

**MATERIAL CONTROL ON ORGANISATIONAL PROFITABILITY:  
A CASE STUDY OF UGANDA CLAYS LIMITED**

**BY**

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**A RESEARCH REPORT SUBMITTED TO THE SCHOOL OF BUSINESS  
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## DECLARATION

I, TONG PHILIP MALEK, declare that this report on **Material Control on Organisational Profitability** : A case study of Uganda Clays Limited, is my original piece of work and has not been submitted to any other institution or university for any academic award whatsoever.

**Student's Name:** Tong Philip Malek

**Signature:**

  
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**Date:**

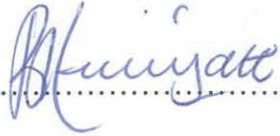
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## APPROVAL

This report on Material Control on Organizational Profitability: A Case Study of Uganda Clays Limited, has been prepared under my supervision as the university supervisor and submitted to the School of Business and Management for examination with my approval.

**Supervisor:** Dr. Stanley Kinyata

**Signature** .....



**Date:** 15/2/2012.

## DEDICATION

I dedicate this research work to my parents Mr and Mrs Malek Duang and Mrs Malek Adoul Alen for their spiritual, parental and financial support in my education.

## ACKNOWLEDGEMENT

I owe my gratitude to all those who financially, academically and psychologically and socially contributed to accomplishment of this research. My special gratitude goes to my supervisor Dr. Stanley Kinyata, who corrected and guided me in this study, thanks for your patience and understanding.

My special appreciation goes to all the lecturers in the school of Business and Management who imparted professionalism into this work. Thanks a great deal.

I can not fail to acknowledge my parents Mr and Mrs Malek Duang and Adoul Allen for their great contribution in my academic career. Not forgetting my brothers Duang Malek and Chol Malek and sisters Atong Malek and Athieng Chol for their moral support.

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**May God bless you all**

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## ABSTRACT

This report, "Material Control on Organizational Profitability" was carried out with Uganda Clays Limited with specific aims of examining; the need for material control on improving profitability; the challenges experienced in material control on the profitability of the company and suggesting solutions to the challenges experienced. To comprehend the study a review of related literature was carried out on already existing information on the specific aims of this paper to enrich and supplement the study findings. The study relied on both qualitative and quantitative designs under which questionnaire and interview guide were employed as research instruments. These were administered to sample of 40 respondents.

The study established the need for material control on profitability to be; reducing wastage of resources, securing materials at a low price, regulating stock levels, reducing embezzlement and making stock updates. The challenges experienced in material control on the profitability of the company were found out to be; changes in market demand, difficulties in maintaining supply and connivance among employees to embezzle materials.

The study concludes that well regulated materials improve the bargaining power of company; this puts company in a better position to understand its structures thus able to minimize losses. However, solutions to these challenges were suggested to be; reducing redundancy of materials in store, avoiding unnecessary material handling, improved motivation of the workers, and proper storage of materials. The study recommends; need for strengthening the internal oversight of the company in managing materials; strengthening cooperation among the inventory team; establishing a positive control environment; establishing control activities with policies that ensure management directives; monitoring and evaluating aspects of internal control; identifying, capturing and communicating information on material control; adopting the Bin Card system and reviewing risk assessment policy.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Introduction

Material control is a systematic control over the purchasing storing and using of material to minimizing the possible cost. In every manufacturing concern materials constitute an important factor of production. It is an important element of cost and covering 60-70 percent of the total cost of the production. Material control is the level of material maintenance in ensuring uninterrupted production and minimizing the investment of funds. For purposes of this material control or management will be applied to mean the proper control of material which reduces the cost of production, minimizes the investment of fund in the purchases of material and increases the profitability of the organization.

### 1.2 Background of the Study

Worldwide, the perceptions and concerns of organizations and companies about development performance usually provide the entry point for thinking about capacity issues, yet, capacity does not automatically translate into improved performance and better development results. The achievement of an organization partially depends on the effective management and control strategies implemented by the organization in managing its materials (Alberts and Marino, 2008).

The necessity of effective inventory management is being increasingly realized in industrial and non-industrial organization worldwide (Millichamp, 2000). In India and China this realization has come about because of increasing complexity of the task of managers and administrators (Anthony and Young, 1999). In Malaysia, the problem of effective inventory control is now viewed as the most critical problem with changes in social climate (Simons, 1995). While these can be great assets to the organizations, they become problems if the organization is not able to manage inventory properly.

In Africa, liquidity and profitability are the two vital aspects of corporate business. Any business cannot run without these two. A firm may run without profits for sometime; but with no liquidity, the firm cannot run their business. That is why management of inventory is an integral part of corporate planning in business life in South Africa. According to Krumwiede et al (2000), the proper inventory control system is leading to an optimum utilization of resources in South Africa. Idle materials are of a financial burden to the organization. Thus proper, inventory management directly assists in efficient functioning of the company.

In Uganda various methods and techniques have been adopted to control the inventory like, prompt maintenance of registrars, proper raw material arrangement, and fixation of various control levels and application of inventory control techniques and bin card system which are relevant for inventory control in stores department. Inventory management is helping organizations in dealing with the supply of the raw materials and other activity in order to achieve the maximum co-ordination and optimum expenditure on materials to increase the profits of the firm (Krumwiede et al, 2000).

Uganda Clays just like any other big company elsewhere in Uganda, has existed for a long time since 1950. This reflects its ability its ability to maintain productivity, being a leading manufacturer and distributor of building materials in Uganda.. However it is not without challenges of material control which cuts into its benefits, thereby reducing its profitability. According to Maciariello and Kirby (1994), a well-financed organization without a proper timely planning and forecasting of materials would still fail to meet its profitability. This research is driven by objectives to bring to attention that, not only is it important for organizations to have adequate funds to finance its operations, but it is it is also imperative for organizations to effectively manage and strategically control its materials. It is upon this backdrop that the study made an assessment of the influence of material control on the profitability or success of an organization in Uganda, particularly in Uganda Clays Limited. Also to understand the influence that effective management and control strategies has upon the success of an organization.

### **1.3 Statement of the Problem**

Despite the fact that organizations and individuals establish and adopt various sets of material control strategies, they don't effectively implement these strategies. This threatens the profitability of organizations making material management a dilemma that needs to be regulated to achieve success. It is therefore imperative to note that every enterprise needs inventory for smooth running of its activities as this serves as a link between production and distribution process. The unforeseen fluctuation in demand and supply of goods also necessitates the need for inventory. The purpose of inventory management is to ensure availability of materials in sufficient quality and quantity as and when required and also to minimize investment in inventories. It also provides a cushion for future price fluctuations. Thus it is very essential to have proper control and management of inventory. Inventories play a vital role in operation of organisations. In almost all the organizations the substantial part of capital is invested in inventories. Usually, inventories constitute a major portion, about 60% of total current assets. Hence, management of inventory becomes crucial to the successful management of overall working capital of a business enterprise.

Without effective management of inventory prevention of leakage, spoilage, deterioration, obsolescence, wastage of materials is not possible. Material handling, minimal saving in material cost, decreased production and small profits will be due. The study therefore critically analyzed effective material control on an organization's profitability to provide solutions to challenges therein.

### **1.4 Purpose of the Study**

The purpose of this study was to examine material control on the profitability of an organization in order to provide possible remedies to the challenges experienced in material controls.

### **1.5 Objectives of the Study**

#### **1.5.1 General Objective**

The overall objective of the study was to examine material control on organizational profitability in Uganda Clays Limited.

## **1.5.2 Specific Objectives**

The specific objectives of the study were;

- i) To examine the need for material control on improving profitability of Uganda Clays Limited.
- ii) To examine the challenges experienced in material control on the profitability of Uganda Clays limited.
- iii) To suggest possible remedies to the challenges experienced in material control on the profitability of Uganda Clays Limited.

## **1.6 Research Questions**

- i) Why is there need for material control in the improvement of the profitability of Uganda Clays Limited?
- ii) What are the challenges experienced in material control on the profitability of Uganda Clays limited?
- iii) What measures can be adopted to remedy the challenges experienced in material control on the profitability of Uganda Clays Limited?

## **1.7 Scope of the Study**

### **1.7.1 Geographical Scope**

The study was carried out in Uganda Clays Limited along Kajjansi Road in Entebbe municipality. Uganda Clays Limited is a manufacturing and distribution company in Uganda which deals in building supplies such as roofing tiles, bricks and blocks. The company is the largest clay brick and tile factory in Uganda. The study was carried out under the departments of finance, stores as well as the managerial department. It covered both skilled and non-skilled employees. Uganda Clays Limited has a population of approximately 798 employees as per the Uganda Clays Limited Annual Report of 2010. The study covered a sample of 50 respondents and it cut across different age groups and gender.

### **1.7.2 Content Scope**

The study was limited to material controls on the profitability of the organization and was be restricted to finding out the challenges experienced in material control on the profitability of the organization through examining the need for material control, in order to provide possible remedies to address the challenges experienced in material controls, particularly in Uganda Clays Limited.

### **1.7.3 Time Scope**

The study was conducted in a period of three months. It took place from December 2011 to February 2012, this is because of the backdrop and conditions of the work activities that were covered.

## **1.8 Significance of the Study**

The study is to acknowledge material control in the growth of an organization with the available potential funds. It is expected that that this study will serve as a foundation for future research to those who may, so wish to conduct a study in the same area.

It will act as base upon which organization and companies can rely upon to improve their material controls as a way forward to realizing better profit yields.

The study will also create a considerable awareness on the importance of material controls to practitioners, inventory management, on improving the profitability of the organization who will find a better forecasting insight into the future of organizations to close existing gaps.

The study will also be of significance to the researcher in the award of a bachelor's degree in Business Administration.

## 1.9 Conceptual Framework

**Independent variable**

Material control

**Dependent Variable**

Profitability

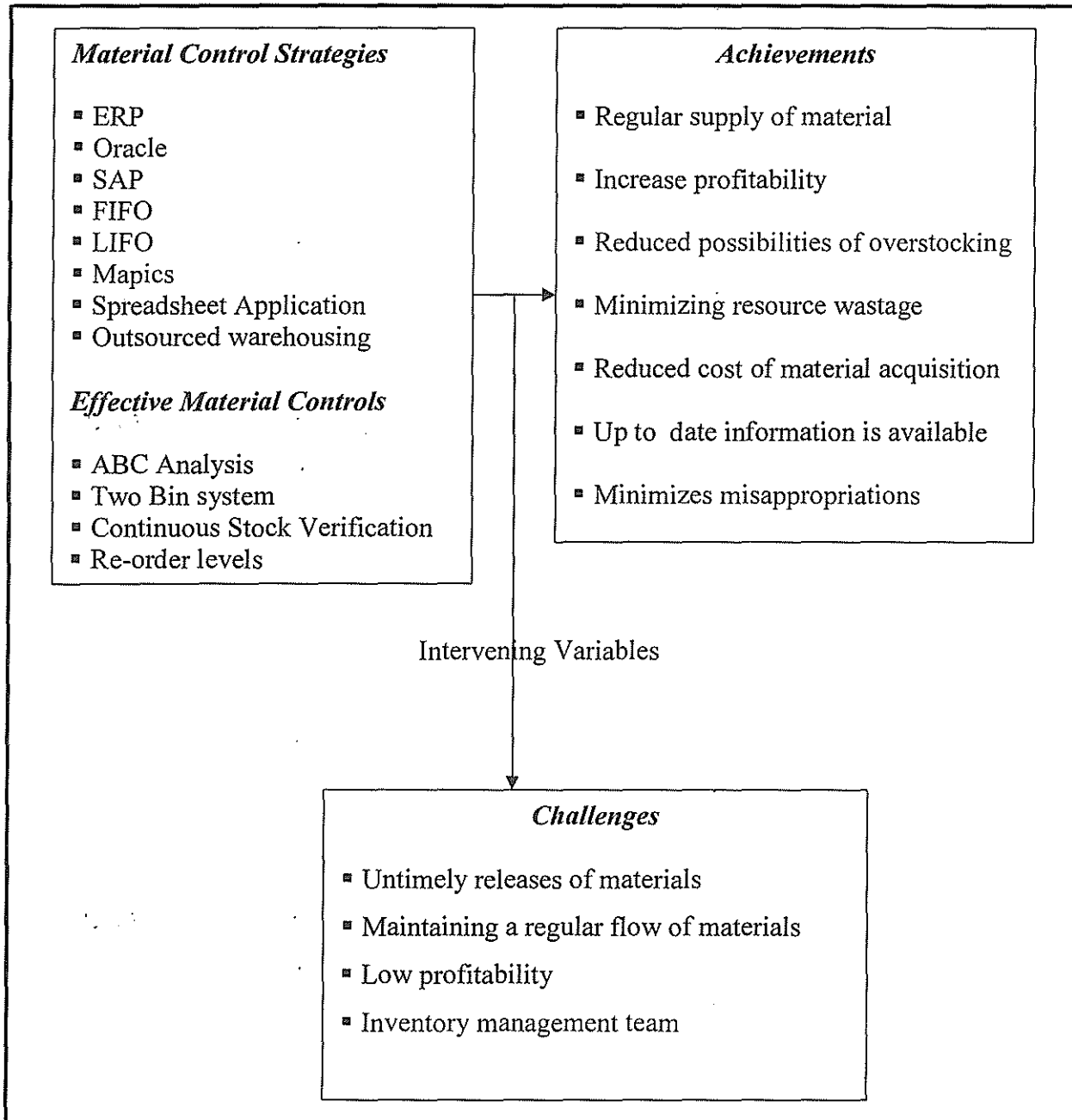


Figure1.1: Conceptual Framework

The conceptual framework defines the relationship between the dependent variables and the independent variables and how the intervening variables are applied. The inventory team of the organization ensures that financial management and material control strategies are applied to the operations of the organization in order to achieve a high level of targets ascertained in order to increase satisfaction, profitability, in addition to attracting investors.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

The study reviewed literature from various scholars on the major variables of the study which were to; identify the need for material control on the profitability of the organization; to examine the challenges experienced in material control on the profitability of the organization; suggest solutions to the challenges experienced in material control on the profitability of the organization.

#### 2.1 Theoretical of Material Control

The study is adopted from the theory of Johnson and Dexter (2000). According to Johnson and Dexter, materials management can deal with planning and design for the movement of materials, or with logistics that deal with the tangible components of a supply chain. Specifically, this covers the acquisition of spare parts and replacements, quality control of purchasing and ordering such parts, and the standards involved in ordering, shipping, and warehousing the said parts. Thus in any manufacturing concern the materials are received, stored to the production departments, moved from machine to machine and processing from department to department and further moved to the final assembly section. The final products are then moved to inspection department and then to dispatch section. Thus in every manufacturing organization material handling, places an important role. Everywhere there is movement of materials, work in progress or finished product.

It is highly pointed out that the cost material handling involves 40% to 50% of total production cost. Therefore considerable attention must be taken in the material handling. Improved material handling system not only save time and cost reduction but also ensure the following: reduction in accidents, greater job satisfaction, reduction in inventory or and work in progress, increasing production and saving of time all of which yield profitability of the organization.

Materials is generally measured by accomplishing on time delivery to the customer, on time delivery from the supply base, attaining a freight budget, inventory shrink management, and inventory accuracy. The materials department is also charged with the responsibility of managing new launches.

Material is the main current asset of a business which is needed to finish a product. It also has big proportion in total cost. These two points attract businessmen to control the material, so that supply of stock should continue without delays or over-stocking problems but at optimum level. For this, cost accountant has to control materials or inventory through the available techniques.

Cost accountant has to set various stock levels. This is done by calculating different levels of quantity of stock through past records, data of normal usage, maximum usage, minimum usages, re-order quantity and minimum and maximum period and its mean will be average period. With this data, stock level can be determined through;

Re-ordering levels where the level of stock quantity between minimum and maximum level and material order is relied upon in ordering for new stock.

Minimum levels; the minimum balance must be maintained in hand at all times, so that there is no stoppage of production due to non availability of inventory.

Maximum level; shows maximum quantity which should be in the stock, at the time of ordering for more materials.

Average Stock Level; This is the average of minimum and maximum level and the danger level which is the level at which normal issues of the raw material inventory are stopped and emergency issues are only made.

**ABC Analysis;** ABC analysis is a method of classifying items, events or activities according to their relative importance. It is frequently used in inventory management where it is used to classify stock items into groups based on the total annual expenditure

for or total stockholding cost of each item. Organizations can concentrate more detailed attention on the high value or important items. Pareto analysis is used to arrive at this prioritization. Category A, represents the most important items, generally consists of 15 to 25 percent of inventory items and accounts for 60 to 75 percent of annual usage value. Category B, represents items of moderate importance, generally consists of 20 to 30 percent of inventory items and accounts 20 to 30 percent of annual usage value. Category C, represents items of least importance generally consists of 40 to 60 percent of inventory items and accounts for 10 to 15 percent of annual usage value.

**Bin system;** this is a stock card sometimes called a bin card. One stock card for each different commodity in the warehouse is used to record every in and out movement of that particular commodity, with cross reference to the appropriate entries in the incoming/outgoing log sheets. It gives a running balance. Where possible those actually receiving and issuing the goods should not also be responsible for maintaining the stock card.

Bin card is a record of receipt and issue of materials Quantity of store received is entered with receipt column and the quantity of store issued is recorded in the issue column of Bin Card. Balance of quantity of stores is ascertained after every receipt or issue. It shows the balance of the stock at any moment of time. Bin Card is maintained by the store-keeper. He is answerable for any difference between physical store and the balance shown by the Bin Card. Thus Bin Card does not only record the receipt an issue of the stores but also assist the store keeper for control of the stock. For each item of stores minimum level maximum level, and ordering level are shown in the part of the Bin Card. A bin card is also known as bin tag or stock card and is usually hung up or placed in shelf, rack or bin where the material has been kept. Bin cards can also be in the form of loose sheets which can be maintained in a ledger kept in the stores.

**Continuous Stock Verification;** continuous inventory control reinsures an adequate supply of materials, stores. It minimizes stock outs and storage and avoids costly interruption in operations. It keeps down investment in inventories inventory carrying cost and obsolescence loses to the minimum. If facilities purchasing economics through

the measurement of requirements on the basis of recorded experience. It eliminates duplications in ordering or in replenishing stocks by controlling the sources from which purchase requisition emanate.

## **2.2 The Need for Material Controls**

The basic objectives of material controls are to obtain requisite quantity of material at right price, right quantity, right quality and from right source. The detailed objectives of material control are as follows;

### **2.2.1 Regular Supply of Material**

According to Anthony and Govindarajan (2007), material controls ensure that there is a regular supply of materials to the factory. This is purposely done for factories not to run short of material. With regular material controls, product may never be held in want of material.

Similarly Otley (1994), envisages the goal of material management as one which is to provide an unbroken chain of components for production to manufacture goods on time for the customer base. For this purpose, Robbins and Decenzo (2004) acknowledge that the materials department is charged with a duty of releasing materials to a supply base in addition to ensuring that the materials are delivered on time to the company using the correct carrier. While according to Govindarajan (2007), it is pointed out that in some companies materials management is also charged with the procurement of materials by establishing and managing a supply base. In other companies the procurement and management of the supply base is the responsibility of a separate purchasing department. The purchasing department is then responsible for the purchased price variances from the supply base.

### **2.2.2 No possibility of overstocking and under stocking**

The Standards Association of Australia (1999) depicts that, by fixing various stock levels as minimum level, maximum level ordering level over stocking and under stocking of material can be avoided.

### **2.2.3 Minimizes Wastage of Resources**

Material management does not only cover management of material policy. It is also related to other activities such as inventory control, material planning, executing the policy etc. Material management is closely related to the purchase budget. Material management is essential; to maximize production, reduce cost of production, minimize investment in capital and improve capital turnover ratio (Joint Learning Initiative, 2004).

Materials once well controlled minimize wastages. Thus according to Thacker and Associates (2010), proper material management reduces wastage of material. Poor stores facilities result deterioration, obsolescence, pilferage, theft, fire, evaporation etc. which directly affect the profitability of the organization.

### **2.2.4 Getting Material at Reasonable Prices**

For any company with an effective material control, Anthony and Govindarajan, (2007), acknowledge that while purchasing materials, it is seen that it is purchased at reasonably low prices but the quality is not to be sacrificed in the plan of low prices.

### **2.2.5 Availability of Up-to-date Information**

Up-to-date and readily material information can be made available to the management, for planning and decision making. The store keeper can supply information because he keeps up-to-date record of the every item of the store under proper system of material control ( Moteff, 2005).

### **2.2.6 Minimizes Misappropriation of Material**

Through the adoption of the internal check system, materials are controlled. Under this system the employees perform their work on rotational basis by which misappropriation of material is minimized (Anthony and Govindarajan, 2007).

### **2.2.7 Cost Savings**

The effective materials management plan builds from and enhances an organization's master plan by filling in the gaps and producing an environmentally responsible and efficient outcome. An organization complex can expect a myriad of benefits from an

effective materials management plan (Anthony and Govindarajan, 2007). There are long-term cost savings, as consolidating, reconfiguring, and better managing an organization core. Infrastructure reduces annual operating costs. According to Moteff, John (2005), An effective materials management plan also means a more holistic approach to managing materials apart from raw materials, the vehicle usage, emissions, solid waste vehicle use and emissions, solid waste, hazardous waste, recycling, and utility services. As a result, this means a greener, more sustainable environment and a manifestation of the many demands today for institutions to become more environmentally friendly. In addition, effective materials management plan can improve aesthetics. Simons (1995), removing unsafe and unsightly conditions, placing core services out of sight, and creating a more pedestrian-friendly environment will improve the visual and physical sense of place for those who live and work there.

#### **2.2.8 Maintaining Standards**

Materials management is not a science and depending upon the relevance and importance that company officials place upon controlling material flow, the level of expertise changes. According to Moteff (2005) it is portrayed that there are no standards for materials management that are practiced from company to company. Most companies use ERP systems such as SAP, Oracle, BPCS, MAPICS, and other systems to manage materials control. Small concerns that do not have or cannot afford ERP systems use a form of spreadsheet application to manage materials. According to Krumwiede (2000), some companies place materials management on a level whereby there is a logistics director, other companies see the importance level as managing at the plant level by hiring an inventory manager or materials manager, and still other companies employ the concept that the supervisors in the plant are responsible accompanied by a planners. Because there are no standards there are only best practices for any particular business sector that are widely used.

## **2.3 Challenges Experienced in Material Controls on the Profitability of the Organization**

### **2.3.1 Untimely Releases**

One challenge for materials managers is to provide timely releases to the supply base. On the scale of worst to best practices, sending releases via facsimile is the worst practice and transmitting releases to the supplier based web site is the best practice. This is because the flaw in transmitting releases via facsimile or email is that they can get lost or even interpreted incorrectly into the suppliers system resulting in a stock-out. The problem with transmitting EDI releases is that not all suppliers have EDI systems capable of receiving the release information. The best practice is to transmit the releases to a common supplier web base site where the suppliers can view (for free) the releases. The other advantage is that the supplier is required to use the carrier listed in the website, must transmit an ASN (advanced Shipping Notification), and review the accumulative balances of the order (Johnson and Dexter, 2000).

### **2.3.2 Maintaining a Persistent Flow of Materials**

The major challenge that materials managers face is maintaining a consistent flow of materials for production. There are many factors that inhibit the accuracy of inventory which results in production shortages, premium freight, and often inventory adjustments. The major issues that all materials managers face are incorrect bills of materials, inaccurate cycle counts, un-reported scrap, shipping errors, receiving errors, and production reporting errors. Materials managers have striven to determine how to manage these issues in the business sectors of manufacturing since the beginning of the industrial revolution. Although there are no known methods that eliminate the aforementioned inventory accuracy inhibitors, there are best methods available to eliminate the impact upon maintaining an interrupted flow of materials for production ( Millichamp, 2000).

### **2.3.3 Embezzlement of Materials from Stores**

According to Moteff and John (2005), incentive measures, such as salaries, secondary benefits, and intangible rewards, recognition or sanctions have traditionally been used to motivate employees to increase satisfaction and improve performance. This helps to

#### **2.4.4 Scientific Layout**

According to Millichamp (2000), scientific layout of the factory and plan should be followed to have minimum possible movement of material.

#### **2.4.5 Standard Method of Material Handling**

There should be a standard method of material handling accepted as it results into a better utilization of equipments and reduced costs (Anthony and Govindarajan, 2007).

#### **2.4.6 Flexibility of equipments**

According to Joint Learning Initiative (2004), it is pointed out that, while selecting material handling equipments, flexibility of the nature of equipment should be taken into consideration. The more flexible the nature of material, the greater the reduction of the cost of operation, maintenance and storage.

#### **2.4.7 Storing of material**

Materials should be arranged and stored in a proper manner so that they may easily be located and transported to the intending department. Bulky materials should be placed near the production department ( Millichamp, 2000).



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter explained the specific research methodology and techniques that the researcher employed in order to obtain data. It is an analysis of the geographical study research design, description of the population sampling strategies and sample design, data collection techniques methods and data analysis techniques.

#### **3.1 Research Design**

The study based on an explanatory research design to be able to focus on perceptions, facts, and experiences of the respondents. This was purposely because the research questions set required an analysis of the explanatory and descriptive perspectives in finding out the need for material control on improving profitability of organizations, examining the challenges experienced therein and solutions to these challenges.

Both quantitative and qualitative methods were used in data collection and analysis. Information on the subject matter was collected from the different departments of inventory, accounting, and management departments among employees, and heads of departments as well as the inventory team. This was done by use of questionnaires and interviews. Qualitative design involved indepth interviewing of the manager whereas the quantitative design involved use of close-ended questionnaires which were issued to the employees in the different departments.

#### **3.2 Research Population**

The study population was 40 who represented both gender. The population was drawn from 4 departments that is to say the inventory department, finance, purchases and managerial department.

Table 1: Showing summary of the respondents

<b>Category of respondents</b>	<b>Population</b>	<b>Total</b>
Finance	5	5
Inventory	15	15
Purchases	15	15
Managerial	5	2
<b>Total</b>	<b>40</b>	<b>40</b>

### 3.3 Sampling Technique

The sample technique comprised of purposive sampling, whereby the researcher purposely selected respondents who work in the particular selected departments. The technique was purposely selected because the researcher would be able to rely on his own perception to select participants for this study. Random sampling was also carried out in the inventory section to provide each with an equal chance of representation.

### 3.4 Sample Size

The researcher took a sample size of 40 from a population of 50 through purposive sampling, 30 of whom answered questionnaires whereas 10 were interviewed. The sample selection did not involve biases as it was randomly selected to give each element of the population an equal chance of representation in the study. Thus by selecting one and not the other did not affect the results of the study.

### 3.4 Sample Procedure

The sample was purposively selected where employees are selected because they work with the selected retail units and thus are aware of what goes on. The section heads were purposely selected because they are responsible for requisitioning of items and materials that are lacking within their sections and thus are knowledgeable about procurement

issues in the two retail units. During the course of the study, the researcher put into consideration the different attributes of respondents such as age, sex and education. The procedure therefore relied on the demographic characteristics of the study respondents.

The study relied on Cronbach's Alpha coefficient to analyze statistics. Where the sum scale was equal to 0.5

$$s^2 = \frac{\sum (x_i)^2 - \frac{(\sum x_i)^2}{n}}{(n - 1)}$$

### **3.5 Data Collection Methods**

#### **3.5.1 Sources of Data**

##### **Primary Data**

This was obtained through use of self-administered questionnaires and interviews to the respondents.

##### **Secondary Data**

This was obtained through the help of text books and other related works of outstanding scholars such as published magazines, written data sources including published and unpublished documents, organization reports and internet sources were all referred to, to provide more information on material controls.

#### **3.5.2 Research Instruments.**

##### **Interviews**

The researcher organized key informant interviews with managers who enriched the findings of the study. The method was selected purposely because it would provide for a systematic flow of information due to the order of questions and it would help in covering information that would be missed out in the questionnaires. The researcher interacted with the respondents face to face and asked them relevant questions to the study.

## **Questionnaires**

Both open and close ended questionnaires were used in gathering information from the selected respondent. The instrument was purposely selected for its ability to seek personal views of the respondents as it provides them with an opportunity to use their knowledge in providing a wide range of data, besides, it avoids repetition of questions.

### **3.6 Data Processing**

The processing of data was done after the collection of data for verification of the information gathered and for attainment of completeness, accuracy and uniformity. Data editing involved checking the information for errors, which was advantageous because it enabled the researcher to delete and eliminate possible errors that were traced which would have influenced the results of the study. Data was analyzed concurrently to avoid duplication thereby guiding the entire study for balanced and critical analysis. The researcher used hypothesis based on the questionnaire and for other items, tabulation pie-charts and percentage and simple statistical methods were used for data presentation, analysis and qualification.

### **3.7 Data Analysis**

The study explained, described and presented the findings basing on the specific objectives of the study and research questions, where data analysis was firstly done through sketchy and generalized summaries of the findings such as observation and conclusions in the process of data collection. Data analysis was done using simple statistical percentages and frequencies and presented in charts.

### **3.8 Ethical Consideration**

The researcher carried out the study with full knowledge and authorisation of the responsible authority. The researcher first of all obtained a letter of introduction from the university, introducing him to the field which he used to build confidence of the respondents as suspicion was erased, to this confidentiality was assured as paramount. The researcher thereafter selected respondents, book for interviews as well as questionnaires' collection dates.

### **3.9 Limitation of the Study**

The researcher experienced the following problems in the conducting of the research;

A problem of time limitation as the research was carried out at the time when organizations were winding up their financial year, thus the intended targets were hard to reach, however, the researcher managed to contact them through phone calls to book for appointment.

The researcher also experienced a problem of reluctance of the employees to take part in the study due to suspiciousness of the researcher's intentions, thus were not willing to release company information. However researcher managed to convince the respondents that the research was purely academic by declaring his identity and introductory letter.

## CHAPTER FOUR

### PRESENTATIONS, ANALYSIS AND DISCUSSIONS OF THE FINDINGS

#### 4.0 Introduction

This chapter covers the presentation, analysis and discussion of the findings focusing on the main variables of the study which are; the need for material control on improving profitability, challenges experienced in material control and possible remedies to the challenges experienced.

#### 4.1 Demographic Distribution of the Respondents

The study sought about the differences in the demographic characteristics of the respondents and the findings were presented in Table 1 to Table 3.

##### 4.1.1 Distribution of the Respondents by Gender

The study sought about the differences in gender of the respondents and the results of the findings were as presented in 2.

**Table 1: Gender Distribution of Respondents**

Sex	No of respondents	Percentage
Females	10	25%
Males	30	75%
<b>Total</b>	<b>40</b>	<b>100</b>

**Source:** *Field Research Findings (2012)*

The study findings revealed that 10 out of 40 respondents were women (25%), whereas 30 out of 40 were males (75%). This shows that males dominated the sample whereas the females had a minority representation in material control needs. According to the study respondents interviewed, women had a minority representation because they are not so strict and thus cannot tightly mark the receipt and release of materials rightly and yet at times they avoid direct attacks of those that mishandle materials.

It can therefore be suggested that owing to the submissive nature of women, they are rarely allocated in the department of material control because they cannot be strict, thus may not sufficiently manage materials.

#### 4.1.2 Distribution of the Respondents by Age

The study sought information about the age distribution of the respondents and the findings were as presented in table 2.

**Table 2: Age Distribution of the Respondents**

Age group	Frequency	Percentage (%)
20 – 30	6	15%
31 - 40	8	20%
41 - 50	22	55%
51+	4	10%
<b>Total</b>	<b>40</b>	<b>100%</b>

*Source: Field Research Findings (2012)*

According to the study findings in table 2 and figure 2, it was revealed 6 out of 40 fell under the age category 20–30 (15%). 8 out of 40 were under age group 31 – 40 comprised of (20%), age group 41-50 thus constituted 20% of the total sample. 22 out of 40 respondents were under age group 41- 50 thus constituted the majority of the sample with 55% of the total respondents whereas age group 51+ was represented with only 4 out of 40 respondents thus comprised of 10% and was the least represented age group. It was expressed that age group 51+ was the least represented as most of the employees retire as they age, thus their low representation.

#### 4.1.3 Level of Education of the Respondents

The study also sought information about the level of education and the study findings were as established in table 3;

**Table 3: Education Level of the Respondents**

<b>Education</b>	<b>Total</b>	<b>Percentage (%)</b>
University	15	38%
Diploma	11	28%
Secondary	6	15%
Primary and below	8	20
<b>Total</b>	<b>40</b>	<b>100%</b>

Source: *Field Data (2012)*

In regard to the findings in Table 3 it was revealed that, 15 out of 40 (38%) had attained University education, 11 out of 40 (28%) were of Diploma level, 6 out of 40 (15%) had attained secondary level education whereas 8 out of 40 (20%) were of primary level and below. This shows that the majority of the respondents are qualified and had attained university level and thus knowledgeable about their job requirements.

#### **4.2 The Need for Material Control on Improving Profitability**

The study aimed at examining the need for material control on improving profitability in Uganda Clays Limited (UCL) and the study findings were as represented in Table 4;

**Table 4: The Need for Material Control on Improving Profitability**

<b>The Need for Material Control</b>	<b>Agree</b>	<b>Disagree</b>	<b>Total</b>
Reducing resource wastages	24(60%)	16(40%)	100
Reducing embezzlement of materials	18(45%)	22(55%)	100
Maintaining supply levels	26(65%)	14 (35%)	100
Regulating stock levels	22(55%)	18(45%)	100
Easy updating of stock levels	14 (35%)	14 (35%)	100
Securing materials at low prices	23(58%)	17(42%)	100

Source: *Field Data (2012)*



### **Pertaining to what material control strategy is applied**

Pertaining to the material control strategy applied, the study findings revealed that the cost of inventories at UCL is determined by the First-in First-out method (FIFO). Just like Moteff (2005) recognized the fact that, there are no standards for materials management that are practiced from company to company, but according Krumwiede (2000) it is simply the best standards. In this case it can be submitted that Uganda Clays Limited employs FIFO method different from companies that rely on other methods, because it finds it a convenient practice in maintaining its stock levels.

In respect to this issue, respondents further reveal that, through the FIFO inventory regulatory measure, materials are stated at a lower cost and net realizable value and that the cost of finished goods and work in progress comprises of raw materials, direct labour and other direct costs with related production overheads excluding the interest expenses. Thus according to the inventory manager, net realizable value in this case is the estimate of the selling price in the ordinary course of business, less cost of completion and selling expenses.

### **In response to whether material control improves profitability**

The study findings revealed that, there is need to control material if profitability is to be improved upon because material management helps in; maintaining supply levels (65%), reducing wastages of resources (60%), securing materials at low prices (58%), regulating stock levels (55%), reducing embezzlement of materials (45%) and making stop updates easy for the inventory team.

According to the study findings, it was portrayed by the respondents that, material management was needful because it helps in maintaining supply levels. Respondents revealed that, material requirements planning is essential in the efficient operation of a firm, because the improvement in material management policies and procedures usually offers the greatest potential for company through output increases and cost reductions. This is “unlike material planning processes in forecast driven material requirements in an order driven environment as primarily impacted by customer orders and specifications”, as emphasized by one of the respondents.

This view is further stressed by the inventory manager who clearly points out that “material control strategies are important in maintaining stock supply because they provide an early capture and communication to the material control, purchasing and production planning subsystems of all the known material requirements for each order, thus these are directly related to specific customer or any internal orders placed”. This same view is in contention with Anthony and Govindarajan (2007), who envisaged that there is a regular supply of materials and factories cannot run short of implements if materials are well controlled, similar to Otley (1994), who foresaw the goal of material management as one which provides an unbroken chain of components for production, thus timely deliveries (Robbins and Decenzo, 2004). It can therefore be submitted that material control is significant on the profitability of the company because it helps in holding a regular supply of materials in the production, thus company does not fall short of supply in the market at any given time.

The study findings further portrayed that, there is need for material control in UCL because this reduces wastage of the company’s materials. According to the respondents it is for this reason that management of inventory is considered an integral part of the corporate planning of the company life. It was also expressed by one of the respondents that;

*The proper inventory control system leads to an optimum utilization of resources thereby wiping out idleness of materials, as idle materials are of a financial burden to the organization.*

Thus according to this respondent, inventory simply necessitated taking care of the forest and the tree takes care of itself. In this context therefore, it can be held that, proper material control directly assists in the efficient functioning of the company thus its profitability as there is maximum coordination which improves the profits of the company. The Joint Learning Initiative (2004) also supports the same view that material management is central to improving capital turnover ratio just like Thacker and Associates (2010) recognize the benefit in reducing wastage of material. It can therefore be suggested that material management is significant if profitability is to be realized in the company.

It was further established in the study findings that material control is central in improving profitability because it helps in securing materials at low prices possible. According to the respondents, this is possible at UCL because re-order levels can be adjusted according to material in stock to strike a better bargain in the market. One of the respondents clearly expressed that material control helps in permitting the initiation of appropriate procurement and production actions. It is for such purposes that Anthony and Govindarajan, (2007), postulate that while purchasing materials, it should be at reasonably low prices although this should not imply sacrificing the quality in the plan of low prices. It can therefore be suggested that material control is significant in securing low prices for materials because if well regulated, re-order levels can be altered to serve as the bargaining power of the company as immediacy is eliminated in the face of the procurers, in this way the company will be maximizing its profits through the benefit of a low input cost.

In addition it was also noted from the study respondents that material control improves profitability of the company because it regulates stock levels. According to the study respondents, with material control, the possibility of overstocking is narrow. This was attributed to the fact that when materials are controlled, the current material status and work orders can easily be understood and met. Just the like the inventory manager stated that, there is a chronological projection of quantity at hand through being date sensitive of inventory, which makes the standards of lead time and required safety stock levels to be a determinant upon which items are reordered and which should not and in what quantity. This same circumstance was earlier on envisaged by Standards Association of Australia (1999) which postulated that overstocking and under stocking are avoided through fixing minimum and maximum ordering levels. In the researcher's opinion, this implies that once the company is able to regulate its maximum and minimum stock levels, it can be in position to understand its orders, thus in a better position to aim for the estimated profits for each given period of time.

More still the study findings revealed that embezzlement of materials is minimized through material control as portrayed by the respondents. That material misappropriation is regulated when management is able to clearly account for the entry and exist of

materials. This minimizes the possibilities of the inventory team, to exploit the weaknesses of stock taking to embezzle materials in stock. Similarly Anthony and Govindarajan (2007) also point out that misappropriation of materials is minimized through internal check system as employees are rotated at work. In the researcher's opinion, it can thus be suggested that with material control it is easy to identify which employee is responsible for any misappropriations of material as they work on rotational basis and while one hands over, the material records are maintained. In this way once misappropriation is minimized the lower the losses to the company and thus the higher the profits.

It was further expressed by study respondents that material control leads to an updated material database and that the more the company relied on the right statistics the more appropriate it designed its strategies which in the end yielded wider benefits. This is what Moteff (2005) recognized as a holistic approach to planning and decision making when company benefits from up-to-date stock information of all the available items. In the researcher's view it can thus be suggested from the above that once a company has up-to-date information about its materials in stock then it is in a better position to make the right decisions with the right count of the available items.

#### 4.3 Challenges Experienced in Material Control

The study aimed at finding out the challenges experience in material control on improving profitability in UCL and the study findings were as represented in table 5.

**Table 5: Challenges Experienced in Material Control**

<b>Challenges Experienced in Material Control</b>	<b>Agree</b>	<b>Disagree</b>	<b>Total</b>
Conniving to embezzle materials	23(58%)	17(42%)	100
Frustrates customers and reduces market	26(65%)	14 (35%)	100
Maintaining regular supply flows	27 (67.5%)	13 (23.5%)	100
Changes in market demand	37(93%)	3(7%)	100

**Source:** Field Research Findings (2012)

According to the study findings in table 5 it was established from the respondents that, the company experiences a number of challenges. 37 out of 40 of the total respondents (93%) expressed that the company experiences a problem of change in market demand while managing materials. 27 out of 40 respondents supported the view the company was experiencing a problem of regular supply flow maintenance (67.5%), 26 out of 40 respondents (65%) maintained that poor management of materials leads to frustration of customers and reducing the demand market whereas 23 out of 40 (58%) pointed out a problem of conniving of employees in the inventory team to embezzle materials from the stores.

According to the study respondents it was expressed that the company has often times been challenged in its inventory management by irregularities on the market especially sudden falls or raises in demand. This according to the respondents is untimely and thus gets the company off guard to sufficiently meet the current market requirements or standards. Just like Johnson and Dexter (2000) realized that the one challenge for material managers is to provide timely releases to the supply base. It can thus be submitted that when materials need to be increased to meet the current demand it can not be done within the shortest time, thus by the time sufficient quantities can be produced, the market demand will have fallen short, and the reverse is true for decreased market demand.

Yet to mention was the problem of regular supply flow maintenance as portrayed by the study respondents. According to them, it was not that easy for a company to all the way through be in position to meet to its supply requirements or demand requirements as there are competitors in the market for the same inputs. This makes it difficult for them to acquire the sufficient amounts of input requirements to fulfill and sustain particular supply levels in the market. This is in contention with Millichamp (2000) who observed that, material managers experience a challenge of maintaining a consistent flow of materials for production due to inaccuracies in inventory as a matter of incorrect bills and inaccurate cycle counts, unreported scrap and delivery and production errors. It can therefore be upheld that, with inconsistencies in inventory information and statistics,

supply of materials can not remain constant, it is hampered, thus leading to reduction in anticipated company profits when the right decisions are made basing on the wrong statistics.

In addition it was also established that once materials are not well managed, the demand side is also affected as customer expectations are not met. This consequently leads customers to looking for alternative suppliers, which reduces the market of the company. This is clearly emphasized by Moteff and John (2005), who realized that the irregularities of supply cut into the profits of the company. This can be submitted from the fact that customers will change source of supply, thus affecting the position of the company.

It was further expressed by the study respondents that a problem of connivance of employees in the inventory team particularly the unskilled workers to embezzle materials from the store was also a major challenge to the company. That employees organize in a group and aid each other in swindling materials and that this was commonly experienced in the transportation of materials from the company site. This same view is supported by Moteff and John (2005), who recognized that without incentive measures taken, an organisation's materials are likely to be stolen as a material hungry team is created other than a material management team. From this study finding, it can be suggested that once the inventory team is dissatisfied it is unlikely that the company's materials will not be misappropriated.

#### **4 Solution to the Challenges Experienced in Material Control**

The study further aimed at suggesting possible remedies to the challenges experienced on material control and the study findings were as represented in table 6;

**Table 6: Solutions to Challenges Experienced**

Solutions to challenges experienced	Frequency (over total response)		Percentage
	Agree	Disagree	
Proper storage of materials	22(55%)	18(45%)	100
Reducing redundancy of materials in store	36(90%)	4 (10%)	100
Avoiding unnecessary material handling	27(68%)	13(32%)	100
Improved motivation	25(63%)	15 (37%)	100

**Source:** Field Research Findings (2012)

Pertaining to solutions of challenges experienced in material control, the study suggested that material control can be regulated by reducing redundancy of materials in store (90%), avoiding unnecessary material handling (68%), improved motivation of the workers (63%), and proper storage of materials (55%).

According to the study findings it was noted from the respondents that by reducing the redundancy of the inventories, management is improved. This was said to be particularly so if circulation of materials focuses on strict observation of FIFO whereby the first materials measured as the first materials out. Thus according to an interview with the assistant manager of the inventory section it was acknowledged that material control in Uganda Clays follows the principle that materials carry their actual cost of the specific units used. This according to him is for purposes of ensuring that cost is aligned with product at the expected time of usage, thus materials are issued from oldest supply in stock and at the actual cost of those units at the time of acquisition. Just like Simons (1995) acknowledged the fact that redundancy can be reduced by effectiveness once service points are clustered to reduce the amount of redundancy.

It can thus be submitted that once materials are not left to remain redundant or idol, they become easy to manage as system assumes (FIFO) that the first materials in stock are utilized first, maintaining their cost, in this way confusion is avoided as identification of materials is easy as their association to a particular purchase lot is easy.

More still it was established that there is need to avoid unnecessary material handling whereby moving materials or handling of materials is done only if materials should be moved. Systems like advanced planning and scheduling have been adopted to reduce material handling and Just-in-Time method is also supporting Uganda Clays to reduce unnecessary material movement through push systems depending on demand and scheduling supply to meet the available demand and pull systems to replenish systems triggered by the usage or depletion of stock. This is in contention with Otley (1994) view that, unnecessary movement and material handling ought to be avoided. Just like Millichamp (2000) envisaged that materials should be arranged and stored in a proper manner for easy location and transportation by the intending department. It can therefore be submitted that once inventory is controlled by pull and push factors, what is demanded is consequently manufactured and immediately supplied without having to store to avoid the to and fro process in the stores, thus reducing damage of materials.

According to the study respondents, it was expressed that by improving the motivation of the workers, a spirit of togetherness will be built and it will be less likely that the employees will engage in practices of misappropriating resources as they develop a sense of belongingness and oneness when their interests are aligned with those of the company. The same view is held by Anthony and Govindajaran (2007) on how participatory processes should be an integral part of designing results material management approaches in identifying basic constraints, for voices of those who manage materials to be heard. It can thus be submitted that when implementers are involved in the decision making process, they are able to identify with the organizational interests, thus serve to the best of its interests.

Study respondents further expressed that there is a need for the company to revise its storage system to a more appropriate and convenient manner different from what is being applied. According to the manager in charge of inventory, it was suggested that if the company for instance adopts the BIN system, then it is most likely that this will improve on the material control system the manager of inventory. This view is in contention with



Joint Learning Initiative (2004) on how selecting material handling equipments, requires taking into consideration the flexibility of the nature to cut costs.

In the researcher's view therefore this implies that once a proper handling system is adopted, inventory work becomes flexible and manageable, yet less costly.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter covers the summary, conclusions and recommendations of the study findings on the three major variables.

#### 5.1 Summary of the Findings

According to the findings it was revealed by the study respondents that material control is needful for the profitability of an organization because of the various advantages it contributes to the position of the organization. However, much as the organization has undertaken to manage its inventory, it has encountered problems of which solutions have been suggested by study respondents.

##### 5.1.1 Need for Material Control

The study revealed that, material control helps in maintaining the chain of supply, reducing wastage of resources, securing materials at low price levels, reduces wastages of resources, securing materials at low prices, regulating stock levels, reducing embezzlement of materials and making stock updates easy for the inventory team.

It was established in the study that material management helps in maintaining stock if material management procedures and policies are effective as this offers a greater potential for increased output. This results into an early capture and communication on inventory, thus a steady and regular supply is maintained. This is in addition to reducing wastage as inventory team is compelled by the monitory measures to avoid being held accountable for damaging materials. The organization is also able to secure materials at low prices as re-order levels are adjusted and regulated according to materials in stock. With the right measures taken to manage materials, a company can not overstock or under stock. This also lessens the possibility of material embezzlements and misappropriations as accountability becomes easy through the internal system checks,

this effectively aids easy upgrade and updating of material, thus easy to take the right production decisions.

### **5.1.2 Challenges Experienced in Material Management**

The challenges experienced in managing materials at Uganda Clays limited were established as; changes in market demand, difficulties in maintaining supply and connivance among employees to embezzle materials.

The company has experienced challenges of irregularities of the market thus causes market failures at times. This further contributes to failures in the market when the supply flow is cut as company consequently fails to meet all its demand requirements which frustrates customers. Employees also connive to embezzle company materials yet they are the very people entrusted with managing and handling materials.

### **5.1.3 Solutions to Challenges Experienced**

The study revealed that, solutions to challenges experienced in material control to be reducing redundancy of materials in store, avoiding unnecessary material handling, improved motivation of the workers, and proper storage of materials.

If materials are checked promptly and purchase cost is matched at time of material release, inventory management becomes easier. This is so if circulation focuses on strict observation of materials on first in first out basis. Unnecessary material handling and costs should also be reduced to minimize damages and loses with a Just-in – Time method to reduce the number of times materials are handled. Motivation of the workers also needs to be improved upon in order to create belongingness and oneness. On top of this if company revises its storage system a more appropriate and convenient manner then Study respondents further expressed that there is a need for the company to revise its storage system to a more appropriate and convenient manner different from what is being applied. According to the manager in charge of inventory, it was suggested that if the company for instance adopts the BIN system, then it is most likely that this will improve on the material control system in the management of inventory.

## **5.2 Conclusion**

### **5.2.1 Need for Material Control**

The study concludes that, material control is significant because it creates a regular supply chain of materials, thus company in continuously in the supply chain thus company does not fall short of materials. When materials are well regulated, they contributing to the bargaining power of the company in that company does not have to order when prices are high, but will wait until at a time when prices lower because there is enough in the stores to facilitate production. This puts company in a better position to understand its demand and supply structures very well, thus regulate minimum and maximum stock levels. Besides when organization is able to identify who is responsible for what material loss, makes it easy for organization to minimize losses. Basing on the right statistics, company can be able to undertake the right production decisions.

### **5.2.2 Challenges Experienced in Material Management**

The study concludes that irregularities in material supply reduce demand because when supply cuts short, current customers will look for alternatives, which reduces company profits. However, with a dissatisfied inventory team company materials most likely are misappropriated.

### **5.2.3 Solutions to Challenges Experienced in Managing Inventory**

The study concludes that, once materials are not redundant it is easy for the management of inventory to identify and associate materials to their cost. Through the pull and push factors driving management of inventory, more profits would be yielded as there is reduced damage of materials. With a spirit of belongingness created, interests of workers are aligned with company' goals, above all a proper handling system if adopted, makes inventory flexible and manageable.

## **5.3 Recommendations**

Upon the conclusions drawn, the researcher made the following recommendations;

- There is need to strengthen the internal oversight of the company in managing materials. This should be through setting up an oversight committee on embezzlement of materials to advise on any misappropriations of materials as this will be useful input in regulating materials. This should be in addition managing procurement and supervisory teams.
- There is need to strengthen cooperation among the inventory team through motivating the team to build oneness as this will align interests of the company with those of inventory team members.
- There is need for the company to establish a positive control environment with a structured, disciplined and climatically conducive to sound management controls. This should emphasize integrity and ethical values of inventory management staff, in addition the manner in which management assigns authority and responsibility, reflecting on the attention and direction provided by oversight groups.
- There is need for the company to establish control activities which consist of policies, procedures, techniques and mechanisms that ensure that management directives are being carried out to meet objectives.
- There is need for company to monitor and evaluate all aspects of internal control to assess the quality of performance over time with serious management control deficiencies should also be reported to higher levels.
- There is need company to identify, capture and communicate information on material control in a form and time frame that enables people to carry out their responsibilities as duly expected.
- The Bin card has been identified as one of important record taking of receipts and issue of materials. And because the one in charge of stores is answerable for any difference in the physical store balance and Bin-Card balance, it makes the store

keeper accountable thus should be adopted. This not only assists in accountability measures but also helps store keeper to control stock.

- The company also needs to review its risk assessment policy to improve on its control measures by properly identifying, analyzing and managing the possible risks involved material damages and misappropriations.

### **5.3 Recommendations for Future Research**

This study looked at material control on organizational profitability. The researcher suggests that more research can be conducted on specific issues;

- 1) Effect of insufficient pay on material control in an organization
- 2) Good leadership styles and the effective control of materials in an organization.
- 3) Workers motivation and the effective management of materials in an organization.

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**APPENDICES**

**APPENDIX I: RESEARCH INSTRUMENTS**

**(A) QUESTIONNAIRE SCHEDULE**

Dear Respondent,

I am Tong Philip Malek, a student from Kampala International University pursuing a Bachelors degree in Business Administration. I am conducting a research on the “Material Control on Organizational Profitability” which is part of the requirement of the award of the Bachelor of Arts Degree in Business Administration of Kampala International University and I kindly request you, to fill in the blank boxes and spaces as indicated. All the information provided will be used purposely for academics only and all information given will be treated with the utmost confidentiality it deserves.

**INSTRUCTION: PLEASE TICK WHERE APPROPRIATE**

**Section A: Biographical Information.**

- 1) Sex
  - a) Male  b)Female
- 2) Age
  - A) 25-34 years  B) 35-44 years  C) 45-54  C) 55 & plus
- 3) Education level
  - A) Certificate  B) Diploma  C) Bachelors  D)Others (specify).....
- 4) Marital Status
  - A) Single  B) Married  C) Widowed  D) Divorced

**Section B: Material Control and the Profitability of Organizations**

- 5. What do you understand by term material control?  
.....  
.....
- 5. What are the material control strategies applied to financially sustain the organization?  
.....  
.....

7) Material control leads to a consistent supply of materials.

a) Agree

b) Disagree

If you agree/disagree please explain

.....  
.....

8) Material control leads to regulated stocking of materials.

a) Agree

b) Disagree

If you agree/disagree please explain

.....  
.....

9) Material control minimizes wastages of resources

a) Agree

b) Disagree

If you agree/disagree please explain

.....  
.....

10) Costs of material purchase is reduced if material is well managed.

a) Agree

b) Disagree

If you agree/disagree please explain

.....  
.....

11) Do you think material control contributes to the profitability of the organization?

a) Agree

b) Disagree

If you agree/disagree please explain

.....  
.....

**Section C: Challenges of Material Control on the Profitability of Organizations**

12) The organisation meets challenges which affect its profitability in the course of controlling materials.

a) Agree

b) Disagree

If you agree, what are these challenges? Please explain.

.....  
.....

13) Untimely releases of materials affect the profitability of the organization.

a) Agree

b) Disagree

If you agree/disagree please explain

.....  
.....

14) Organisation encounters difficulties in maintaining material control

a) Agree

b) Disagree

If you agree/disagree please explain

.....  
.....

15) There are ineffective material controls that the company relies upon.

a) Agree

b) Disagree

If you agree/disagree please explain

.....  
.....

**Section D: Solutions to Challenges of Material Control**

6) There are solutions that can help in curbing challenges experienced in material control.

a) Yes  b) No

If yes which are they? If no why?

.....  
.....

17) By improving the circulation infrastructure, material control problems can be controlled for organization to reap greater benefits.

- a) Agree
- b) Disagree

If you agree/disagree please explain

.....  
.....

18) Inventory problems can be curbed, if storage of materials is improved upon

- a) Agree
- b) Disagree

If you agree/disagree please explain

.....  
.....

19) Building ownership of the organization can solve problems of inventory

- i. Agree
- ii. Disagree

If you agree/disagree please explain

.....  
.....

20) In your own opinion, what solutions would you suggest for inventory problems experienced?

.....  
.....  
.....

**Thanks for your Response**

## **(B) INTERVIEW GUIDE**

A) Tong Phillip Malek      Date of Interview:.....

B) Interview number 1, 2, 3 - 10 etc....

C) Survey Interview

### **Spot Issues**

- a) What do you understand by term material control?
- b) What are the material control strategies applied to financially sustain the organization?
- c) How can material control lead to a consistent supply of materials?
- d) How does material control leads to regulated stocking of materials.
- e) How does the overall managing of materials improve the profitability of organizations?
- f) What are the challenges experienced by the organisation as a result of material management?
- g) How has the organisation managed these challenges?
- h) What would you suggest as possible measures to counter the deficiencies in the management of materials in your organization?

**APPENDIX II: BUDGET**

ITEM	PARTICULARS	UNIT	COST PER UNIT (UG SHS)	TOTAL (UG SHS)
Equipments	Ream of papers	1	12,000	12,000
	Pens	1 Dozen	3,600	3,600
Field work and collection of data	Communication	30 credit cards	1000	30,000
	Transport	10	4500	45,000
Data analysis	Data entry	30	2000	60,000
Research report	Type setting and Printing master copy	500 @page	Approx 70	35,000
		Next 2 copies	pages 70	14,000
	Binding	4 copies	3	24,000
Miscellaneous				50,000
<b>Total</b>				<b>273,600</b>

### APPENDIX III : TIME FRAME

<b>PERIOD (2011)</b>	<b>DATA COLLECTION</b>
Beginning of December	Proposal Writing and Editing
Mid December to Beginning of January	Collection of Data
Mid January to End of January	Analyzing and Compiling Data collected
Beginning of February to Mid February	Typing Setting and Editing
End of February	Submission of Report