study was conducted at the Institute of Finance Management (IFM) tthrough causal relationship testing approach in the process of knowledge generation. The study was guided with three predictors namely company size, production catalyst and company inputs tested towards organization performance as the dependent variable. The study employed primary data in the process of knowledge generation from the sample of 83 respondents using structured questionnaire. The collected results were computed in SPSS software that statistical tests were generated to present the results. Descriptive statistics specifically frequency tables and percentages were used to describe the profile of the respondents. Also, correlation and multiple regression analysis were used in facilitating knowledge generation process through successful testing of the relationship between predictors tested to the dependent variable. The study was described by the model that;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + + €$$

Where: Y = Dependent variable

B_0 = Constant Term

$\beta_1, \beta_2, \beta_3$ = Are coefficient of independent variable;

X_1 = Company Size;

X_2 = Production Catalyst;

X_3 = Company Input

ε = Error term

RESULT AND DISCUSSIONS

The study described results on the profile of the participants as the respondents whereas table 1 describes the results as follows.

Table 1 Respondents Profile

Variables	Frequencies	Percentages
Gender		
Male	48	57.8%
Female	35	42.2%
Total	83	100%

Age		
21-35	29	35%
36-50	43	51.8%
51+	11	13.2%
Total	83	100%
Education		
Diploma	2	2.4%
First Degree	31	37.3%
Masters Degree	22	26.5%
Doctorate	28	33.7%
Total	83	100%

Source: Field Data (2024)

Table 4.1 describes the results pertaining to the profile of the respondents whereas with gender of the participants was revealed that 57.8% of the respondents were male while 42.2% of the respondents were female. This implies that employees in the academic entities in Tanzania constitute individuals both men and women. This is acknowledged by Lawrence (2018) suggesting that employees in the academic entities in Tanzania both public and private consist of workforce as individuals composed of both men and women.

Apart from that, with age of the participants the results are certain that 35% of the respondents were aged 21-35 years, while 51.8% of the respondents were aged 36-50 years and 13.2% were aged 51 years and more. This implies that academic institutions in Tanzania consist of practitioners of different age categories including the aged as being retired working under contract and some approaching retirement. The statement correspond with the views by Skinner (2019) stating that employees in the academic entities in Tanzania consist of individuals with different age groups including the retired working under contract and part time programs.

Moreover, with level of education the results indicate that 2.4% of the respondents had diploma qualification, while 37.3% had first degree, with 26.5% consisted of masters' degree and 33.7% with doctorate degrees. This implies that academic institutions in Tanzania consist of employees as practitioners with varying levels of education since there are teaching and non-teaching staff. The statement is in line with the views by Birch (2016) suggesting that employees in the academic entities tend to possess varying levels of formal education since they compose of teaching and non-teaching staff with different roles and qualification requirements.

Inferential Analysis

Inferential analysis is undertaken to describe the relationship between study variables using correlation and multiple regression. Since that is the case, model summary test is first conducted to describe the entire influence of the predicting variables to the dependent variable with table 2 illustrating the results.

Table 2 Model Summary

Model	**R**	**R square**	**Adjusted R Square**	**Standard Error of Estimate**
1	.703	.638	.626	.513731

Source: Field Data (2024)

Predictors: Company Size, Production Catalyst and Company Inputs

Dependent Variable: Organization Performance

The findings in table 2 show the overall influence of the predictors to the dependent variable through R^2 coefficient. Therefore, the results suggest that performance of the organizations through non-current assets in Tanzania is positively influenced with company size, production catalysts and the company inputs by 63.8%. The other influence of 36.2% signifies that the situation is influenced as well by other factors beside the tested predicting variables. This further shows that the study assumptions are positive and have been well supportive in terms of influence. Moreover, the test is complete without being supported with analysis of variance (ANOVA) test since R^2 coefficient has exceed 0.5 respectively.

Correlation Analysis

The analysis is performed to describe the predictor correlating best than others in the set of data towards the dependent variable. Therefore, table 3 illustrates the findings:

Table 3 Correlation Analysis

	Organization Performance	Company Size	Production Catalyst	Company Inputs
Organization Performance	1 . 0 0 0			
Company Size	. 5 0 5	1 . 0 0 0		
Production Catalyst	. 4 1 8	. 0 2 3	1 . 0 0 0	
Company Inputs	. 3 3 1	. 0 7 6	. 0 0 3	1 . 0 0 0

Source: Field Data (2024)

The results in table 3 show facts on correlation analysis that company size as the predictor correlate best to the dependent variable than other predictors since it has larger correlation value (0.505). The implication of the results is that performance of the organizations through non-current assets in Tanzania is influenced with company size most than production catalyst and the company inputs. This signifies that the variables do not possess autocorrelation effect. With the fact that the correlation is positive the coefficients is small which entails that there is absence of multicollinearity. This is a problem which is settled with multiple regression.

Multiple Regression

Multiple regression analysis was used to describe the existing relationship between predictors to the dependent variable since it specifically describes the contribution of each predictor to the dependent variable that table 4 illustrates the results as follows.

Table 4 Multiple Regression Analysis

Model	Unstandardized coefficients		Standardized coefficients	T	Sig.
	B	Std. error	Beta		
(constant)	-9.336	3.132		-1.018	.000
Company Size	.059	.161	.541	12.291	.029

| Production Catalyst | .173 | .203 | .524 | 12.678 | .013 |
| Company Inputs | .091 | .096 | .468 | 12.562 | .037 |

Source: Field Data (2024)

The findings of the study reveal the outcome on the multiple regression analysis which denote that all three tested predicting variables to the dependent variable namely company size, production catalyst and company inputs are positive with significant effect statistically to the dependent variable (p<0.05) which is organization performance. The implication of the results is that performance of the organizations in Tanzania through non-current assets is influenced with company size, production catalyst and company inputs.

DISCUSSIONS

Company Size and Organization Performance

The findings revealed that company size as the predictor is positive with significant effect statistically on organization performance as the dependent variable with p<0.05. This implies that performance of the organization through non-current assets in Tanzania is influenced with company size. This is acknowledged with Sangster *et al* (2021) suggesting that non-current assets are essential in determining the performance and sometimes the well-being of the entity. This is through the size in terms of the assets that are tangible and intangible that the higher they increase the higher the performance with vice versa being the case.

Despite that, Rogers (2019) on the other hand suggest that non-current assets constitute implication prior to the performance of the companies that they tend to influence the size of the company in the sense that the higher the assets are possessed and others being developed in most cases entails performance being realized. This is an inevitable reality since assets as they increase especially the non-current ones both tangible and intangible constitute positive implication regarding performance since it implies that the company is able to expand and grow with the other opposite perspective being certain as well.

Production Catalyst and Organization Performance

The findings also indicate that production catalyst as the predicting variable is positive with significant effect towards organization performance as the dependent variable (p<0.05). This implies that organization performance in Tanzania through non-current assets is influenced with production catalyst. The assertion is supported with Piryonesi (2019) suggesting that non-current assets constitute influence towards positive performance in the organizations that with manufacturing entities the assets tend to serve as production units and areas that assures the generation of various inputs all the way into outputs to facilitate selling of goods and services in the market.

Mohamed *et al* (2018) on the other hand suggest that non-current assets are essential components in the organizations with adequate contribution with regard to the performance of the organizations. This is the case because the assets serve as useful components that seeks to foster production and manufacturing process in the entities especially the manufacturing organizations. The settings tend to foster performance influence because all that needs to be supplied by the company is generated at low and affordable cost and sold at profiting price that assures well-being in terms of performance.

Company Inputs and Organization Performance

The findings also indicate that company inputs as the predicting variable is positive with significant to the dependent variable which is organization performance (p<0.05). This implies that performance of the organizations in Tanzania through non-current assets is influenced with company inputs. The assertion is supported with O'Sullivan and Shefrin (2021) suggesting that non-current assets are essential in the company that maybe in different ways and forms depending with the operations of the company.

In that case, the key inputs that may be useful to assure the transformation to outputs tend to assure performance as they foster production process. For example, with Coca-Cola industries as franchise operating in Tanzania they constitute key inputs such as concentrates, Carbondioxide, glasses, cans, bottlenecks and others to facilitate the production process and enhance the performance. They are non-current assets with usefulness and key towards performance of the companies.

CONCLUSION

It is clear that non-current assets are essential in the organizations regardless of the sector with regard to performance since they may be inputs that assure the generation of output to foster sales and well-being of the company. Also, the assets constitute significant implication with the size of the company on the aspects of tangible assets especially. Moreover, the assets may be the production tool for the company to assure well-being and progressiveness in the manner that is useful in facilitating performance of the entities respectively. This is evident since the assets in the financial statements are well considered in the determining the well-being of the company in terms of performance through progress or decline.

RECOMMENDATIONS

With the concerns pertaining to the outcomes of the non-current assets with regard to the performance of the organizations in Tanzania, the study recommend that non-current assets is the important and essential component to be considered in the planning, forecasting and all decision making and future prospects of the company in line with performance respectively. This is the case since they constitute influence pertaining to the size of the company which directly describes the well-being of the company. The study also recommend that non-current assets are useful to be well assessed towards inputs of the companies and production remedies since they constitute effect pertaining to the output generation. This is important because once they are well arranged and set forth as remedies for the companies tend to foster positive influence pertaining to the well-being of the companies regarding performance results. Furthermore, the study recommend there should be focus towards non-current assets in the course of assessing well-being of the organization. This should not be taken as silent feature though it is necessary in the auditing practices. The component should always be open to the public as well especially investors and others for further insights of the companies.

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