THE ROLE OF PROPER STORE RECORD SYSTEM ON PRODUCTIVITY AND PROFITABILITY OF MANUFACTURING CONCERNS.

CASE STUDY:

IGARA GROWERS TEA FACTORY IN BUSHENYI DISTRICT.

BY

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ARESEARCH REPORT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE BACHELOR OF BUSINESS ADMINISTRATION OF KAMPALA INTERNATIONAL UNIVERSITY

AUGUST 2009

DECLARATION

I, Nayebare Racheal declare that this research is of my own findings and effort and it has never been presented in any institution for the award of bachelor of Business Administration or any other award.

NAYEBARE RACHEAL

Signature

.....Racheal.....

Date

.....01/06/09.....

APPROVAL

This is to approve that this work under the topic of "The role of proper store record system on the productivity and profitability of manufacturing concerns" was done by Nayebare Racheal and under my supervision.

MR: MUSANA MICHAEL

Signature
.....

Date
01/06/09.
.....

DEDICATION

I here by dedicate this piece of work to my dear parents Mr. Bambaija Eliasaph and Mrs. Bahizireyo Beatrace and my beloved brothers Arthur, Augustine, and Samson. Sisters Monica, Saison, Deborah, Dinnah, and Annah and dear friends Salama, Godliver and Nicholas for their support rendered to me during their studies. May the almighty God bless them abundantly in whatever they are doing.

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A lot of assistance and guidance during my research study came from different individuals. Therefore, I wish my sincere thanks to those individuals who made my work easy.

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I wish to extend my great thanks to Mr. Musana Michael for encouragement, guidance, good suggestions and for all the care and advice he gave.

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ABSTRACT

The study about the role of proper store record system on the productivity and profitability of manufacturing concerns was carried out in Igara Growers Tea Factory in Butare, Kyamuhunga, and 12km on Ishaka – Kasese Highway in Bushenyi District.

The objectives of the study were; to assess the role of proper store records on productivity and profitability, to identify the relationship between proper store records and productivity and profitability, to identify the challenges faced and recommend the corrective measures to be taken to ensure proper productivity and profitability of manufacturing concerns. Literature of different authors was used to support this study. Only the employees were involved to provide the relevant data. Data collection was done using the questionnaires, interviews and observation. Data was then categorised, edited and coded and then presented into tables. Proper store record system improves productivity and profitability in a way that stock levels can easily be determined, stock counting becomes easier, theft is reduced in factory, proper identification of stock and there are challenges faced like untrained staff, slow up date of cards and higher price fluctuations. But the management has put in place workshops, recruited qualified staff and follow the re order levels.

Generally the study proved that proper store record system plays a great role towards productivity and profitability of manufacturing concerns although there is still need for supervision with in stores management and allocation of duties properly among the staff.

ACRONYMS

I.G.T.F..... Igara Growers Tea Factory

GDP..... Gross Domestic Product

MDG..... Millennium Development Goals

ISO ..... International Organisational for Standardisation

LPO..... Local Purchase Order

GRV ..... Goods Received Voucher

ICT ..... Information Communication Technology

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CHAPTER ONE

1.0 INTRODUCTION

The research was under the topic of "the role of proper store record system on productivity and profitability of manufacturing concerns particularly Igara Growers Tea Factory in Bushenyi District.

1.1 Back ground of the study.

During the last ten years Uganda has achieved an average GDP growth rate of 6.7%, which has mainly been accounted for by the industrial and service sectors. Between 1997/1998 and 2005/2006, the Ugandan manufacturing sector contributed an average of 9% to total annually, while the service and agricultural sector accounted for 40%. The industrial sector's annual growth rate was approximately 1.3%. This rate is low and likely to hinder Uganda's expectation of poverty reduction and meeting its millennium Development Goals (MDGs) (Kappel, Lay and Steiner 2005; Lawson, Mckay and Okidi 2006; Bussolo, Godart, lay and Thiele 2006).

Uganda's manufacturing sector is small and not really growing. The main indicators reveal its low productivity. For example, in 2002, the utilisation of Ugandan manufacturing sectors when compared to that of other African countries was around the mean 58%. These are indicators of low competitiveness of the Ugandan manufacturing sector at the international and regional levels. Most manufacturing enterprises in Uganda are micro small enterprises of which micro enterprises which employ five employees are the most important. There are approximately 800,000 micro small enterprises that employ about 90% of the active non farming population. In spite of the contribution of these firms to employment, their performance and growth have been poor a situation that worsens the overall productivity of the Ugandan manufacturing sector and the economy at large. According to Reinikka & Svenson's (2001) statistics, these firms seem not to upgrade their investment, are inefficient and incur high costs per unit of Revenue.

Igara Growers Tea Factory is one of manufacturing concerns producing Tea in Bushenyi District. It is estimated to be producing seventeen million kilograms (17,000,000 kg). I.G.T.F limited was incorporated in 1995 as a company limited by shares. The principle activity is

buying green leaf from farmers and processing it into black tea for export. Effective the year 2002, the company engaged Uganda Development Agency (UDA) an associated company to offer managerial services.

Igara Growers Tea Factory processes black tea for both export (95%) and local sale (5%). Tea processing is simultaneous process or chain of stages. It begins with withering, where tea is withered to remove moisture, then the rolling where tea is rolled on monorails to the grinding site, then fermentation where tea is fermented for some hours and at reasonable temperature to change colour to dark orange, then drying where tea is dried into solids by fire, then sorting where tea is graded in different grades, then packing where tea is packed in different sizes for export and local use, finally marketing is done.

I.G.T.F has got many departments among which are Department of Quality and control, Department of Works (Engineering), Department of production, Department of Finance and Planning, Department of Marketing and Stores Department.

The store department is subdivided into many sections of stores such as:

Bulk store. This comprises of items such as stationary, medicines, electronic repairs and cleaning buckets.

Motor vehicle store. This is composed of spares for all kinds of vehicles (both commercial and others) like Iveco, Isuzu, and motor cycles and bicycles. There are also nuts and bolts.

Un located stores. This comprise of fencing materials, brooms, food of all kinds, and other items like jik.

Packing material store. This is only composed of packing bags.

Fertilizer and herbicide store. This is composed of fertilizer and herbicides like roundup gramacson.

Fire wood store. it comprises of firewood.

Timber store. For only timber.

Processed tea store. For only made tea.

According to the past records, I.G.T.F's profitability has been varying from year to year. Losses and profits have been earned during different years. Basing on records from 2004 to 2008 as shown below which gives a crew on its retained earnings after all taxes and other deductions have been deducted.

TABLE 1: RETAINED EARNINGS OF I.G.T.F FOR THE YEARS 2004 TO 2008

YEARS	2004	2005	2006	2007	2008
RETAINED EARNINGS (UGX)	(267,680,386)	67,724,480	99,946,938	1,430,479,204	1,148,255,054

Source: primary data

Again its out turn was found to be at a rate of 21.53% of processed tea and price increased up to $1.7 in the outside market. This clearly shows that productivity and profitability have been increasing since 2005 to 2008 and thereafter slowed down due to climatic changes.

1.2 Statement of the problem

"A place for everything and everything in its place" the records manager in charge of purchasing the equipment and supplies for the records centre must certainly need this advice. There should be proper place for various types of records processing and storage. Poor store record system slows down production and lowers profits of manufacturing concerns as in 2004/2003, a loss was earned due to poor maintenance of store records but since then up to 2008/2007, a profit has been maintained though it reduced by 11.39% that is from 57.71% to 46.32%.Even the production reduced by 4% that is from 24.8% to 20.8%. A combination of factors determines what brought about this change in production and profits and specifically the store record system in I.G.T.F. It is from this perspective that the researcher wants to find out if the proper store record system plays a big role towards productivity and profitability in I.G.T.F. Although many scholars have proved this but no particular study has been carried out in this Factory.

1.3 Purpose of the study

The purpose of the study was to examine the role of proper store records on productivity and profitability of manufacturing concerns.

1.4 Objectives of the study

To assess the role of proper store records on productivity and profitability of manufacturing concerns.

To identify the relationship between proper store records and productivity and profitability of manufacturing concern.

To identify the challenges faced in maintaining proper store records in manufacturing concerns.

To identify and recommend the corrective measures to be taken to ensure proper productivity and profitability of manufacturing concerns.

1.5 Research questions

What is the role of proper store records on productivity and profitability of manufacturing concerns?

Is there any relationship between proper store records and productivity and profitability of manufacturing concerns?

What are the challenges faced in maintaining proper records in manufacturing concerns?

What recommendations and corrective measures do you suggest to be taken to ensure proper productivity and profitability of manufacturing concerns?

1.6 Scope of the study

The study covered the role of proper store record system on productivity and profitability of manufacturing concerns in I.G.T.F located in Butare, Kyamuhunga, and 12km on Ishaka – Kasese High way in Bushenyi District.

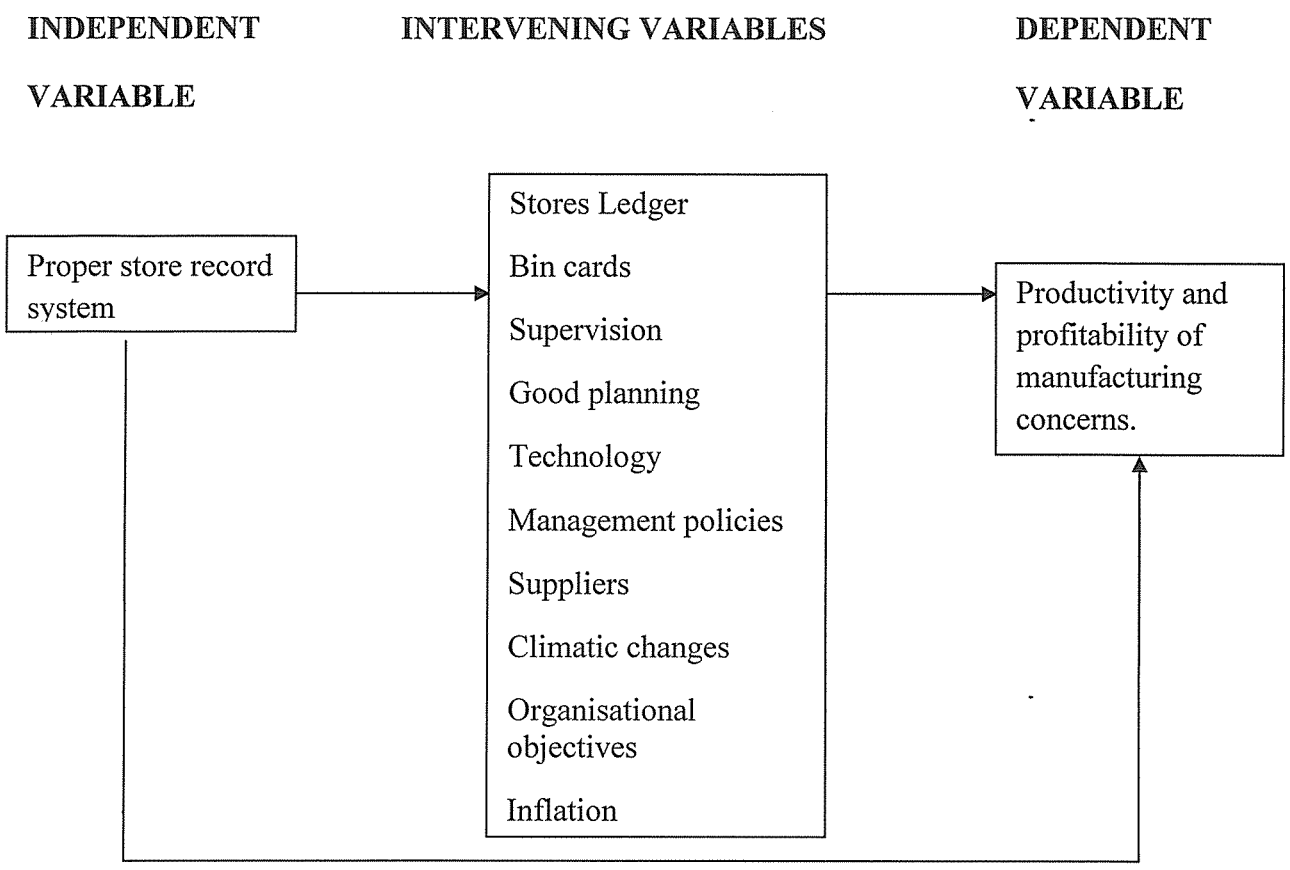
Chapter two presented the review of related literature, which covered proper store records as the independent variable and productivity and profitability as the dependent variable and literature about the relationship between the two variables.

Chapter three presented the methods and instruments that were used during the study and how the findings were to be presented and analysed. And limitations of the study and how they were solved.

Chapter four, the researcher presented the findings in line with the study objectives.

Chapter five presented summary of the study, conclusions of the findings, and recommendations.

1.9 Conceptual frame work



Source Primary Data

The conceptual frame work shows the relationship between the two variables that is independent variable and dependent variable putting forward the extent to which dependent variable depends on the independent variable. The independent variable was proper record system and dependent variable was productivity and profitability of manufacturing concerns. This means that for manufacturing concerns to achieve high production levels and profits the store record system should be proper. Hence, productivity and profitability of manufacturing concerns depends on proper store record system.

The intervening variables are the variables that determine the reliance of productivity and profitability on store record system. Some variables favour the system of keeping records positively hence achieving high productivity and profitability and others may fail the system if not properly dealt with thus lowering production levels and profits. These variables are stores ledger, good planning and supervision. These variables if put in place in support of the

system of keeping store records proper improves accountability of the firms, eases monitoring of the firm since the management base on store records to determine what has gone into production and outcome, and decision making becomes easy for decision makers as all suggestions are based on records. However, among the intervening variables management policies, inflation, climatic changes, and organisational objectives influence production and profits of the manufacturing concerns. Management policies may not favour the system in place and suppliers may delay or supply outdated items which when used may lower production levels. Inflation affects in a way that local purchasing orders may be bounced if found that prices have been increased and it may be found that much of the profits are used to purchase few items which lowers profitability levels.

All in all, technology and demand affects in both sides either positively or negatively. Improved technology and high demand of products produced increases production levels and sales increase hence high profits levels. On the other hand lack or poor technology and low demand of products lower production and profits. This means that for manufacturing concerns to achieve high production levels and profits, the above factors inconjuction with proper store record system have to be in place.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter presented the opinions, views and ideas of different writers on the proper store record system in relation to productivity and profitability of manufacturing concerns. This part has also incorporated the ideas drawn from books, journals and internet based information.

2.1 Concept of store records

S.P.Jain (2001),s defines store records as the documents which give information regarding the movement of the stock. They include records kept for both accounts and costing purposes.

2.2 Categories of store records.

Store records are classified into two categories that is, bin card and stores ledger according to S.P.Jain (2001), He argues that bin cards and stores ledger are two important store records that are generally kept for making a record of the various items of stores.

Bin card, it makes a record of the receipt and issue of material and is kept for each item of the stores carried. Quantity of stores received is entered in the receipt column of the bin card and a balance of quantity of stores is taken every receipt or issue, so that the balance at any time can be readily seen. These cards are maintained by the store keeper and he is answerable for any difference between physical stock and balance shown in the bin card. Kamukama Nixon Arinaitwe (2006) argues that a bin card has three columns which include the receipts column, issue column and balance column. It also has stock control levels which include minimum level, maximum level, reorder level and reorder quantity.

Stores ledger, this ledger is kept in costing department and is identical with the bin card except that receipts issues and balances are shown along with their money values.

This contains an account for every item of stores and makes a record of the receipt issues and balances both in quantity and value. Thus this ledger provides the information for the pricing of materials issued and the money value at any time of each item of stores. (S.P. Jain, 2000).

Some persons argue that where a store ledger is maintained, the bin card is a duplicate record and as such should not be maintained. According to S.P. Jain (2000), this is wrong and against basic principles of stores accounting on account of the following reasons.

- The store keeper is held responsible for maintenance of stores and as such he should have a stock record under him.
- The store keeper is held responsible for the difference in the physical stock and the stock record. The responsibility for difference in stock gets divided if the stock records are not kept by the store keeper.
- The store ledger is not kept up to date because posting of transactions is done periodically and as such the maintenance of bin cards is desired to have up date balance of stock. In bin cards posting is done before the transaction takes place.
- It is said that the store keeper should himself keep the stores ledger. This is also wrong because the stores ledger is the record of quantity and value and figures for calculation of the cost of production are taken from this record. This calculation of cost is responsibility of cost accountant. Further it is not fair to burden the store keeper with the responsibility of the evaluation of the receipts, issues and balances. His recording should be restricted to quantity alone. It is therefore, necessary that both stock records is kept.
- The two records act as cross check on each other because balance of stock disclosed by bin cards should agree with balance shown by stores ledger. Thus the accuracy of Both records are established.

2.3 Importance of keeping proper store records

According to Kersey (2000), proper record practice would improve accountability in the line with the expectations on the role of records. International organisation for standardisation (ISO) comes out with ISO 15489 the first comprehensive standards for records management policies and procedures. The ISO 15489 is to ensure appropriate attention and protection is given to all records and that the evidence and information they contain can be retrieved more efficiently and effectively.

Information on the amount on hand inventory and scheduled receipts is needed for both inventory management and accounting purposes. It is through these records in which transaction report is made for each withdrawal and receipts. (Krajewski & Ritzman, 1993)

Keeping proper records is very important because they monitor the progress of the firm, records can show whether the firm is improving, which items are selling or what changes you need to make. Good records can improve the likely hood of the firm production success; prepare financial statements like budgets, income statements and balance sheets. (International Revenue Service United States, department of treasury).

2.4 How to maintain proper store records.

Krajewski & Ritzman (1993), argued that records are likely to be maintained for on hand inventory and scheduled receipt balances, clearly signed responsibility closed stores, cycle accounting and logical error checks, and are methods used to maintain accurate records. Also since managing inventories require many calculations; it is not surprising that many companies have computerised at least parts of their inventory systems. He stresses out the importance of computer that it is for inventory control as it Walgreen employees in the monitoring self stock so that replenishment orders can be placed on spot when necessary.

Periodic system, that is a physical count of items in inventory is made at periodic intervals (weekly or monthly) in to decide how much to order of each item. This is good because orders of many items occur at the same time which can result in economies in processing orders. However, he argues that with this system the need to protect against shortages between the river periods by carrying extra stock and need to make decision on order quantities at each review are encountered (William J. Stevenson, 1999).

To ensure accuracy, incoming and outgoing record keeping must be good, as must be stock room security. A well organised stockroom will have limited access, good house. Keeping and storage areas that hold fixed amounts of inventory. Bins, shelf space and parts to be labelled accurately. (Jay Heizer&Barry Render 2005)

2.5 Overview of Productivity and Profitability.

Productivity is a summary measure of the quantity and quality of work performance with resource utilisation considered. The traditional economies definition of productivity focuses on the ratio of physical out puts to resource in puts. (John R. Schermerhon Jars. 1986)

Productivity is measured in terms of out put per labour; however, this measurement does not ensure that the firm will make money. To test whether productivity has increased, these questions should be is asked. Has the action taken decreased inventory? Has it decreased operational expense? Therefore productivity is all the actions that bring a company closer to its goals. (Richard & Nicholas, 1995).

Profitability is defined as a ratio of sales to costs. Profitability comes from productivity and efficient use of resources. Although highly productive firms tend to be profitable high productivity does not guarantee high profit performance. (Paul Gray, Jaak Jurison, 1995)

Profitability analysis is enhanced by the availability of punched card accounting and electronic data processing equipment capable of processing the great amount of quantitative detail. (Matz & Curry, 1972).

2.6 Relationship between proper store record system and productivity and profitability.

Jay Heizer & Barry Render, (2005) argued that accuracy of records is a critical ingredient in production and inventory systems. Record accuracy allows organisation to focus on those items that are needed rather than settling for being sure that some of every thing is in inventory. Only an organisation can determine accurately what it has on hand, can it make precise decisions about ordering, scheduling of stock for better production.

Even though an organisation may have made substantial efforts to record inventory accurately, these records must be verified through a continuing audit. Such audits are known as cycle counting. Cycle counting uses inventory classifications developed through ABC analysis. With counting procedures items are counted, records are verified and inaccuracies are periodically documented. With ABC analysis, A items will be counted frequently perhaps once a month; B, items will be counted less frequently perhaps once quarter; C, items will counted perhaps once every six months.(Jay Heizer & Barry Render, 2005).

2.7 Definition of key words.

Store records are defined as documents which give information regarding the movement of stock. (S.P.Jain, 2000)

Manufacturing is the transformation of materials into other goods through the use of labour and factory facilities. Charles T. Horngren, 1982).

Store means a place where commodities are stored. A place where merchandise of any kind is kept for sale. (New International Webster's Comprehensive dictionary of the English language).

Record system is a group of interrelated resources, people, equipment and supplies space procedures, and information acting together according to the plan to accomplish the goals of the records and information management programme. (Smith, Ginn & Kallaus, 2002)

Profitability is defined as the ratio of sales to costs. (Paul Gray, Jaak Jurison).

Productivity is a summary measure of the quantity and quality of work performance with resource utilisation considered. (John R. Schermerhorn, Jr. 1986).

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

The study presented the research design, sampling design, sampling procedure, and sources of data, methods that were be used in collection, processing, and presentation of data, plus its interpretation and analysis as well as the problems that were encountered.

3.1 Research design.

The researcher used cross sectional research design because of limited time available and descriptive research design in the collection and analysis of data. These two designs helped the researcher to systematically collect and present data that described the role of proper store record system to the productivity and profitability.

Both qualitative and quantitative methods were used because it involved carrying out in depth interviews and observation. Also questionnaires were used to establish the role of proper store record system on productivity and profitability in I.G.T.F.

3.2 Survey of population

The study comprised only the employees of I.G.T.F basing on its store records and productivity and profitability. Only this population was chosen to provide relevant data to the study.

3.3 Sampling design

The researcher used random sampling method to obtain relevant data. A maximum total of 20 employees were the population that was considered making up a sample. From this method the researcher selected 10 employees at random without informing them to be interviewed and the research data was obtained.

TABLE 2: SAMPLE OF RESPONDENTS

DEPARTMENTS	NUMBER OF RESPONDENTS
Accounts Department	3
Store Department	5
Production Department	4
Marketing Department	2
Quality control Department	4
Engineering (works) Department	2
Total	20

Source: Primary data

3.4 Sampling procedure

The researcher got a list of records from the store manager which showed the distribution of records according to each item in the store. This acted as a sampling frame from which the sample of records was obtained.

3.5 Sources of data

The researcher employed both primary and secondary sources of data in the study. Primary sources were from factory employees. Secondary sources were from factory records, journals, textbooks, publications and internet.

3.6 Data collecting methods

After considering time factor and limitation of other methods of collecting data, the researcher used three methods of data collection namely Questionnaire, observation and interview for quick and easy data interpretation.

3.6.1 Questionnaire

The researcher used questionnaires to collect data from respondents. The researcher used pre-formulated written set of questions of which respondents recorded their answers. It was an efficient data collection mechanism where the researcher knew exactly what was required and how to measure the variables of interest. Open ended and closed ended questions were used. For this case study the questionnaire was self administered to the targeted respondents because they saved time and data collected can be stored for future needs.

3.6.2 Interview

The researcher used the interview method; face to face interview was used as an instrument to collect primary data. This was because interviews are flexible clear and appropriate in making the researcher formulate questions on the basis of respondents' answers. Also the method could be used to solicit information views and opinions from respondents so as to obtain more findings due to their gestures and facial expression.

3.6.3 Observation

The researcher used observation as the method of collecting data because it was possible to gather data without asking questions just by observing how files were arranged, coded and how people draw requisitions. The researcher collected data as non - participant observer where the researcher collected data in the role of pure researcher without trying to be come an integral part of an organisation.

3.7 Procedure of collecting the data.

The researcher got a letter of introduction from the school of Business and Management that was taken to the factory. The researcher then sought and got permission to carry out her study. Questionnaires were distributed and then collected after one week. On the collection of the questionnaires, the researcher carried out some face to face interviews with the respondents and took notes. The collected data was then arranged into this report.

3.8 Data analysis and presentation.

The researcher processed data and this entailed data editing, tabulation and coding. The alternative answers were provided for each question and frequency data were constructed.

Analysis was done immediately after the interview, when each respondent finished answering the questions and it was done using electronic means such as computers and calculators and presentations involved the use of frequency tables.

3.9 Limitations of the study

Limited information: it was difficult for some respondents to release information especially that which they felt was confidential and respondents simply could not respond to questionnaires issued to them

Some respondents were not willing to give responses citing their busy schedules of personal problem.

Some people could ask for payments in order to reveal information on their organisation. For example Books of records.

Limited time: the time available was not adequate to gather enough information to carry out more detailed study to make more detailed analysis of the findings.

Financial limitations: the study involved spending large sums of money in terms of printing, typesetting, photocopying and yet resources were limited

3.9.1 Solutions to the Limitations

The time given was used accordingly since time is a limited factor. Only two weeks were the period for collecting the data from the factory. Questionnaires were distributed and collected after one week, interviews and discussions were being conducted as observation was also done.

Since the information was confidential, the researcher treated it with utmost good faith. The information given was compiled into report for academic purposes but not for other purposes.

Resources available like finance were used accordingly and if need be borrowing was done. Sometimes there were shortage of finance for transport but the researcher had to make sure that finance was availed in order to finish the report in the given time.

TABLE 4: SHOWING SEX OF THE RESPONDENTS

Sex of respondents	frequency	Percentage
Male	12	60%
Female	8	40%
Total	20	100%

Source: Primary data

The above table shows that the biggest number of employees is males who are 12 making 60% and the females are 8 that is, 40%. The analysis shows that males participated more than females. This sample shows that males are more than females working in the factory.

TABLE 5: SHOWING MARITAL STATUS OF THE RESPONDENTS

Status	Frequency	Percentage
Single	5	25%
Married	13	65%
Divorced	0	0%
Engaged	2	10%
Total	20	100%

Source: primary data

Table 3, shows that many of the respondents who participated were married that is 13 respondents making 65%. Those ones not yet married were five respondents making 25% and those engaged were 2 respondents making 10%. The analysis shows that I.G.T.F keeps working standards where a large number of employees should be married.

TABLE 6: SHOWING QUALIFICATIONS OF THE RESPONDENTS

Qualifications	Frequency	Percentage
Certificate in accounting and finance	2	10%
Certificate in agriculture	5	25%
Bachelor in business Administration	3	15%
Certificate in stores management	4	20%
Other qualifications	6	30%
Total	20	100%

Source: primary data

The table above shows that 6 respondents making 30% had other qualifications apart from those mentioned in the table. These qualifications were Bachelor of Science mathematics, diploma in agriculture education, diploma in agriculture mechanisation, Bachelor of Science in agricultural engineering, diploma in business studies, diploma in procurement and chain supplies management and certificate in computer. Meaning that these respondents qualify though their qualifications were not mentioned. 5 respondents had certificates in agriculture making 25%, 4 respondents had certificates in stores management making 20%, 3 respondents had bachelors in Business Administration that is 15%, and 2 respondents had certificates in agriculture and finance making 10%. This shows that most of the employees qualify to be in their respective departments and this has helped in maintaining store records proper.

4.2 THE ROLE OF PROPER STORE RECORD SYSTEM ON PRODUCTIVITY AND PROFITABILITY OF I.G.T.F.

From the questions asked to different employees, views about the role of proper record system on productivity and profitability were given. The respondents answered differently basing on how they value store records.

TABLE 7: SHOWING THE ROLE OF PROPER RECORD SYSTEM ON PRODUCTIVITY AND PROFITABILITY

Responses	Frequency	Percentages
Yes	18	90%
No	2	10%
Total	20	100%

Source: Primary data

From the information given in table 7, 90% of the respondents that is 18 respondents agreed that proper record system plays the role to the productivity and profitability of manufacturing concern most especially in I.G.T.F in Bushenyi District. However 10% of the respondents that is 2 respondents never agreed, they insisted that even without store records the production of the factory cannot be affected hence maintaining its profitability.

One of the respondents argued that proper store record system help to know stock levels, thereby controlling item run outs. That it also helps to the prices of some items thereby making local purchasing orders (LPO'S) to avoid undercharging prices of items leading to low profits. And he also asserted that lead time can be determined basing on time of ordering an item up to the time of arrival of an item which keeps production in system.

In the same way, another respondent agreed that proper store record system helps in decision making whereby he explain that before the management decide on what to do, they base on records and store records inclusive. He further said that store records indicate what has gone into production thereby estimating profits of the month or year.

However, it was also argued that even though a factory has no proper record system, still production is not affected and its profits are not tempered. He again explained that since its a

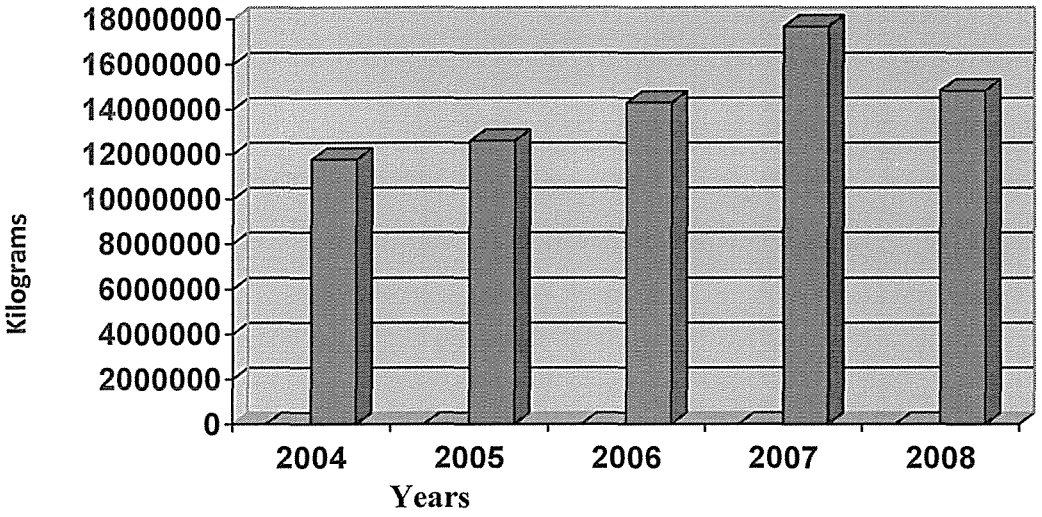
TABLE 9: SHOWING GREEN LEAF PRODUCTION FIGURES FROM 2004 TO 2008

YEAR	2004	2005	2006	2007	2008
KILOGRAMS OF TEA	11,769,437	12,598,426	14,291,680	17,679,533	14,842,358

Source: Green leaf production figures from 1994 to date

From the table 9, it proves that without keeping records of this year's production, it would become hard for management to know whether there was improvement in green leaf production and how much a factory produces a year. This can be clearly shown on figure below.

FIGURE 1: GREEN LEAF PRODUCTION FIGURES FOR THE YEARS FROM 2004 TO 2008



Source: Green leaf production figures from 2004 to2008

From the figure, it shows that production was at an increasing rate of approximately more than a million kilograms of green leaf every year up to 2007 where it became maximum with 17,679,533kg. The production reduced due to many reasons which were given by the production manager and they were, Fertilizers were no where even in the world market therefore growers did not access it. The neighbouring factory also increased market which attracted out growers formally selling their tea to this factory.

Records also show that production of processed tea declined compared with previous years. The production of processed tea was an exception in 2007as compared with other years. Furthermore the out turn reduced from 22.06% to 20.1%.

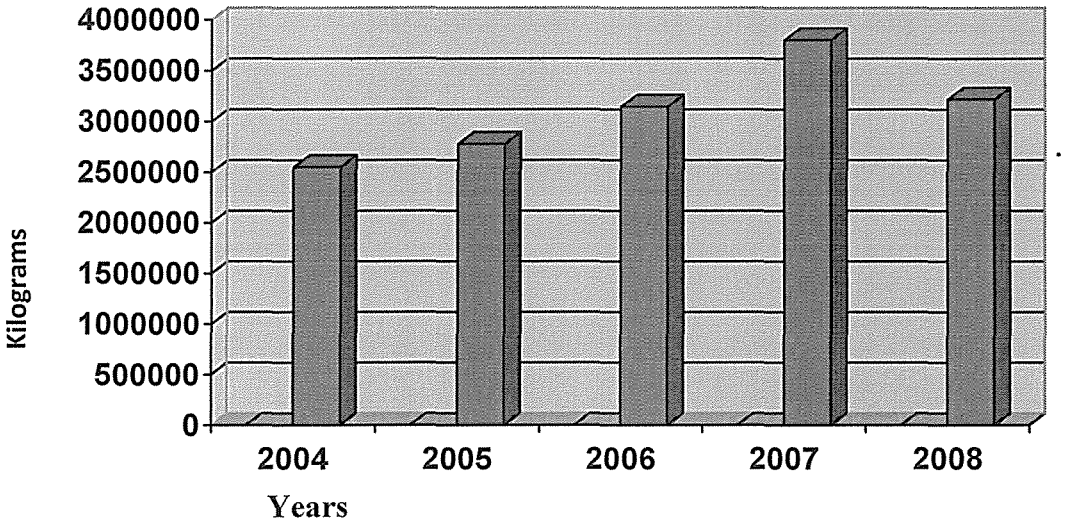
TABLE 10: SHOWING PROCESSED TEA FIGURES FROM 2004 TO 2008

YEAR	2004	2005	2006	2007	2008
KILOGRAMS OF TEA	2,552,275	2,778,814	3,147,647	3,799,084	3,216,208

Source: made tea production figures from 1994 to date

The table above clearly show that made tea in 2007 was much compared to other years. Without a proper system of keeping records, it would be difficult to compare and know how much the factory has produced and what it has lost. This can be clearly shown on the figure below.

FIGURE 2: SHOWING PROCESSED TEA FIGURES FOR THE YEARS FROM 2004 TO 2008



Source: processed tea figures from 2004 to 2008.

The above figure explains variances between different years showing that production of processed tea was increasing at an increasing rate reached a point in 2007 and declined in 2008 due to different reasons given by the production manager that amount of green leaf collect reduced due to many factors explained in figure 1.

Furthermore, another respondent pointed out that proper store records are very relevant to the productivity and profitability of manufacturing concerns. He asserted that stock levels can easily be determined so as to keep production in process.

Stock (inventory) is the main element in the production process of the factory. It includes processed tea, firewood for drying tea, oils, farming inputs, spares and office supplies, fuels and lubricants, and General stores.

He gave an example fire wood, that if firewood is not enough in the store and the amount of green leaf collected increases, it means production will stand due to lack of fire wood for drying tea. That the level of fuel should also be known because when the green leaf collection is high much fuel is used due to load shedding, the use of generator consumes a lot of fuel. Approximately, 240,000 litres are used a year where by 200,000 litres are approximately used a month. In instances when green leaf is much, much fuel is used and when load shedding is high due to use of generator.

This proves the general hypothesis that there is a relationship between proper store record system and productivity and profitability of manufacturing concerns.

4.4.0 THE IMPORTANCE OF PROPER RECORD SYSTEM TO THE PRODUCTIVITY AND PROFITABILITY OF MANUFACTURING CONCERNS.

Different views were given on importance of proper store record system on productivity and profitability and this is seen basing on variations in the table below.

TABLE 11: SHOWING THE IMPORTANCE OF PROPER STORE RECORD SYSTEM TO THE PRODUCTIVITY AND PROFITABILITY OF MANUFACTURING CONCERNS.

Responses	Frequency	Percentage
Yes	18	90%
No	2	10%
Total	20	100%

Source: primary data

Out of 20 respondents, 18 that is 90% agreed that proper store records are very important to the productivity and profitability of manufacturing concerns but 2 making 10% disagreed by saying 'NO' it is not important. Among the 90% pointed out some of importance of keeping store records proper.

4.4.1 Monitoring the movement of stock by using stores ledger.

It was explained that each item has its own card and this helps to know items which are fast moving basing on their cards and this helps to place orders early so as to keep production in process. For example carbon papers, fuel, and lubricants.

4.4.2 Checking prices.

It was asserted that keeping records proper helps in checking prices thereby avoiding overcharging basing on LPO'S. A change in prices from time to time is borne where they set new prices as the system changes to avoid delays due to understated prices which affects production.

4.4.3 Stock counting becomes easier.

That with store records, stock counting becomes possible in all stages that is pre, during and after stock counting. This is because the number of items bought is already in records so it

becomes possible to check the balance and what has been used. This helps to know whether they have earned a loss or a profit.

4.4.4 Knowledge about an item.

It helps to know the item taken, when was it made? What is it made of? And determine its life span. That once the life span of an item is known, production runs smoothly hence achieving required profits. However, when the life span is not known, fake machines can be bought and within a short time production comes to stand still.

4.4.5 Monitoring re order levels and make necessary material requisitions in time.

It was explained that in case the item is fast in moving, records help to know when, how much is needed and thereby making prior arrangements to avoid back sliding in the production process. That it also gives insight on the fast moving and absolute items, thereby avoiding overstocking which releases the necessary funds for other activities hence achieving required profits.

4.4.6 Proper identification of stocks.

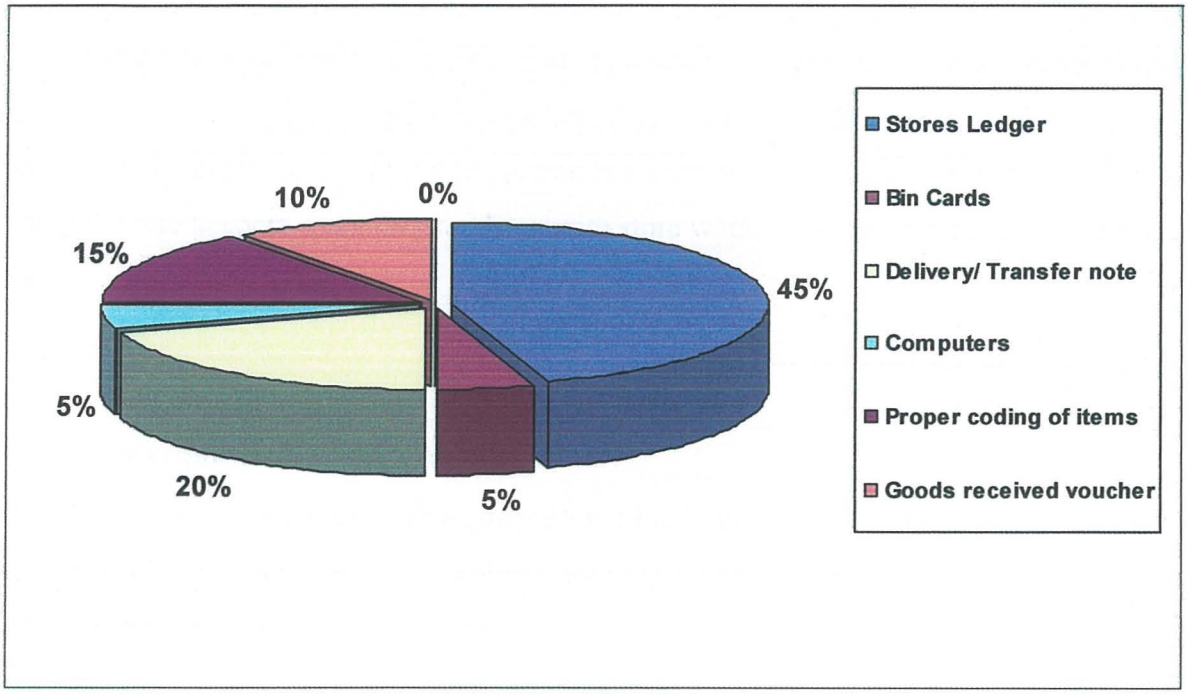
Everything in its proper place at right time. The movements are recorded in store ledger cards, files are used differently for each item. This helps to avoid the mixing of items which brings confusion and this brings production process down. For example packing materials have their own store and records, spares of different machines are also stocked and named differently within the same store.

4.4.7 Giving back report to the share holders as far as in puts are concerned.

It was asserted that since the share holders are the owners of the factory, sometimes they need to know how much has been spent on purchase of inputs like fertilizers and herbicides, what is in the store as balance. Without proper store record system, it becomes difficult for them to access the required information.

with 1 respondent making 5% and computers with 1 respondent making 5%. This can be clearly shown on the figure below

FIGURE 3: SHOWING METHODS USED TO KEEP STORE RECORDS PROPER AGAINST THEIR PERCENTAGES



Source primary data

4.6.0 CHALLENGES FACED WHILE MAINTAINING STORE RECORDS PROPER

Respondents suggested that some of the challenges faced while maintaining store records proper and these are seen below.

4.6.1 Some items which are supplied in large numbers are hard to be counted manually.

It was asserted that some respondents find it hard to count physically some of the items like stationary which includes books, pens, carbon papers and file books.

4.6.7 Low payments to store keepers.

Some of the respondents asserted that store keepers are paid small amount of money which demotivates them. They take long to enter vouchers into stores ledger and on top of that they are disturbed by users who come for requisitions and yet stores are not situated in one place hence, much work but low payment.

4.6.8 Manual system of keeping records.

Respondents asserted that the store records are still being kept manually and this method is slow compared to computer system. Manual system is associated with headache, tiresome and bias and these are attributed to store keepers hence a challenge. For example, this is proved by table 6, which shows that stores ledger is the most method used with 45% and computer has 5%.

4.6.9 High price fluctuations.

It was put forward that some prices of items keep on fluctuating every day and then. When making orders using local purchase orders prices may be over stated or under stated due to price fluctuations. For example when a LPO for fuel is made then before supply of fuel, prices increase fuel will not be delivered to the factory hence a challenge which affects production.

4.7.0 FINDINGS ON THE SOLUTIONS TO THE CHALLENGES FACED WHILE MAINTAINING STORE RECORDS PROPER.

Different respondents suggested different solutions that the management has done to overcome the challenges being faced. The following are the solutions that were put forward.

4.7.1 Organising workshops.

It was asserted that work shops have been put in place such as Fort portal work shop in 2008 to teach the staff how to issue the items and control the stock levels and how to make

requisitions. Through these workshops the staffs has been able to keep the stores up dated with knowledge from other manufacturing concerns hence maintaining production in progress.

4.7.2 Recruitment of qualified staff.

The management has started to recruit the staffs that are qualified in stores management. This has solved the problem of misallocation of files mishandling of stores ledgers which give poor records hence reducing profits. Even it is shown by the highest percentage of qualified staff that is 30% that work in the factory.

4.7.3 Selling absolute stock.

It was put forward that the management has started selling stock which is no longer in use. For example the Iveco repairs are being advertised and the vehicles have been put on sale to reduce on idle stock which retards production there by limiting profits.

4.7.4 Following re order level.

This was explained that the management has made it a rule to always follow re order levels in order to solve the problem of lack of items at the time they are needed as this slows down the production process hence lowering profits of the factory.

4.7.5 Checking the old store ledgers and replace with new ones with the same information to avoid some inconveniences.

It was clearly explained by some respondents that sometimes store ledgers get off from their files or they get torn and this makes them to lose records easily. To avoid that the management has emphasized the replacement of old ledgers with new ledgers.

were made to different people during discussions. Observation was used in away that the researcher only acted as anon participant and really showed that she was a researcher and did not get involved in any work. It was used to observe how files were arranged in respective allocations, stores ledgers were how they were filled and how each item was arranged and allocated to respective store. Store keepers were also seen how they handle store items both purchased and requisitioned items. There are also limitations of the study such as limited information, unwillingness to give information and financial limitations and how they were overcame like using time given and resources available accordingly.

Chapter four presents data presentation, analysis and interpretation of data obtained from the field in fulfilment of the aim of the study. Percentages and frequencies, tables, figures were used to present, analyse and interpret the data. Findings of the study were majory based on role played by proper store record system on productivity and profitability of I.G.T.F. The relationship between proper store record system and productivity and profitability of manufacturing concerns. The importance of proper store record system to the productivity and profitability of manufacturing concerns. Methods used to keep store records proper in I.G.T.F, The challenges faced while maintaining store records proper. Solutions to the challenges faced while maintaining these records.

Chapter five presents the summary of the study that is from chapter one to chapter five, conclusions on the findings, then recommendation and areas for further research.

5.2 CONCLUSIONS

After a thorough and comprehensive study of the entire research report, the researcher came up with the following conclusions which were based on research findings.

The study has examined the extent to which store records are relevant to the production and profitability of manufacturing concerns. This is because findings show that the extent is very relevant as it is impossible to measure productivity without keeping store records proper.

Findings show that proper store record system is very important to the productivity and profitability of manufacturing concerns. Where store record system helps in monitoring of the movement of stock, checking prices although keeping records is mistaken to be for security purposes under regulations of manufacturing concerns.

The findings show that the store records are kept proper using a variety of methods that is stores ledger, Bin cards, proper coding of items, Delivery note, and computers in I.G.T.F.

The researcher also found that many challenges are faced while maintaining store records proper in I.G.T.F. These challenges are high price fluctuations, manual system of keeping records, plifliges, poor requisitioning by users, untrained staff, and low payment to store keepers hence slowing down production. Majority of the respondents concluded that the poor productivity and profitability of manufacturing concerns is hindered by these challenges due to improper systems of keeping store records.

All in all findings on the solutions to challenges faced while maintaining store records proper. The management has tried its level best to solve these challenges by organising more workshops, following reorder levels and selling absolute stock. At least this has improved its productivity and profitability of I.G.T.F compared to the past years.

5.3 RECOMMENDATIONS

After a critical and systematic study on the role of proper store records on productivity and profitability of manufacturing concerns, the researcher recommends the following for the improved production and profitability in I.G.T.F.

It should therefore be recognised that there is need to train more staff in area of stores management such that the store records should be handled properly. The management should also increase the wages so that they are motivated and committed to their duties with in the stores. More so, qualified staff should be employed to work in stores department because they have the knowledge on how to keep store records. The management should also organise more workshops to train the staff and meet the required standards in stores.

There should be allocation of duties properly among the staff as far as keeping store records are concerned. There should be purchasing manager, some one to make requisitions and a store keeper to keep in the store all the hours of working. By doing this, some of the challenges will be solved.

There is a need for supervision with in the stores department. This should be done even though people are trained without supervision the outcome is bad. Supervision need to be

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APPENDIX 1

ACTUAL BUDGET FOR THE STUDY

TRANSPORT	200,000
FOOD AND DRINKS	50,000
TYPING AND PRINTING	150,000
BINDING	150,000
OTHERS	100,000
TOTAL	650,000

APPENDIX 2

ACTUAL TIME FRAME FOR THE RESEARCH REPORT

ACTIVITY	DURATION IN DAYS.
PROPOSAL WRITING	21
DATA COLLECTION	14
DATA EDITING AND CODING	14
DATA ANALYSIS AND PRESENTATION	10
REPORT WRITING AND COMPILATION	21
TOTAL	80

APPENDIX 3

RESEARCH QUESTIONNAIRES

Dear respondents (s), am a student of Kampala International University pursuing a bachelor degree of Business Administration (Accounting Option). I am conducting a research on the role of proper record system on productivity and profitability of manufacturing concerns.

This research is for academic purpose, all the information given will be treated in good faith and with high confidentiality and privacy.

BACK GROUND INFORMATION

Please tick the most appropriate category

1. Age

(a) 18-25 ☐

(b) 26-30 ☐

(c) 31-35 ☐

(d) Above 36 ☐

2. Sex

(a) male ☐

(b) Female ☐

3. Marital status

(a) Single ☐

(b) Married ☐

(c) Divorced ☐

(d) Engaged ☐

9. What steps can be taken to keep the store records proper for effective productivity and profitability of the factory in future?

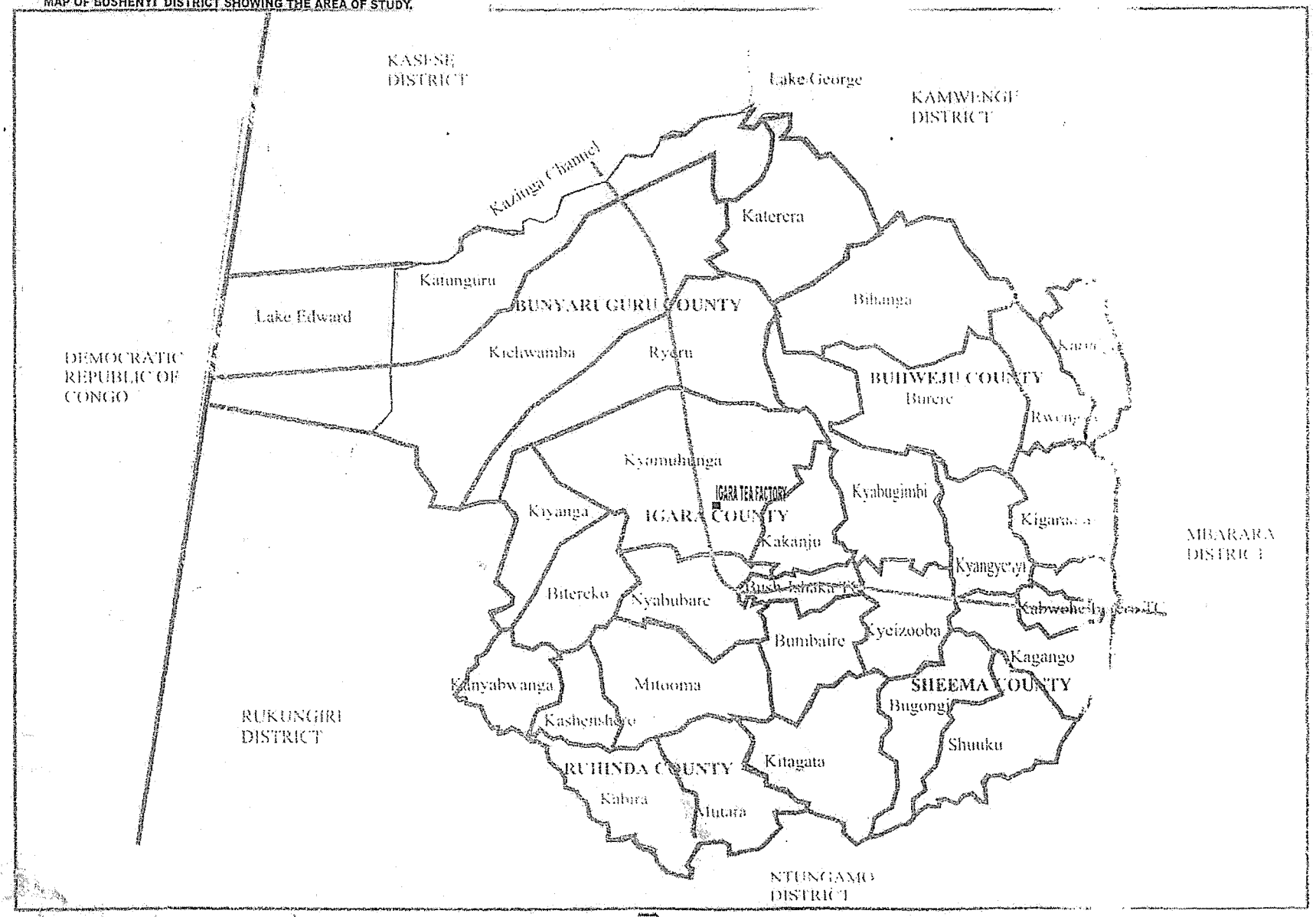
.....

.....

.....

(Thanks for your contribution to wards the completion of my studies)

APPENDIX 4
MAP OF BUSHENYI DISTRICT SHOWING THE AREA OF STUDY.



APPENDIX 5 INTRODUCTION LETTER FROM SCHOOL OF BUSINESS AND MANAGEMENT

KAMPALA
INTERNATIONAL
UNIVERSITY

Ggaba Road, Kansanga * PO BOX 20000 Kampala, Uganda
Tel: +256 (0) 41 – 266 813 * Fax: +256 (0) 41 – 501 974
E-mail: admin@kiu.ac.ug * Website: http://www.kiu.ac.ug

OFFICE OF THE DEAN
SCHOOL OF BUSINESS AND MANAGEMENT

Date: 2nd December, 2008

THE HUMAN RESOURCE MANAGER,
IGARA GROWERS TEA FACTORY,
BUSHENYI.

Dear Sir/Madam,

RE: NAYEBARE RACHEAL REG.NO.BBA/12621/61/DU

The above mentioned is a bonafide student of Kampala International University pursuing a Bachelor of Business Administration programme in the School of Business and Management of the University.

She is currently conducting field research and the title of the Research project is "THE ROLE OF PROPER STORE RECORDS ON THE PRODUCTIVITY AND PROFITABLITY OF MANUFACTURING CONCERNS" A CASE STUDY OF IGARA TEA FACTORY. As part of her studies (research work) she has to collect relevant information through questionnaires, interviews and other relevant reading materials.

Your Institution has been identified as a valuable source of information pertaining to her research project. The purpose of this letter is to request you to avail her with the pertinent information she may need.

All and any information shared with her will be used for academic purposes only and we promise to share our findings with your institution.

Any assistance rendered to her in this regard will be highly appreciated.

Yours Sincerely,

MR. MUSANA MICHAEL
AG. DEAN SCHOOL OF BUSINESS & MGT