
**MATERIAL HANDLING AND PROFITABILITY OF AN ORGANIZATION. A CASE STUDY OF
MUKWANO GROUP OF COMPANIES**

1 Nakasango Aisha, 2 Otim John William, 3 Asiimwe Isaac Kazaara

1, 2, 3 Metropolitan International University

ABSTRACT

The purpose of the current study was to examine the influence of Material handling practices on profitability of the organization. The specific objectives were to find out the influence of storage facilities on financial performance of the organization, to examine the impact of stock control on suppliers' performance, to examine the effect of material packaging on market share. The study adopted descriptive survey design and the target population was 55 large - scale-manufacturing firms Uganda and that was Mukwano group of company limited. The study therefore found that storage facilities play a great role in ensuring that there is smooth operation of the manufacturing sector for the case of Mukwano storage was one of the vital aspects that is always taken seriously. majority of the respondents were supporting the statement. The study reveals that Mukwano group of companies limited plants distribution outlets and storage facilities that helps in the continuous production of the products, it can also be concluded that packaging is one of the major strategies the organization uses so as to widen and win the market share since their products were voted to be the best well packaged hence packing of the materials will increase on the profitability index of the organization. Mukwano group of companies limited should put a lot of efforts in the following; verification and tendering to ensure that the organization gets reliable suppliers. Computerization: They should computerize their materials management system to avoid any manipulation and encroachment by unauthorized users; this will lead to faster processing of transactions and reduce on fraud errors and mistakes in books of accounts. There should also be measures put in place to determine profits made by the businesses, through analyzing different profits for example profits before interest and tax, after cost of sales and also doing profit planning for the business.

Key words: material handling, profitability and organization

Background to the study

Inside the modern-day especially competitive international commercial surroundings, the weight on corporations to discover higher processes to bring price to their customers is turning into ever difficult (Polycarp et al., 2023). The expanding requirement for enterprise to offer gadgets in a global marketplace based on price and pleasant has generated the want to enforce greater efficient warehousing methodologies. cloth handling has end up perceived as an unmistakable essential with the operation of huge-scale manufacturing firms (Moses et al., 2022).

In Africa, most of the producing industries began registering boom of the industries as guide for a huge range of stock control functions device were developed, there was an offer to the all-African manufacturing industries new technological answers on how they could manipulate their warehouse related problem that changed into round 1970s within the global market had begun experiencing a duration of a sizable boom and trade for the reason that mid-Eighties, marketplace consumption volumes increased with a CAGR of one.2% from 2001-2005, to attain a total of 18.9 billion liters in 2005 (Lydia et al., 2023). Africa has been among international's biggest distillers' marketplace and bills for seventy-three. Four% of the worldwide market's revenue. Modifications in the patron marketplace and development inside retail and distribution channels have dramatically altered the business surroundings for all wineries, supplying multiple benefits for a few and huge demanding

situations for others (Lydia et al., 2023). Kenya has a massive scale-production phase serving each the local market and export to the East African network and beyond. Assembling and production added to around 25% of the Gross domestic Product (GDP) in 2013 (Frank et al., 2023). Assembling and production companies output contributed approximately 17% of formal work and 15% of Kenya's combination export in 2013. As indicated with the aid of Kenya affiliation of manufacturers (KNBS, 2014), there are seven-hundred registered manufacturing firms in Kenya. These are segregated into 3 institution's including big scale, medium scale and huge-scale producing corporations based on yearly normal turnovers made by using the firms (Damasus et al., 2023). The Ugandan production firms have understood the benefits of embracing top notch substances administration and are taking keen interest concerning materials management on account that survival of any

company relies upon how properly their costs are overseen (Annet et al., 2023).

Problem Statement

cloth handling practices are crucial to an organization's achievement in nowadays competitive and dynamic market, (Turyatamba et al., 2022). In maximum agencies, direct substances represent as much as 50% of the whole product price, as a result of the cash entrusted on substances, thereby affecting the profitability of the organisation (Annet et al., 2023). In step with vision 2040, the producing area should account for 20% of GDP via 2030. but this has not been accomplished with the world's contribution stagnating at an average of 10% for extra than ten years with a increase of three.1% percent that's decrease than the overall countries monetary increase of five% (Ramadhan et al., 2023).

According to Amoro (2011), maximum production firms in Uganda face problems of stock outs, over supply, over stocking, stock obsolescence, poor forecasting, and inventory pilferage, negative responsiveness to consumer wishes and lack of right cloth managing device, methods and practices outcomes into poor performance (Alex & Kazaara, 2023). In addition, Mukwano group of organisations restrained like another organisation gets complains regarding additional material managing costs that has resulted into decline within the profitability of the organization. The have a look at consequently sought to carry out an investigation at the effect of material handling at the profitability of the organization (Isaac et al., 2023).

Research objectives

- To find out the influence of storage facilities on financial performance of the organization
- To examine the impact of stock control on suppliers' performance
- To examine the effect of material packaging on market share.

Research questions

- What is the influence of storage facilities on financial performance of the organization?
- What is the impact of stock control on supplier's performance?
- What is the effect of material packaging on market share.?

Methodology**Received: 20.09.2023****Accepted: 25.09.2023****Published on: 30.09.2023**

Research Design

The research design was descriptive in nature that involved application of both qualitative and quantitative research approaches. This was chosen as the most appropriate research strategy. Kothari, (2004) define a case study as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence.

The qualitative research design is descriptive in nature hence enabled the researcher to meet the objectives of the study. A statement was used to assign variables that were not adequately measured using numbers and statistics. The quantitative research design was used in form of mathematical numbers and statistics assigned to variables that are not easily measured using statements or theme.

Population.

The target population of this study comprised of the staff of Mukwano group of company limited the study focused particularly on the senior, middle and low-level staff that were directly dealing with the day-to-day operation of the organization.

Sampling procedures, Technique and Sample size

Sampling Procedure

The researcher worked with a sample population that was selected as representatives of the population. Kothari (2004) observes that collecting data from the entire population would be practically impossible and it would be very difficult to examine every element in the population. The study sample produced more reliable and quick results as fewer errors were made during the data collection exercise. The sample size was determined using the table by Morgan and Krejcie (1970, as cited in Amin, 2005).

Sampling Technique

The study applied simple random and stratified sampling. This was aimed at getting all the population at the bank and it was done in equal and independent chances of being included in the sample.

Sample Size

Given the departments to research are the departments that were related and function together with the company's management team. That is to say: storage, transport, records, administrative and stores This means that the systematic random sampling were used to a total of 30 active respondents This method employed simply because of the fact that there is existence of sections in the hospital. The study therefore, had a sample size 30 respondents.

Table 1: sample size

Category	Population	Sample size	Sampling method
Top Management	8	5	Purposive sampling
Stores Management	20	10	Simple random sampling
Purchasing Department	5	5	Simple random sampling
Accounts/Finance	2	2	Purposive sampling

Received: 20.09.2023

Accepted: 25.09.2023

Published on: 30.09.2023

Corresponding: Author: isaac.asiimwe@miu.ac.ug

Logistics department	20	5	Simple random sampling
Total	55	30	

Data collection methods and instruments

Data collection involved going out to the field and contacting the respondents. The data collection methods comprised of the following face to face interviews, phone interviews, Questionnaires. Questionnaires were designed and a copy was given to each respondent.

Questionnaire

The questionnaires were designed in a way that reflected the objectives of the study. Structured and unstructured questions were used to obtain data from the field. Closed ended questions were included in data collection from the respondents. The questionnaires were distributed to Mukwano group of company limited employees targeted during working hours; the researcher personally delivered the questionnaires to the company.

Data Analysis

After collecting all the necessary data, the data was coded and edited, analyzed and rephrased to eliminate errors and ensure consistency using SPSS (Nelson et al., 2022). This involved categorizing, discussing, classifying and summarizing of the responses to each question in coding frames, basing on the various responses. This was intended to ease the tabulation work. As it helped to remove unwanted responses which were considered insignificant.

RESULTS

The influence of storage facilities on financial performance of the organization

Table 2 influence of storage facilities on financial performance of Mukwano group of companies limited

Statement	1 SA	2 A	3 NS	4 D	5 SD
Storage facilities reduces on damage of materials	30%	40%	-	10%	20%
Enhances continuous production	13.3%	26.6%	20%	30%	10.1
Increases on the cash inflows in the organization	30%	40%	-	13%	3.3%
There is increase on the profit margin	26.7%	57%	3.3%	13.3%	-
Storage facilities reduces on the stock outs in the organization	26.6%	37%	6.6%	-	20%

Source: Primary data 2020

According to the table, 30% of the respondents strongly agreed and 40% agreed respectively that Storage facilities reduce on damage of materials by Mukwano group of companies limited. Accordingly, 20% strongly disagreed with the statement, 10% disagreed and none strongly disagreed to the idea. On the other hand, majority of the

Received: 20.09.2023

Accepted: 25.09.2023

Published on: 30.09.2023

Corresponding: Author: isaac.asiimwe@miu.ac.ug

respondents disagreed on the statement that materials handling enhance production in that a total of 40.1% disagreed, 20% were not sure with the statement. this indicated that there is no positive outcome material handling yields on the production (Deus, 2023).

Furthermore, on whether materials handling practices increases on the cash inflows in the organization, 30% strongly agreed, 40% agreed with only 16.3% of the total population was found disagreeing with the statement. Majority of the respondents agreed that materials handling helps in increasing the profit margin in that a total of 83% of the total of contacted population agreed with the statement. This implied that when there proper management of the organization's materials, there is also increase in inflow of capital since profits will be always realized due to reduced costs of production.

Table 3 impact of stock control on supplier's performance

Statements	SA	A	N	D	SD
Stock control helps in materials planning and scheduling in the organization	60%	20%	-	15%	5%
Procurement/purchase dates and quantities are improved by stock management practices	-	30%	28%	32%	10%
Improved customer service can be realized with stock control	11%	20	-	50%	19%
Prevents shortages and stock out costs	41%	55%	-	4%	-

Source: Primary data 2020

According to the table, the study revealed that stock control helps in materials planning and scheduling in the organization in that 60% of the respondents strongly agreed ,20% agreed with only a total of 20% of the respondents disagreed with the statement. this implied that stock control in among the important function mostly in the manufacturing companies for this case Mukwano group of companies limited.

The study also showed out that 30% of the population agreed, and none of the respondent was found strongly agreeing with the statement that procurement dates and quantities are improved by stock control management practices in that 28% of the respondents were not sure of the statement, 42% of the respondents were found disagreeing with the statement, this implied that there was more effort needed to improve on the purchase power in the company. Majority agreed that material handling practices helps in preventing stock outs and over stocking the organization in that 44% strongly agreed with the statement ,50% agreed with only 5% of the respondents disagreed with the statement. this implied that proper materials handling methods helps in regulating and exposing the company from stock outs that may later hinder the smooth performance.

Table 4 frequency table showing the effect of material packaging on market share

Statement	1. SA	2.A	3. NS	4. D	5. SD
Proper material packaging attracts the attention of the	33%	46.6%	10%	3.3%	7%

Received: 20.09.2023

Accepted: 25.09.2023

Published on: 30.09.2023

Corresponding: Author: isaac.asiimwe@miu.ac.ug

buyers in the market					
It creates market for the products	13%	-	16.6%	30.0%	37%
Reduces on the damages as a result of poor material handling	17%	50%	10%	0%	6.6%
It displays and promotes the products	70%	20%	00%	10%	00%

Source: Primary data 2020

From the table, the study revealed that a number of respondents supported that statement that proper material packaging attracts attention of the buyers in market in that 33% strongly agreed with the statement, 46.6% agreed with only 10% of the respondents found not sure of the statement, 10.3% disagreed with the statement. Still, the findings revealed that majority of the respondents disagreed on the statement that materials handling creates market for the products in that 37% strongly disagreed with the statement, 30% disagreed and only 13% agreed with the statement (Collins et al., 2023).

Furthermore, 50% of the contacted population agreed with the statement that proper material handling leads to reduced damages as it may be due to poor material handling techniques employed by the organization. Majority of the respondents also agreed that proper packing of the products helps in displaying and promoting of the company's products.

Conclusion

The study reveals that Mukwano group of companies limited plants distribution outlets and storage facilities that helps in the continuous production of the products, it can also be concluded that packaging is one of the major strategies the organization uses so as to widen and win the market share since their products were voted to be the best well packaged hence packing of the materials will increase on the profitability index of the organization.

Based on the study findings, it is concluded that a significant and a positive relationship exists between materials handling practices and the organization's profitability. The study also concluded that storage facilities have an impact on the financial performance of the company. In order to effectively automate material handling and management practices, several systems have been developed so as to ensure that company hold the right quantities of stock so as to strike a balance between the costs involved and customer satisfaction.

Recommendations

They should computerize their materials management system to avoid any manipulation and encroachment by unauthorized users; this will lead to faster processing of transactions and reduce on fraud errors and mistakes in books of accounts. There should also be measures put in place to determine profits made by the businesses, through analyzing different profits for example profits before interest and tax, after cost of sales and also doing profit planning for the business. This study recommends that long term relationships with suppliers should be sought by the health institutions in Uganda. The organizations should also enhance their communication with suppliers by

adopting VMI which will ultimately shift the responsibility of materials management from the procurement function to the suppliers thus improving the organizational productivity.

References

- Alex, I., & Kazaara, A. G. (2023). *Internal Controls and Financial Performance of Saccos in Wakiso District*. 7(3), 47–56.
- Annet, N., Andrew, N., Kazaara, A. G., Christopher, F., & Moses, N. (2023). *Impact of Budgeting On the Profitability of a Manufacturing Company, a Case Study of Harris International*. 7(2), 112–126.
- Collins, A., Kazaara, A. G., & Kazaara, A. I. (2023). *Agricultural Loans and Farmer 's Livelihood in Uganda a Case Study of Nyakayojo Sub County in Mbarara District*. 7(3), 40–46.
- Damasus, M., William, O. J., & Sarah, A. (2023). *IMPACT OF SOCIAL MEDIA MARKETING ON THE BUSINESS PERFORMANCE A CASE*. 2(4), 203–212.
- Deus, T. (2023). *Inventory Control And Financial Performance Of Private Health Institutions. A Case Study Of Nakasero Hospital , Central Divison*. 7(2), 158–166.
- Frank, M., Nelson, K., Kazaara, A. G., Deus, T., Christopher, F., & Catherine, M. (2023). *The Macroeconomic Determinants of Economic Growth in Uganda a Case Study Of Wakiso Distict*. 7(2), 147–159.
- Isaac, O., Kazaara, A. G., & Kazaara, A. I. (2023). *Assessment of the Effect of Workplace Conflict on Employees Performance and Organizational Productivity, a Case Study of Tororo General Hospital*. 7(3), 279–289.
- Lydia, N., Kazaara, A. G., Kazaara, A. I., Brenda, T., & Bafaki, G. (2023). *Promotion of Small-Scale Industries and Development of Business. A Case Study; Masafu Subcounty (Busia)*. 7(3), 240–245.
- Moses, N., Christopher, F., Muhindo, M. E., & Alex, A. (2022). *Task Oriented Management and Organisational Performance in Manufacturing Firms: A Case Study of Hima Cement Factory, Kasese District*. 6(4), 298–306.
- Nelson, K., Christopher, F., & Milton, N. (2022). *Teach Yourself Spss and Stata*. 6(7), 84–122.
- Polycarp, K., Kazaara, A. G., Kazaara, A. I., Prudence, K., & Nicholas, K. (2023). *The effect of loan defaults on profitability of financial institutions in Uganda: a case study of post bank, Anaka branch, Nwoya district*. 7(3), 172–178.
- Ramadhan, B., Alex, I., Kazaara, A. G., Nelson, K., Deus, T., & Pascal, T. (2023). *Taxation and the Development of Small Businesses in Uganda, a Case Study of Iganga District*. 7(2), 136–149.
- Turyatamba, C., Nelson, K., Prudence, K., & Ntirandekura, M. (2022). *The Effect of Product Quality on Competitiveness of Small Medium-Sized Enterprises (SMES) In South Western Uganda; Reflection on Kayonza Growers Tea Factory, In Kanungu District*. 6(12), 152–159.