
**THE IMPACT OF PRICING ON ORGANISATIONAL PROFITABILITY.A CASE
STUDY OF MUKWANO GROUP OF COMPANIES LIMITED****1 Mirembe Jackline, 2 Babirye Shamilah****1, 2 Metropolitan International University****ABSTRACT**

The focus of this research is to explore the impact of pricing on organizational profitability in Mukwano group of companies limited. This study is guided by 3 Objectives namely: to examine the impact of pricing on sales volume of Mukwano group of companies limited; to determine the impact of pricing on production volume of Mukwano group of companies limited and to analyze the impact of pricing on profit margin of Mukwano group of companies limited. The study also involves the research problem that motivates the project that's; to eliminate price overcharges on products and services by different markets. The study used a descriptive survey design because it provides a framework for interpreting the variables of the study. Descriptive research used to obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation. The technique is appropriate as it involves a careful in-depth study and analysis on the topic under study, the study employed both quantitative and qualitative data collection techniques. A total number of the study used both simple random and purposive sampling methods for coming with the manageable size of 30 respondents. Data analysis was done using predictive scientific frequency tables and pie-charts to answer the research questions. Basing on the results that were presented in the chapter four and five, it was observed that pricing is a major factor that may affect the organization's performance in that any change in the price of a similar product's produced by another company affects the profitability of the company, the findings therefore revealed that competitive based pricing is one way of ensuring that profitability is gained to the maximum with low costs of operation possible. Mukwano industry should use other ways of ensuring profitability is gained a part from use of pricing such as different forms of advertising like sponsoring events and use of mobile phone advertising.

Key words: pricing, organisation and profitability**Background of the Study**

In step with Borden, (2000) Pricing has continually been a critical factor of marketing of the traditional marketing factors, simplest pricing creates sales (LaPlaca, 2012; Shipley & Jobber, 2001). As (Denis & Richard, 2023) notes, "one of
Received: 20.09.2023

the greater simple, but critical choices going through a commercial enterprise is what price to fee clients for products and services." This decision is in particular vital in what the Economist (2013) calls the "age of austerity"—an era
Accepted: 24.09.2023

characterized by way of sales stagnation, no affordable possibility of reducing prices in addition, and charge because the handiest final lever. on this aggressive environment, extra than ever, a valid pricing approach is required to facilitate
Published on: 30.09.2023

customer value introduction, structure price selections, and earn an income (Frank et al., 2023) caution that a poor pricing strategy inhibits profitability.

In Africa, rate harmonization among different techniques has motivated maximization of income in enterprise environment in which elasticity of demand is indispensable for comparable customers. Many humans accomplished studies such as (Polycarp et al., 2023) that managers have to screen the market to decide charges that customers are inclined to pay for products or carrier, in the event that they have to be triumphant.

In East Africa, fee, (offerings et al., 2023) they advised that there are opportunities to lower rate fees inappropriate charge coverage and techniques are made to lower costs which include transport prices, warehousing fees, labor charges. They brought that price discount will boom client's demand and make software profitability. With excessive incentives of customer's intake, nearby corporations will boom their production on the economic cease (Annet et al., 2023).

In Uganda, agencies nowadays face a bunch of challenges to stay competitive and agile in the unstable market. efficiently priced services and products may be a extremely good competitive weapon if finished well, or a legal responsibility if poorly carried out. (Kazaara & Christopher, 2023) opined that, one-of-a-kind sorts of pricing approach which include: fee discrimination, fee penetration; skim pricing and rate harmonization have different significance to one-of-a-kind companies in the extraordinary marketplace they intend to serve therefore affecting their profitability (Paul & Kazaara, 2023).

In line with the control of Mukwano institution of corporation restrained, the company has visible a trade in the beverage's setting charges of related agencies. Mukwano organization of enterprise restrained has constantly won the growth within the marketplace and is slowly however progressively growing its profit proportion at a faster charge than its beverage depot competitors. It's far believed that Mukwano organization of agency constrained drastically targeted on handing over Pepsi merchandise nearly to retailers and very last consumers, unfastened delivery and relatively at lowest price (Pdu et al., 2023).

Problem Statement

Objective of the study

- To examine the Impact of pricing on sales volume of Mukwano group of companies limited
- To find out the effect of competitive based pricing strategy on performance of Mukwano
- To analyze the impact of pricing on profit margin of Mukwano companies limited.

Research Questions

- What is the Impact of pricing on sales volume of Mukwano group of companies limited

There is an ongoing problem in both the large and small firms of Uganda bobbing up due to variations over pricing prices of products and services in their markets (N. Faridah et al., 2023). most businesses have participated in their pricing decisions of services or products basing on market systems inclusive of best competition, monopoly, oligopoly and monopolistic competition (Christopher et al., 2022). Whereas exceptional agency attributes the low income making it feasible like those under ideal competition and others make contributions to high income like monopolistic and oligopoly enterprise based (Polycarp et al., 2023). In line with the nature of the

marketplace shape, there is no authority's intervention where there are large variety of consumers and dealers, and a huge number of companies compete. companies are focusing to enhance at the profitability by means of creating obstacles to access, length of the firm, nature of product, and making output choice. The researcher is therefore assigned to take a look at the impact of pricing on the organizational profitability (harmless et al., 2023).

Received: 20.09.2023

Accepted: 24.09.2023

Published on: 30.09.2023

- What is the effect of competitive based pricing strategy on performance of Mukwano group of companies limited?
- What is the effect of pricing on profit margin of Mukwano group companies Limited?

Methodology

Research Design

The researcher used descriptive research which involved both the qualitative and quantitative research techniques. 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 were not easily measured using statements or theme.

Target Population.

The study population was taken from 60 respondents and of which they were selected from different departments in the company and other people of the area that may be of a great importance towards the provision of the information that may support the study.

Sampling procedures, Technique and Sample size

Sampling Procedure

The researcher worked with a sample of the population of 60 people that were 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 is likely to produce more reliable and quick results because fewer errors are 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 study center and it was done in equal and independent chances of all people being included in the sample.

Received: 20.09.2023

Accepted: 24.09.2023

Published on: 30.09.2023

Sample Size

Sample size is defined as a small section of a part that represents the whole (Saunders et al., 2009). Gill and Johnson (2010) argue that an adequate sample size depends on several issues. Gill and Johnson (2010) add that what is important is not the proportion to the research population that gets sampled, but the absolute size of the sample selected relative to the complexity of the population, the aims of the research and the kinds of statistical manipulations that was used in data analysis. For the purpose of this study, a sample size of respondents, representing 100% of the target population was used for the study, the sample size was determined using the table of Krejcie and Morgan, 1970. The sample size also took statistical and non-statistical consideration and the nature of population was homogenous and thus small.

Table 1: Population distributions

Strata	Population	Sample size	Sampling method
Marketing department	20	10	Simple random
Sales department	15	9	Simple random
Production department	10	8	Simple random
Stores department	5	3	Simple random
Total	60	30	

Source: (Krejcie & Morgan, 1970- table and group participation (2020) from primary and secondary sources were collected as noted below:

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.

Data Analysis

After collecting all the necessary data, the data was coded and edited, analyzed and rephrased to eliminate errors and ensured consistency. 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. It helped

Received: 20.09.2023

Accepted: 24.09.2023

Published on: 30.09.2023

to remove unwanted responses which were considered insignificant. Data collected from the field with the use of study instruments was classified into meaningful categories. This enabled the researcher in bringing out essential patterns from the data that organizes the presentation. Data was entered into a computer and analyzed with the use frequency tables and charts using SPSS (Nelson et al., 2022).

RESULTS

Table 1: impact of pricing on sales volume

Statement	1 SA	2 A	3 NS	4 D	5 SD
There is increase in sales volume	30%	40%	-	10%	20%
There is creation of large market share	13.3%	26.6%	20%	30%	10.1
Reduces the rates of stock in company	30%	13%	-	40%	3.3%
Increases on the daily purchases of the company products	26.7%	57%	3.3%	13.3%	-

Source: Primary data 2020

From the findings presented in the table above, 30% strongly agreed, 40% strongly agreed with the statement, 10% disagreed and only 20% strongly disagreed with the statement.

Furthermore, on whether pricing leads to creation large market share majority of the respondents were found disagreeing with the statement, a total of 40% of the contacted population agreed with the statement (Micheal et al., 2023). This implies that price alone cannot increase on the market share of the company's products. The findings also showed that 40% (majority) disagreed with the statement that pricing helps in reducing the rate of stock in company, 30% strongly agreed with the statement, none of the respondents was found disagreeing with the statement (Ntirandekura et al., 2022). On the statement whether pricing increases on the daily purchases of the company, 57% agreed with the statement that price attracts customers to make a daily purchase since prices will always favour them (Annet et al., 2023).

The effect of competitive based pricing strategy on organizations performance

The study effect of competitive based pricing strategy on organizations performance

Table 2: showing the effect of competitive based pricing strategy on organization's performance

Statement	1.	2.	3.	4.	5.
-----------	----	----	----	----	----

Received: 20.09.2023

Accepted: 24.09.2023

Published on: 30.09.2023

	SA	A	NS	D	SD
It creates awareness about the exiting product	46.6%	33%	10%	3.3%	7%
There limited wastage of resources through competitive pricing	13%	-	16.6%	30.0%	37%
Helps the company to improve on quality of its products	17%	50%	10%	0%	6.6%
Reduces shifting of customers to another producer	70%	20%	00%	10%	00%

Source: Primary data 2020

From to the table, the study revealed that a number of respondents supported that statement competitive based pricing strategy helps in creating awareness about the existing products in that a total of 79.3 agreed with the statement, 10% were not sure of the information that was to be given in this statement while 7% strongly disagreed and only 3.3% of the respondents disagreed (Victoria et al., 2023). Furthermore, majority of the respondents were found disagreeing with the statement that there is limited wastage of resources through competitive pricing in that 37% strongly disagreed, 30.0 agreed with the statement and only 13% of the contacted population was found strongly disagreeing with the statement hence this implied that competitive pricing does not have any positive influence on the wastage of resources (Wegulo et al., 2023). Majority (50%) agreed that competitive pricing helps the company to improve on quality of the products, 6.6% were found strongly disagreeing with the statement .and also competitive pricing on the other hand reduces the rate of shifting of customers to another producer, 70% strongly agreed with the statement 20% agreed and only 10% disagreed with the statement (Gracious, 2023).

The Impact of pricing on profit margin

The researcher was interested in finding out the extent to which the respondents agree with the statements that were presented in this research objective. The findings were therefore presented in the table as below:

Table 3: Showing the impact of pricing on profit margin

Statement	1. SA	2.A	3. NS	4. D	5. SD
Increases capital inflow in the organization	46.6%	33%	-	3.3%	17%
Promotes development of new products in the organization	13%	-	16.6%	30.0%	37%

Received: 20.09.2023

Accepted: 24.09.2023

Published on: 30.09.2023

Facilitates the smooth running of the company	67%	-	10%	16.4%	6.6%
Helps the company to determine the hidden costs of operations		70%	00%	10%	20%

Source: Primary data 2020

Basing on the findings presented on the table above, it revealed that majority of the respondents strongly agreed (46.6%) ,33% agreed that pricing facilitates in the increase's capital inflow in the organization,3.3% disagreed with only 17% strongly disagreed with the statement (K. Faridah et al., 2023). On the other hand, total of 67% disagreed with the statement that pricing promotes development of new products in the organization (Racheal et al., 2023). this implied that development of new products in the organization does not have any strong relationship with the pricing. Furthermore, majority of the respondents strongly agreed with the statement that pricing facilitates the smooth running of the company in that 67% agreed, only 6.6% strongly disagreed with the statement. this implies that pricing to the greater extent does not aid the smooth running of the organization's activities (Innocent et al., 2023).

Conclusions

From the finding of the study, it is evident pricing is one of the critical factor in the operation of any product oriented business in that a slight change in the price will affect the general performance of the sales in the company ,the study also revealed that competitive asked pricing was seen as one of the pricing methods to be adopted in this competitive environment so as to avoid shifting of the clients from one producer to another as it may as a result of high pricing levels set by the organisation. Therefore, in order to achieve profits and increase in sales, Mukwano needs to consider competitive based pricing as one way to maximumly gain profits (N. Faridah et al., 2023).

Recommendations

Mukwano industry should use other ways of ensuring profitability is gained a part from use of pricing such as different forms of advertising like sponsoring events and use of mobile phone advertising (N. Faridah et al., 2023). This will increase awareness about the various products produced by the industry.

Study also recommends that when setting a price for a good or service, there is need for the that specific company to make review on how other companies that may deal with the similar product or related to what they and see on how the pricing levels are, this will limit the tendency of customers shifting (Pdu et al., 2023).

References

Received: 20.09.2023

Accepted: 24.09.2023

Published on: 30.09.2023

-
- 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.
- Christopher, F., Muhindo, M. E., & Nakalema, F. (2022). *Decentralization and Social Service Delivery in Uganda: Acritical Analysis of the Decentralization and Social Service Delivery in Uganda: Acritical Analysis of the literature review*. November.
- Denis, S., & Richard, K. (2023). *The Influence Of Capital Depreciation On The Cost Of Living. A Case Study Of People Living In Central Region Of Uganda Kampala*. 7(3), 33–38.
- Faridah, K., Jacob, K., Barigye, G. B., Kazaara, A. G., & Nelson, K. (2023). *The Role of the Non-Government Organizations in Poverty Alleviation in Uganda: A Case Study of Bugiri Municipality Local Government*. 7(2), 99–111.
- Faridah, N., Kazaara, A. G., & Kazaara, A. I. (2023). *An Evaluation of the Effects of Advertising on Consumer Brand Awareness in an Organization, a Case Study of Mukwano Group of Companies*. 7(3), 206–212.
- 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 District*. 7(2), 147–159.
- Gracious, A. (2023). *The Effects Of Electronic Banking On Customer Service Delivery, A Case Study Of Cairo Bank Uganda, Nakasero*. 7(2), 80–87.
- Innocent, A., Kazaara, A. G., Nelson, K., Catherine, M., Micheal, T., & Deus, T. (2023). *Internal Auditing and Fraud Prevention in Organizations a Case Study of Nssf Kampala Area*. 7(2), 150–157.
- Kazaara, A. G., & Christopher, F. (2023). *Impact of Micro Credit Financing on Agricultural Production A Case Study of Bundibugyo District In The Western Region Of*. 7(3), 56–62.
- Micheal, T., Nicholas, K., Kazaara, A. G., & Nelson, K. (2023). *The Effect of Teacher's Motivation on Academic Performance of Students in Kole District a Case Study of Alito Sub-County*. 7(2), 64–72.
- Nelson, K., Christopher, F., & Milton, N. (2022). *Teach Yourself Spss and Stata*. 6(7), 84–122.
- Ntirandekura, M., Friday, C., & Muhammad, M. (2022). *REWARDS AND STAFF RETENTION IN PUBLIC SECTOR IN UGANDA: AN EMPIRICAL STUDY FROM KABALE DISTRICT LOCAL GOVERNMENT*. 6(7), 165–170.

-
- Paul, W., & Kazaara, A. G. (2023). *Assessing How Employee Job Rotation Affects Workers Productivity In Organizations. A Case Study of Action against Hunger, Kiryandongo District*. 7(3), 168–173.
- Pdu, A. C. O., Government, M. L., Gracious, A., & Kazaara, A. I. (2023). *Corruption Practices on Service Delivery in the Public Sector in*. 7(3), 312–319.
- 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.
- Racheal, N., Enock, Z., & Kazaara, A. G. (2023). *Impact of quality financial reporting on an organization resource management: a case study of Humuza holding limited kampala uganda 1*. 2(2), 408–425.
- Services, S. F., Branch, K., Kazaara, A. G., & Julius, A. (2023). *The Impact of Electronic Banking on Customer satisfaction towards the Financial Institutions in Uganda. A case Study of*. 7(3), 146–153.
- Victoria, N., Nelson, K., Kazaara, A. G., & Kazaara, A. I. (2023). *The Impact Of Staff Development On The Pupils' Academic Performance In Primary Schools In Kimaanya Sub-County, Masaka District A Case Study Of Kimaanya Sub-County, Masaka District*. 7(3), 179–186.
- Wegulo, N. A., Kazaara, A. G., Kazaara, A. I., Deus, T., Moses, N., & Charles, N. (2023). *Effect Of Public Sector Monitoring And Evaluation On Promoting Good Governance In Uganda, A Case Study Of Ministry Of Local Government*. 7(3), 227–239.