



**MANAGERIAL COMPETENCE AND PROFITABILITY OF MANUFACTURING
COMPANIES IN UGANDA,
A CASE OF SIMBA CEMENT LTD, TORORO**

BY

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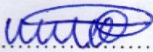
**A RESEARCH REPORT SUBMITTED TO THE FACULTY OF MANAGEMENT
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PARTIAL FULFILLMENT FOR THE REQUIREMENT OF AWARD OF
A BACHELORS DEGREE IN BUSINESS ADMINISTRATION
OF BUSITEMA UNIVERSITY**

JANUARY, 2024

DECLARATION

DECLARATION

I **ACHIENG PATRICIA AMUGES**; REGN NO BU/UP/2020/1268, hereby declare that the contents of this research work are purely my original work and that no other study has been conducted on the topic. To the best of my knowledge, this work has never been submitted before; in any other university or higher institution of learning for any award of either a degree or any other related qualification. In all cases where other people's ideas were quoted, they have been duly acknowledged by complete references.

Signature: 

Date: 18th / 01 / 2024


ACHIENG PATRICIA AMUGES

(BU/UP/2020/1268)

APPROVAL

APPROVAL

This is to certify that this Research Proposal by ACHIENG PATRICIA AMUGES; REGN NO BU/UP/2020/12680 n the topic “**Managerial Competence and Profitability of Manufacturing Companies in Uganda; a case of Simba Cement Ltd Tororo**” has been under my supervision and is now submitted for examination with my approval as the University supervisor.

Signature: 

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DEDICATION

I dedicate this research work to my beloved parents Mr. OPENDI PATRICK AMUGES and Mrs. MWENEWO MARION who provided me with both financial and non-financial assistance that enabled me accomplish this course and above all the almighty GOD.

ACKNOWLEDGEMENT

I am grateful to the almighty God that he has given me the gift of life, the gift of my beloved parents and friends, who gave me the opportunity to be in school and guided me throughout this study and writing of this report. My thanks go to all Busitema University lecturers without forgetting my special supervisor Mr. Emusugut Desterio who guided me in the right direction from the beginning till the end of this work and he has greatly contributed in making a difference in my performance.

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LIST OF ACRONYMS

CVI	Content Validity Index
DV	Dependent Variables
FY	Financial year
GDP	Gross Domestic Products
GDP	Gross Domestic Product
IV	Independent Variables
LC	Leadership Competence
MC	Managerial Competence
NNBS	Nigerian National Bureau of Statistics
OECD	Organizational Economic Community Development
PC	Planning competence
PMI	Profitability of Manufacturing Industries
SPSS	Statistical Packages for Social Sciences
TWC	Team Work Competence

ABSTRACT

This study examined the effect of managerial competence on the profitability of manufacturing companies. The study was guided by the following objectives notably; to examine the impact of planning competence on profitability of manufacturing industries, to establish the effect of leadership competence on profitability of manufacturing industries and to establish the effect of team work competence on profitability of manufacturing industries. The study used a cross sectional research design, and a quantitative approach. Data was collected from a target population of 45 of employees with accessible unit of 40 employees of Simba cement, using simple random and purposive sampling techniques. Data were collected with the aid of closed ended questionnaire and Statistical Packages for Social Sciences was employed for analyzing data from which frequency tables, descriptive statistics (mean and standard deviation), reliability, validity, correlation, and regression results were obtained. The study findings revealed that there is a positive and a significant effect of planning competence on profitability; leadership competence on profitability; and team work competence on profitability of manufacturing industries. The study, recommends that efforts to improve profitability of manufacturing industries depend on managerial competence (planning competence, leadership competence, and team work competence). Finally, the study concludes that there is a strong predictive power that the dimensions of managerial competence contribute towards enhancing profitability of manufacturing companies in Simba cement Ltd Tororo district.

CHAPTER ONE:

INTRODUCTION

1.0 Introduction

This chapter presents the introduction, background of the study, problem statement, purpose of the study, objectives, research questions, scope of the study, conceptual framework, significance of the study, and definitions of key terms.

1.1 Background of study

Profitability is one of the most important goals of financial management besides maximizing the owner's wealth; as it acts as a very important performance determinant (Susilo et al., 2020). But as a result of failure to come up with clear strategies to ascertain and maximize their returns in terms of profits, manufacturing firms continue to encounter low profitability levels. In the global context, according to Foyeke et al., (2016) in Nigeria, the productivity levels of manufacturing firms decreased from 600,000 tons to 450,000 tons in 2014 and 2015 respectively with the reduction of 24.7% of GDP in 2015 from 30.2% GDP this was caused by low productivity and low net sales by the firms hence a low profitability. Similarly, OECD report Gurria, (2018) in United States, indicated that manufacturing firms have experienced a shortage in profitability margins from 4.8% in 2017 to 4.5% in 2018. This was as result of low productivity and innovation of products. On the outlook of African economy, in Nigeria according to the annual report of Economic outlook Anyakoha, (2020) the industrial sector, including construction, displays a pattern similar to manufacturing with a decline in the net sales from 7.39% to 5.69% between 2014 and 2015. This sharp decline can be partly attributed to the decline in the global prices of oil resulting to decrease in profitability. African Development Bank Group, (2016) showed that manufacturing sectors in Tanzania today contribute profitability of not more than 45% due to low productivity in the manufacturing firms. Industries contributed 27% in 2014 less as compared to 29.2% of 2013 and this can result to low net sales. In Uganda, the annual report of industrial development CAG, (2020) showed that the manufacturing firms have experienced weaker growth from 5% to 8% of GDP in the same period. In 1990–1999 innovation growth was 13.2%, whereas in 2000–2009 it reduced to 6.6% and in 2010–2018 it declined to 3.4%. During the period 2010–2014, also chemical industries fell short by 3% from 7% and textiles dropped by 11% from 15.3% hence low profitability level. The picture in Tororo district especially according to the audited report of Simba cement Ltd for the financial year (2020/21) indicates a

5.4. Limitations of the Study

Although this research was conducted careful, it had limitations which included the following;

The study obtained data using closed ended questionnaire which was gauged in a five-point Likert scale where the respondents only responded to specified and structured questions. Therefore, the qualitative views of the respondents on managerial competence and profitability of manufacturing companies were not obtained.

The research was limited to the amount of information received. This was attributed to the fact that some of the respondents were resistant to give information to the researcher since they were uncertain about the consequences of releasing confidential information. Nevertheless, the research managed to convince the respondents by availing them with the field attachment letter which indicated that data collected was for academic purpose.

The study never used moderating variable which refers to a variable that can strengthen, diminish, negate, or otherwise alter the association between independent and dependent variables. This couldn't help the researcher to explain the links between the independent and dependent variables.

5.5. Areas of Further Research

A longitudinal research design should be adopted to examine the effect of managerial competence on the profitability of manufacturing companies in Uganda since it allows researchers conduct several observations of the same subjects over a period of time.

The researcher also recommends a qualitative study to be conducted in order to get deeper insight into the relationship between the managerial competence and profitability of manufacturing companies.

Lastly, a process variable (mediator or moderator should be introduced) in order to explain the how managerial competence influences profitability of manufacturing companies.

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