

T.C.
ISTANBUL AYDIN UNIVERSITY
INSTITUTE OF SOCIAL SCIENCES



**ASSESSING THE EFFECT OF CAPITAL BUDGETING DECISIONS ON
PROFITABILITY IN MANUFACTURING FIRMS: A CASE STUDY OF
MUKUWANO MANUFACTURING COMPANY, KAMPALA, UGANDA**

THESIS

Ali Mohamed Ali Farah

(Y1512.130116)

Department of Business
Business Administration Program

Thesis Advisor: Assoc. Prof. Dr. Zelha ALTINKAYA

December, 2017



T.C.
İSTANBUL AYDIN ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ MÜDÜRLÜĞÜ

Yüksek Lisans Tez Onay Belgesi

Enstitümüz İşletme İngilizce Anabilim Dalı İşletme Yönetimi İngilizce Tezli Yüksek Lisans Programı Y1512.130116 numaralı öğrencisi **Ali Mohamed ALI FARAH**'ın "ASSESSING THE EFFECT OF CAPITAL BUDGETING DECISIONS ON PROFITABILITY IN MANUFACTURING FIRMS: A CASE STUDY OF MUKUWANO MANUFACTURING COMPANY, KAMPALA, UGANDA" adlı tez çalışması Enstitümüz Yönetim Kurulunun 28.11.2017 tarih ve 2017/33 sayılı kararıyla oluşturulan jüri tarafından **Başarılı** ile Tezli Yüksek Lisans tezi olarak **Kabul** edilmiştir.

Öğretim Üyesi Adı Soyadı

İmzası

Tez Savunma Tarihi :18/12/2017

1) Tez Danışmanı: Doç. Dr. Zelha ALTINKAYA

...Zelha Altinkaya...

2) Jüri Üyesi : Doç. Dr. Abdullah Kadir DABBAÇOĞLU

...Abdullah Kadir Dabbaçoğlu...

3) Jüri Üyesi : Yrd. Doç. Dr. Gökberk CAN

...Gökberk Can...

Not: Öğrencinin Tez savunmasında **Başarılı** olması halinde bu form **imzalanacaktır**. Aksi halde geçersizdir.

DEDICATION

I dedicate my report of long struggle to my mother Fatima Ga'al Hassan and my older brother Mahat Mohamed Ali for their utmost effort towards my academic life may Allah bless you.

FOREWARD

All praises be to Allah who enabled me to complete this research.

I am heavily indebted to all those who jointly contributed to the production of this academic research work. In this regard I convey my heartfelt appreciation to my mother Fatima Ga'al Hassan for her assistance and guidance which allowed me to pursue and complete this course, and thankfulness to my brother Mahat Mohamed Ali.

My special thanks go to my supervisor, **Assoc. Prof. Dr. Zelha ALTINKAYA** for her effort in guiding and advising me all the way through the intact research that has resulted in the production of this research work, I also appreciate to my lecturers who provided me with the knowledge that I have used in compiling this book.

In addition, many thanks to my colleagues Kadija, Abdishakur, Muna and Ayan. I appreciate to Mukwano company and their employees who provided me with the data which resulted in the success of this research. Furthermore, I would like to thank everybody who supported me in one way or another during my MBA Course whose contribution has led to the completion of this dissertation.

Finally, I would like to thank all my family members especially Bashir, Halima, Hawa, and Fardous, who continuously encouraged me to attain more education and yield success in life.

November 2017

Ali Mohamed ALI FARAH

TABLE OF CONTENT

	<u>Page</u>
FOREWARD	IV
TABLE OF CONTENT	V
ABBREVIATIONS	VIII
LIST OF TABLES	IX
LIST OF FIGURES	X
ABSTRACT	XI
ÖZET	XII
1. INTRODUCTION	1
1.1 Capital Budgeting.....	1
1.2 Problem Statement.....	3
1.3 Objectives of the Study.....	4
1.4 Research Questions.....	4
1.5 Research Hypothesis.....	5
1.6 Scope of the Study.....	6
1.7 Significance of the Study.....	6
1.8 Definition of the Key Terms.....	8
1.8.1 Capital Budgeting.....	8
1.8.2 Replacement Decisions.....	8
1.8.3 Acquisition Decisions.....	8
1.8.4 Investment Appraisal Techniques.....	9
1.8.5 Outsourcing Expenditure.....	9
1.8.6 Working Capital Decisions.....	9
1.9 Profitability.....	9
1.10 Organization of Chapters.....	10
2. RELATIONSHIP BETWEEN CAPITAL BUDGETING DECISIONS AND PROFITABILITY	11
2.1 Profitability of Manufacturing Companies.....	12
2.2 Capital Budgeting and Profitability of Organizations.....	13
2.2.1 How Replacement of Long-term Assets Affects the Profitability.....	15
2.2.2 How Acquisition of Long-term Assets Affects the Profitability.....	16
2.2.3 How Investment Appraisal Techniques Affect the Profitability.....	17
2.2.4 How Outsourcing Capital Expenditure Decision Affect the Profitability.....	19
2.3 How Working Capital Decision Affect the Profitability.....	20

3. ASSESSING THE EFFECT OF CAPITAL BUDGETING DECISIONS ON PROFITABILITY IN MANUFACTURING FIRMS IN UGANDA.....	23
3.1 Uganda Economy Preview	23
3.2 Research Design	25
3.2.1 Questionnaire.....	26
3.3 Operational Definition.....	31
3.3.1 Replacement Decisions	31
3.3.2 Acquisition Decision	31
3.3.3 Investment Appraisal Techniques	31
3.3.4 Outsourcing Capital Expenditure Decisions.....	31
3.3.5 Working Capital Management.....	31
3.3.6 Profitability.....	31
3.4 Time Horizon	32
3.4.1 Type of Study	32
3.4.2 Source of Data	32
3.4.3 Primary Data.....	32
3.5 Measurement	33
3.5.1 Capital Budgeting Decisions	33
3.5.2 Profitability.....	33
3.6 A Questionnaire Design	33
3.7 Data Analysis Techniques.....	33
3.7.1 Descriptive Analysis.....	33
3.7.2 Reliability Testing	34
3.7.3 Inferential Statistics	34
3.7.4 Correlation Analysis.....	34
3.8 Research Framework.....	35
4. PRESENTATION OF FINDINGS, INTERPRETATION AND ANALYSIS.....	36
4.1 Data Collection.....	36
4.1.1 Response Rate	37
4.2 Goodness of Measures	39
4.3 Descriptive Statistical Analysis.....	39
4.4 Reliability Analysis	39
4.5 Correlation Analysis.....	39
4.6 Regression Analysis	41
4.6.1 Regression Model I	41
4.6.2 Regression Model II.....	43
4.7 Research Hypothesis Testing	46
Hypothesis 1:	46
Hypothesis 2:	47
Hypothesis 3:	47
Hypothesis 4:	47
Hypothesis 5:	47
4.8 Conclusions	49
5. DISCUSSIONS, SUMMARY AND RECOMMENDATIONS	50
5.1 For the Further Research	52
5.1.2 To the organization.....	52
5.1.2 To the employee	52

5.1.3 To the university.....	52
5.2 Summary of the Study.....	53
5.3 Findings Discussion and Research Objectives.....	53
5.3.1 Objective: Examine the Relationship Between Acquisitions of Long-term Assets Affect the Profitability of Manufacturing Firms.....	55
5.3.2 How Replacing of Long-Term Assets Affect Profitability of Manufacturing Firms.....	55
5.3.3 How Investment Appraisal Techniques Affect Profitability of Manufacturing Firms.....	56
5.3.4 How Outsourcing of Capital Expenditure Decision Affects the Profitability of Manufacturing Firms.....	56
5.3.5 Effect of Working Capital Decisions on the Profitability of Manufacturing Firms.....	56
5.4 Contribution of the Present Study.....	56
5.5 Discussion of Capital Budgeting Decisions and Profitability.....	57
5.6 Limitations.....	58
5.6.1 Limitations of the Researcher.....	58
5.6.2 Limitations of the Study.....	59
5.7 Recommendation for Future Research.....	60
5.8 Research Implication.....	61
6: CONCLUSIONS AND SUGGESTION.....	62
6.1 Conclusion.....	62
6.2 Recommendations.....	63
REFERENCES.....	64
COMPANY PROFILE.....	67
Vision.....	67
Mission.....	67
Objectives.....	68
Core values.....	68
Performance.....	68
Subsidiaries of Mukwano Group of Companies.....	69
Production Sector.....	70
Number of employees of Mukwano of group of companies.....	71
APPENDIX I: RESEARCH QUESTIONNAIRE.....	72
RESUME.....	90

ABBREVIATIONS

ARR	: Accounting Rate of Return
CBA	: Cost Benefit Analysis
CBD	: Capital Budgeting Decisions
ICAN	: The Institute of Chartered Accountants of Nigeria
IT	: Information Technology
IRR	: Internal Rate of Return
NPV	: Net Present Value
SPSS	: Statistical Package for Social Sciences
PI	: Profitability Index
N/D	: North Dakota
NSE	: New York Stock Exchange
OLS	: Ordinary Least Squares
UNBS	: Uganda National Bureau of Standards

LIST OF TABLES

	<u>Page</u>
Table 4. 1: Response Rate	37
Table 4. 2: Demographic Characteristics	37
Table 4. 3: Respondents Profile	38
Table 4. 4: Pearson Correlation of Results.....	40
Table 4. 5: Shows results on coefficients of determination	41
Table 4. 6: Shows Analysis of Variance (ANOVA)	42
Table 4. 7: Shows regression analysis I	42
Table 4. 8: Shows results on coefficients of determination	43
Table 4. 9: Analysis of Variance (ANOVA).....	44
Table 4. 10: Shows regression analysis II.....	45
Table 4. 11: Shows summary of hypothesis test results.....	48

LIST OF FIGURES

Page

Figure 3. 1: Research Flowchart30
Figure 3. 2: Model of Research.....35

ASSESSING THE EFFECT OF CAPITAL BUDGETING DECISIONS ON PROFITABILITY IN MANUFACTURING FIRMS: A CASE STUDY OF MUKUWANO MANUFACTURING COMPANY, KAMPALA, UGANDA

ABSTRACT

The study purpose was to investigate the relationship between capital budgeting decisions on profitability in manufacturing firms. Capital budgeting particularly addressed five areas of the study that included capital budgeting decisions (acquisition of long-term assets, replacement of long-term assets, investment appraisal techniques, outsourcing expenditure and working capital decisions) had a biggest and significant effect on profitability of the organizations. This study basically involved survey of the manufacturing company known as Mukwano group of companies, in Uganda. Total of 240 questionnaires were distributed to the respondent and 152 questionnaires were returned so the data was analyzed through “Statistical Package for Social Science” SPSS Version 19.

Multiple regression analysis and correlation were used to analyse the data. The findings show evidence of that there is significant and positive correlation between five dimensions of capital budgeting decisions and profitability of the organizations.

The findings set up that there was relationship between the independent variables capital budgeting decisions and profitability and were positive relationships between capital budgeting and profitability of the firms under the study.

Finally, the researcher has developed a conceptual framework based on the literature reviews, and from there the researcher constructed the research’s hypothesis. Foundation on the result, theoretical implications, limitations, conclusion and suggestions for future research are also highlighted.

Keywords: *Acquisition of long-term assets, replacement of long-term assets, capital budgeting techniques, outsourcing expenditure, working capital decisions and profitability, Uganda.*

ÜRETİM İŞLETMELERİNDE SERMAYE BÜTÇELEMESİ KARARLARININ KARLILIĞA ETKİSİNİ DEĞERLENDİRİLMESİ: MUKUWANO MANUFACTURING COMPANY, KAMPALA, UGANDA ÖRNEĞİ

ÖZET

Bu araştırmanın amacı, imalatçı firmalarda, sermaye bütçeleme kararları ve karlılık arasındaki ilişkiyi incelemektir. Sermaye bütçeleme, özellikle kurumların kârlılığında en büyük ve önemli etkiye sahip olan sermaye bütçeleme kararlarını, uzun vadeli varlıklar edinimi, uzun vadeli varlıkların değiştirilmesi, yatırım değerlendirme teknikleri, dış kaynak kullanımı harcamaları ve döner sermaye kararları) kapsayan beş alana hitap etmektedir.

Bu çalışma temel olarak, Uganda'da yerleşik Mukwano şirketler grubu olarak bilinen imalatçı şirket ile ilgili araştırmayı kapsamaktadır. Toplam 240 anket katılımcılara dağıtıldı. 152 anket cevaplandırıldı. Böylece veri "Sosyal Bilimler İstatistik Programı" SPSS Versiyon 19 ile analiz için yeterli gözlem sayısına ulaşıldı.

Verileri analiz etmek için çoklu regresyon analizi ve korelasyon kullanıldı. Bulgular beş boyutlu sermaye bütçesi kararları ile şirketlerin kârlılıkları arasında önemli ve pozitif korelasyon olduğuna dair kanıtlar göstermektedir.

Bu çalışmadaki bulgular bağımsız değişkenler sermaye bütçeleme kararları ve kârlılık arasında ilişki olduğunu ve şirketlerin sermaye bütçesi ile kârlılık arasında pozitif ilişkiler olduğunu ortaya koydu.

Son olarak, araştırmacı literatür incelemesine dayanarak kavramsal bir çerçeve geliştirdi ve oradan da araştırmacı araştırmanın hipotezini inşa etti. Sonuç olarak, ileri araştırmalar için teorik öneriler, sınırlılıklar, sonuçlar ve öneriler vurgulandı.

Anahtar Kelimeler: *uzun vadeli varlıklar edinimi, uzun vadeli varlıkların değiştirilmesi, sermaye bütçeleme teknikleri, dış kaynak kullanım harcamaları, döner sermaye kararları ve kârlılık, Uganda*

1. INTRODUCTION

1.1 Capital Budgeting

Capital budgeting practices involves all activities that are conducted by an organization to determine whether the nature and type of long-term investments of an organization are suitable or worth funding by the stakeholders of a company. This is usually through the company's structure of capital in an organization. Therefore, major activities in capital budgeting involve allotment of the resources to an organization for purposes of investment or expenditure patterns required in an organization. The key objective of the capital budgeting decisions therefore is to increase the organization's generation value in terms of general firm operations necessary to attain the requirements for the stakeholders.

In the management of finances, the concept involves establishing a procedure that guide the form and nature of funding for an organization. The key a venue is by what means should the value of the firm improve and the mechanisms of as to whether it should be equity or debt. The investment environment is coupled with different types of investments that generate value to the company. This includes policies on expansion, mergers and or acquisitions. After the creation of value to the firm that lead to the creation or extra or surplus cash resources the management depending on their need can provide avenues for payment to the stakeholders of a firm or all the surplus generations of the firm towards generating value to the people in terms of payment of dividends or to rebuy the company stocks under the mechanism of sharing buy-back program for the organization.

The procedures for choosing between the capital budgeting evaluation projects is based on several mechanisms. The organization leadership seek to attain maximum value of the company's by establishing projects that provide positive net present value that determine the worthiness of the projects. Therefore, fundamentally the capital budgeting improves the profitability by making it possible for an organization to invest in the business with clear and known generation value. This is taken through evaluating the means which the

development agenda of the firms can generate earnings capacity through necessary determination of depreciation. Capital budgeting is fundamental to the profitability of the manufacturing companies given that takes to determine the nature and effect on the operations through evaluation of the projects to determine profitability given that avenues for project viability is first determined for the investments.

Profitability play an important function in the business operations and determine the value by which a business is held. The businesses that operate without profitability seizes to operate for a long period of time meaning that profitability is a key measure that determine business continuity or closure. This research studies relationship between capital budgeting and profitability. A lot of scholars point out that capital budgeting and profitability of the organizations has remained subject of interesting.

This study is peculiar in that capital budgeting forms the back bone of the organization through employing critical tools that can create a committed organization to generate the value of the firm aspects. This chapter explicitly describes the study background, expression of the problem that the research is based, the generation of the specific research objectives, the questions, and study scope on top of the significance for the study including defining the key terms that are provided in the outline for the thesis undertaken below.

Companies are operating in an environment where need for profitability is essential to the development agenda to the organizations. The organizations strive for profitability as a mechanism for development of the organizational strength. Companies that have operated with minimal profitability for the organizations have achieved the success required of them to perform in the organizational setup.

Capital budgeting decisions in manufacturing firms is the decision to invest in long-term assets like acquisition of new assets and equipment, replacements of machinery, investing in development under research and expansion of existing facilities are helpful in improving the smoothness of the production systems and deliver high quality products. On the other hand, expansion decisions are aimed to utilize the existing opportunities in the market and lead the firm to the growth.

Because of today's increasing competition and due to rapid changes in technology, managers in manufacturing firms undertake extensive budgeting while some of the leaders

without deeply analyzing the impact that these decisions have on profitability. On the other hand, managers in the firm propose and compete to have their capital project funded even without adequately assessing the effect of this project on the organization profitability. However, the fact remains for decisions made actually effect the goal of contributing to the company growth.

Capital budgeting involves investing in long-term assets by the firm is known as the capital budging decisions. In this decision, the firm acquires assets like plant, equipment and machinery, future and research and development benefits. The objective for capital budgeting decisions is to attain the value on investments that can generate value known as investments.

The involvement of the top leadership in the companies provide a direct demonstration of the relevance of capital budgeting. The decisions on budgeting are of relevance and generate the impact of the profitability. Poor budgeting decisions provide a costly avenue that can drag the company into bankruptcy.

In acquisition of assets, acquired machines perform the work with required degree of accuracy. Also, considering the qualities and varieties of the product which will be used, the work will be economically done. In replacement decisions, the significant reasons for replacing of assets are; cost minimization, reliability, pride of ownership, and new technology some machines that do not work in order.

Manufacturing companies use measures that indicate profitability in the firm. First, profit margin tells decision makers how much profit is generated. Second, return on asset is an indication of the profit per dollar of assets. Finally, return on equity quantifies how well stockholders did the year by providing measures of productivity of their investments. However, this study will seek to explore and determine the relationship between capital budgeting decisions and financial performance in manufacturing firms.

1.2 Problem Statement

As a result of increasing competition and due to rapid changes in technology, Manufacturing sectors are one of the sectors which require capital investment in order to produce and delivery of goods to customers. In Uganda, the sector is one of the sectors

which of recent engaged in heavy investment in capital items. This means that respective management engaged in capital budgeting decisions. Some of the problems identified are; poor decision making in acquiring long-term assets, poor management in disposal and replacement of assets and also poor investment appraisal technique which have all affected the profitability of the firm. Although Klammer (1978) used capital budgeting to associate capital budgeting techniques with the firm performance and initial cash outlay uncertainty, no significant studies were conducted on assessing the effect of these decisions on the profitability of manufacturing firm. Therefore, the study seeks to conduct an assessment of the impact of capital budgeting decisions that affect the manufacturing companies.

1.3 Objectives of the Study

In order to accomplish my research objective, this stud seeks to address the following research objectives;

- 1) To assess how acquisition of long-term assets affect the profitability of manufacturing firms.
- 2) To assess how replacing of long-term assets affect profitability of manufacturing firms.
- 3) To assess how investment appraisal techniques affect profitability of manufacturing firms.
- 4) To determine how outsourcing of capital expenditure decision affect the profitability of manufacturing firms.
- 5) To establish the effect of working capital decisions on the profitability of manufacturing firms.

1.4 Research Questions

This study is based on the following research questions;

- 1) How does acquiring of long-term assets affect profitability of manufacturing firms?
- 2) How does replacing of assets affect profitability of manufacturing firms?

- 3) How do investment appraisal techniques affect the profitability of manufacturing organizations?
- 4) How does outsourcing of capital expenditure decision affect the profitability of manufacturing firms?
- 5) What is the effect of working capital decision on the profitability of manufacturing organizations?

1.5 Research Hypothesis

The five hypothesis that will help to make interface between the sample and the real business environment are presented below;

Hypothesis 1:

- A. Acquisition of long-term assets has significant relationship with the profitability of manufacturing firms.
- B. Acquisition of long-term assets has no significant relationship with the profitability of manufacturing firms.

Hypothesis 2:

- A. Replacing of long-term assets has significant relationship with the profitability of manufacturing firms.
- B. Replacing of long-term assets has no significant relationship with the profitability of manufacturing firms.

Hypothesis 3:

- A. Investment appraisal techniques have significant relationship with the profitability of manufacturing firms.
- B. Investment appraisal techniques have no significant relationship with the profitability of manufacturing firms.

Hypothesis 4:

- A. Outsourcing of Capital expenditure decision has significant relationship with profitability of manufacturing firms.

- B.** Outsourcing of Capital expenditure decision has no significant relationship with profitability of manufacturing firms.

Hypothesis 5:

- A.** Working capital decisions have significant relationship with the profitability of manufacturing firms.
- B.** Working capital decisions have no significant relationship with the profitability of manufacturing firms.

1.6 Scope of the Study

The concern of the study was about assessing the impact that capital budgeting decisions have on profitability levels in the manufacturing companies. The employees of the Mukwano group of companies located in Kampala Uganda will constitute the geographical scope. The respondents for this research will be on the financial and all the employees of the manufacturing company. A sample size of the study will consist of 152 respondents out of 240. The study is restricted to capital budgeting decisions (acquiring of long-term assets, replacing of long-term assets, investment appraisal techniques, working capital decision and outsourcing of capital expenditure) and its impact on overall value through profits.

1.7 Significance of the Study

This study yields data and information that will be useful for understanding capital budgeting decisions in manufacturing firms. The finding and the recommendations of this study shall be useful for decision makers of capital budgeting. They don't not rely on personnel experience in making capital budgeting decisions, but make their decisions on concrete knowledge of understanding their capital budgeting decisions to the profitability of their respective firm.

The researcher also hopes that the study will benefit other researchers to get a basis for further research on impact of capital budgeting decisions on the profitability in

manufacturing firm. This would lead to the generation of ideas for better understanding of capital budgeting decisions and profitability.

The findings will help the manufacturers to understand the relevance of undertaking accurate investment decisions. They would also understand that capital budgeting aid organizational efficiency and survival, irrespective of the risk factors inherent in the business environment. Equally, they would appreciate that effective use of capital budgeting strengthens corporate plan through timely and optimum employment of capital for maximum returns. Management would be made to understand that corporate planning enhances the predictive possibility of embarking on a specific course of action with relative certainty of the outcome.

The research findings will help the investors with information on how to avert the dangers of adverse environmental variables through the prediction of the present value of future investment and its relative rate of returns overtime. The findings of this study would enable manufacturers to understand that, though the difficulty in using risk adjusted techniques to compliment capital budgeting techniques when evaluating investment decisions, expenditure decisions so reached are usually stable and realistic.

The research findings will help management in choosing and allocating resources to capital assets that would boost the profit base of the company. Efficient use of outsourcing in execution of tasks and functions which cannot be effectively handled in-house would reduce cost and boost manufacturing company's earning. The study would highlight the strengths and weaknesses of outsourcing to facilitate manufacturing companies' choice of when, how, what, and who to outsource.

The research findings on capital budgeting will be utilized by manufacturing companies for investment analysis would assist accounting educators improve on their course content, curriculum and method of teaching. It would equally aid them guide prospective investors and manufacturers on when and where to invest. Curriculum planners of accounting education would use the facts of the findings in curriculum planning and review. Students would be placed in the right frame of mind to actualize their dreams of investing wisely, also being successfully employed as financial analysts or in the least being self-employed after graduation.

1.8 Definition of the Key Terms

1.8.1 Capital Budgeting

Padachi (2006) contend that capital budgeting entails the firm's decisions to invest its resources in long-term activities that are anticipated to generate positive future income flows, it entails the process of planning to make expenditures on assets which are expected to make returns after more than one year. Pandey (2006) provide that investment decisions of the firm on capital assets are commonly known as capital expenditure decisions, capital or long-term investment decision, or management of fixed assets. It is the planning, evaluation, and selection of investment in fixed asset proposals, which involves a huge current outlay of cash resources in return for an anticipated flow of future benefits. Investment in fixed assets has a long gestation period, from conceptual and procurement stage, to when it starts to yield some stream of cash flows. Such investment should be capable of yielding a reasonable rate of return so that the business could meet its financial obligations to providers of capital (lenders).

1.8.2 Replacement Decisions

Replacement decisions are an investigation of new methods of production compared to existing machinery and technology. Managers of firm can choose to retain current equipment (status quo) or they can opt for new equipment. Of course, if the status quo is to be viable option, existing equipment must be serviceable. Replacement decisions occur when the firm purchases new equipment that has virtually the same operating capabilities as its predecessor. For example, if the substitution of new machinery for old one with essentially the same characteristics, it is replacement.

1.8.3 Acquisition Decisions

Edmonds (2003) contend that acquisition is the mechanism through which an organization get or acquire an asset, property, plant, and equipment as category whose assets are sometimes called plant or fixed assets. The process of acquisition requires an emphasis on the state of purchasing and for an organization to acquire a property different mechanism are fundamental for the development of a mix for the organizations.

1.8.4 Investment Appraisal Techniques

The investment appraisal techniques mean the procedural mechanism that is followed by an investor for the purpose of making an investment on a particular project for a period of time. It is based on overall time mechanisms and issues concerning the developing aspects provide measures for enhancing the investment of the business. These measures the feasibility of the project viability in the country organizational setup.

1.8.5 Outsourcing Expenditure

Koszewska (2004) contend that outsourcing is the utilization of external resources, the commission of the execution of tasks, functions and processes as cannot be efficiently handled in-house to an outsider. Though it may be seen as an emerging management strategy, it has made a mark in strengthening a given company's position especially in these technological changes.

1.8.6 Working Capital Decisions

The focus is on administration of assets and liabilities. Its concentrates on optimizing the levels of inventories, receivables, cash and near cash assets to be held by an enterprise. It addresses the issues like "how much investment is to be made in each current asset" and what appropriate sources and terms of funds are to be used to finance current assets. Therefore, the financial manager must evolve an appropriate pattern of current assets, by considering the financing goals of the enterprise.

1.9 Profitability

Profitability is from profits which are defined to be the difference between revenue income and overall cost that is to say profits.

According to Kakuru (2005) profitability is the difference that exist between revenue and cost of operations in the business. Kakuru concentrated on assessing the costs incurred by the organizations in day to day operations. Even Brinker (2002) provides that profitability is the difference between the revenue generated and the costs incurred to produce the same revenue for a period of time.

1.10 Organization of Chapters

This research is organized on the basis of background of the study, statement of the problem, purpose of the study, study objectives, research hypothesis, research scope, significance and operational definitions of key terms. It will also provide the literature based on the objectives of the study. The methodology is categorized under design, population; sample population of the study, sampling procedures, data sources, validity and reliability, data analysis and ethical plus limitations of the study.



2. RELATIONSHIP BETWEEN CAPITAL BUDGETING DECISIONS AND PROFITABILITY

Literature plays a fundamental role in far as given that it provides to the reader in which the topic of the study is conducted. The chapter is taken as crucial were the researcher reviews works by different previous researcher in order to attain an understanding on the degree of available information that the researcher bases on to attain value for the study. The necessity for conducting this research is to cover the area of concern by the researcher. This chapter therefore provides a summarized view of the information available on the topic for necessity of need. This review is based on five important areas that are provided as literature in this study text to provide a firm expansion of the issues under the study.

Capital budgeting is fundamentally responsible for providing an understanding on the nature and degree of the information required to invest in any long-term projects. The capital budgeting techniques with emphasis on five aspects of net present value, payback period, internal rate of return, accounting rate of return and the profitability index under the study. Hilton (2002) contends that managers in all organizations are faced with periodically major decisions that have issues of cash management. There are also decisions that deal with purchase of the company requirements and related capital assets.

Furthermore Hilton (2002) contend that capital budgeting involves the formal planning process to invest the company's capital in the procurement of fixed assets, or otherwise in the buying-up of an existing business (company) or its fixed assets, purposefully to enhance the viability of the investing company through enhanced business activities. Because the assets needed are appropriate the need for enhancing the management terms is fundamental for generating value of the organization and the firm strength for a development mix in the organization setup.

The capital budgeting therefore guides the allocation of the resources however scarce the resources are in order to determine the nature and degree of existing market opportunities. The concept of investment opportunity comprises of expected future returns from the projects with more early earnings. Therefore, capital budgeting is vested with the role of planning for the development of the assets at hand and assets that can be acquired for the purpose of generating values in terms of profitability for the generation of value in the organization. The preferred benefits to be attained is inform of revenue to the organization that determine whether the established terms of operations are sufficient for the organization's operations on a day to day basis.

According to Pandey (2006) the futures for the capital budgeting involve an assessment of the projects upon the assessment of the assets on risks and prevailing situations. These features Pandey further stated are of paramount importance in financial decision-making and as such, care should be taken in making such decisions on account that the point worthy of note in these features and care as is elaborated is that a company which carefully plan the allocation of its resources to capital assets, evaluates available alternatives, ranks properly the alternatives; and then decides on which best alternative to undertake using the available capital investment techniques.

2.1 Profitability of Manufacturing Companies

According to Pandey (2002) profitability is the returns on assets invested over a short or long period of time depending on the nature and type of investments undertaken by a company. Profitability is defined as a process of investing they would have been idle liquid resources in investment portfolio and the amount invested it brings in return to the firm inform of interests.

According to Patel (2004) defines profitability as the revenue generated as difference between the input costs to the output costs. The values of the firm are established therefore based on the degree of the difference that exist between the input costs and the output costs by the organization.

The assumptions generated and raised from the foreign direct investments is that the organizations are engaged with in the production are at more disadvantage in comparison

with the local organizations, operating requires the provision of resources that are sufficient for the organization strength (Kulter, 2007). The costs of additional nature are fundamental in the management of the resources when companies have advantages over the local firms competing with the environment to warranty making the profits.

Blocher, Chen & Lin (2002) posited that the use of internal resources to exploit the market imperfections that have an existing across the global community for the generation of value of the organizations. The determination is basically on the mean through which foreign operations are done to overcome the local operations for the means of profitability purposes.

Profitability is measures to show how the firm is effective (Pandey, 2002). Pandey (2002) provide that organizations can attain the value of the firm by assessing and determining the organization strength towards the management of resources suitable for improving the operations of the business. The company operations are vested, and information is attained through the company statements that explain the prevailing environment.

2.2 Capital Budgeting and Profitability of Organizations

A research undertaken by Afonso, Jose, Fatima & Ney (2017) on a Brazilian cotton ginning firms and it was interviewed 10 managers from these companies. The study was to analyze capital budgeting practice in a group of small cotton ginning firms in Brazil, the results showed that a practical managerial approach was needed when ensuring satisfactory net operating results in short period of time. Capital budgeting is not seen as sophisticated and considered as essential, as businesses and strategic environment directly affects and impose high risks. Managerial experiences are highly influenced investment decision-making process.

Mooi and Mustapha (2001) conducted a study on the degree of complexity of the capital budgeting aspects of the firms. The study used a sample of 42 organizations of which 19% use average budgeting methods with the 43% supporting the method. The study was intended to test the level of association and performed a T-test; the findings indicated that capital budgeting sophistication didn't have an effect on the organization's performance.

Kadondi (2002) set to determine the capital budgeting mechanism used by companies on the Network Stock Exchange NSE and the effect of firms' traits affect the usage of some techniques in capital budgeting. He took a sample size of 43 organizations while 27 companies responded to his questionnaire. The results that came out indicated that many of these companies ignored the very first stages of capital budgeting methods, and the number of these companies ignored are 22 companies. Also, these companies 31% of them used payback method, net present value method used by 27% while 23% used the internal rate of return method (IRR).

Gilbert (2005) established to determine the usage of capital budgeting methods and how they are related to the performance of South African organizations in the manufacturing sector. The study used of 318 manufacturing organizations as a sample. The study tested the usage of the tools and their impact of accounting rate of return (ARR), payback method, net present value (NPV) and the internal return rate (IRR). From this study it was established that 48 of the firms employed the payback period technique, 25 organizations used purely discounting methods while the rest of these 318 companies applied a combination of all methods. Even though the management of these companies had recognized the advantages of using the discounted methods like cost benefit. Their feedback indicated that the used mostly approximation and shortcuts, but they have admitted that discounted cashflows methods are very significant and needs to be considering when making investment decisions.

Etal. (2006) conducted a study where he compared the use of capital budgeting methods and their effect on performance of organizations in China and Netherlands. In his study he had received a total of 87 organizations, 42 enterprises were from Netherlands while the rest were from China. Therefore, the results indicated that 22 Chief Executive Officers of Chinese companies applied or used Net present value methods unlike only 4 CEO used the traditional way of investment decisions techniques.

According to Gupta & Pradhan (2017) conducted a research about capital budgeting decisions in India. They study was applied to manufacturing and non-manufacturing companies. A sample of 250 companies was given a questionnaire and only 75 of them responded. Their results indicated that the discounted techniques are used most of these

companies when the social benefits and accounting are applied when evaluating the rate of return of the project. The result shows that there is a similar kind of approach adopted by both manufacturing and non-manufacturing sectors for capital budgeting decisions in India.

2.2.1 How Replacement of Long-term Assets Affects the Profitability

Louderback and Hirsch (1982), replacement decisions involve an investigation of new methods of production compared to existing machinery and technology. Managers of firms can choose to retain current equipment (status quo) or they can opt for new equipment. Of course, if the status quo is to be viable option, existing equipment must be serviceable.

Chasteen, Flaherty and O' Connor (1998), Replacement decisions occur when the firm purchases new equipment that has virtually the same operating capabilities as its predecessor. For example, if the substitution of new machinery for old one with essentially the same characteristics, it is replacement.

According to Hartman (2002) businesses require strong equipment the purpose of enabling the performance and delivery of the outputs. The competitive environment of the situation requires the need to provide avenues to generate success. Capital investment projects are typical of the operating cost control, technical obsolescence for the requirements to the performance and functionality improvement in order to attain the safety mechanism. The rationale for effective decision making about the capital equipment to attain replacement.

The study findings of Langemeier (1998) replacement of capital assets is affected by many factors such as efficiency to present on the machines for the allowances of depreciation, technical advancements for the purposes of attaining the consideration as to value of the firms. Even Delmar (1985) provide that high technology equipment's such as computers and others are now important in improving the functionality of the systems in the organizations.

Galisky, Guzman and Insulan (2008) provided that the international conference on the mining sector to attain innovations intended to evaluate the worth of the equipment

replacement standards that come different from the normal usage of the systems mix that transform the development mix for the organization

Chasteen, Flaherty and O'connor (1998), three methods are used to record replacement and improvement decisions. First is the substitution method. This method recognizes that a company is disposing of old equipment and acquiring new one. The second method is capitalization of new cost. Under this method, cost is debited to the asset account. The only difference is that the first method and the second is that under this method, the company does not remove the book value of old asset from accounts. The third method is the reduction of accumulated depreciation. It is argued that if the replacement extends the assets time of usage, the findings are similar to previously recorded depreciation. Therefore, rather than adding the cost of replacement or improvement to the asset account, a company may debit to the accumulated depreciation for the cost.

Meigs (1987), in deciding to replace the old equipment, managers should determine the present value in the incremental cash flows resulting from replacement of old machinery. The present value must be in comparison with the cost of new equipment to establish if the investment will provide the required rate of return. It is also necessary both annual saving in manufacturing costs and differences in annual income taxes.

2.2.2 How Acquisition of Long-term Assets Affects the Profitability

Edmonds and Etal (2003) defined property, plant, and equipment as category whose assets are sometimes called plant or fixed assets. Speciland and Tomassini (2004) described the assets usually as plant and equipment used in the companies for Examples include land, building, equipment, machinery, Autos, and trucks.

Lindgren (N/D) argued that the purchase decisions are fundamental for the prediction of future occurrences based upon the predictions on the risky environment that support the development avenues for the organization. The uncertainty is based as a maximum need that the organization requires to focus on while providing mechanism for the improvement of the human labor. The fundamental aspect of the business that support the establishment of the work without focusing on the environment so far assessed so as to attain high through selling what they bought at a high level of the rate of dependence.

Raibon (2004) argued that selecting the assets for conducting intended activity is closely related to assessing the activity worth. As with many managerial decisions, part of the decision process is comparison of earning and expenses. In order to determine the cost of the proposed investment to determine if the activity should be pursued. Managers must gather monetary and non-monetary information about each available and suitable asset.

Warren, Reeve and Fess (2002, P. 355), cost of acquiring fixed assets includes all amounts spent to get it in place and ready for use. Speciland, Sepe and Tomassini (2004, P. 464), described costs to get expenses in the required form and condition and locations suitable for the usage.

Edwards (2008) argued that alternatives for acquiring machinery include lease and purchase plan. The leases are similar to the operating lease though an operator of the machine can take a decision fundamental and provide avenues for the execution of an aspect to the lease upon the return. The options are to the attainment of purchase plan in which the operators buy new pieces of the equipment sufficient for the improvement of the working stakes for development avenues in the organization.

2.2.3 How Investment Appraisal Techniques Affect the Profitability

In conducting the investment appraisal, there are four capital budgeting techniques employed by firms to generate values in the business operations. This include Net present values, internal rate of return, discounted cash flows, payback period average accounting rate of return and the profitability index methods.

According to (Stein R, 2016) investment appraisal techniques are methods used when investing in long-term projects such buying machinery, building or conducting research and development. Some of these methods considers the value of money in the future. In Uganda, in 2012 the inflation rate was 12.86% and unexpectedly dropped to 4.91%. Therefore, this made managers of manufacturing companies give too much consideration to the economy otherwise they will suffer losses in the near future. Managers evaluate whether this project is worth investing by considering the rate of return in the future.

Lee (1999), Net present value (NPV) method “management sets a minimum required rate of return that is used to compute the present value of the cash flows from the proposed

project”. The NPV is therefore defined as a discounted cash flow method to capital budgeting that involves the present values of the expected cash flows using the minimum rate of return. The present value can be greater than the present values in the outflows, this will be positive enough to attain the acceptability of the project. The NPV is negative and the projects is rejected.

Dascher and Strawser (2004), there are certain limitations and unstated assumption which inherit in the use of net present value. This provides an assumption that cash inflows and outflows are actually known with critical and certainty of the environment. There are also aspects that the cost of capital budgeting is clearly and fundamentally known in an organization operation that is geared towards avenues of generating required values for the organization. The advantage that NPV provides is the timing issue.

Dascher and Strawser (2004) argued that internal rate of return is computed by determining the set of discount factors that attain the future of the cash inflows associated with particular capital investment with future cash outflows associated with that investment. The concept of the development avenues is therefore necessarily important in examining.

Hilton (2001) argued that payback period method of evaluating investment proposals has two serious drawbacks. On the other hand, payback period has two advantages. First, it is simple screening device for investment proposals in the projects that enable to attain the value for the organization.

According to Kakuru (2007) the accounting rate of return represent the ratio of average annual profits after taxes compared to the investment. Pandey (2004, P. 148) defined the IRR method as a mechanism on ratios the ratio of revenue after taxes in comparison with profit taxes divided to average rate of investments.

The basic equation is:

$$ARR = \frac{\text{Accounting Profit}}{\text{Average Investment}}$$

Hansen and Mowen (1995) argued that ARR provides a consideration of the project just like on the pay back. It does not consider the time value of money, avoiding the time value of money as crucial for reducing the deficiency mechanism.

Pandey (2004, P. 148) defined profitability index as “the ratio of the present value of cash inflows based on the required rate of return to the initial cash outflows for the investments”. Hilton (2001, P. 755) also views Profitability index as the present value of the future cash flows exclusive of investment over the cash flows of the present value.

2.2.4 How Outsourcing Capital Expenditure Decision Affect the Profitability

According to Quelin and Duhamel (2002) outsourcing is providing out the function of making services of a company’s responsibility or responsibilities to an expert external provider. The vendor company must have competent and capable hand or hands to handle such task as is contracted to it. And the process of outsourcing can only be embarked upon when such task to be contracted out does not constitute the company’s basic and strategic functions.

Gartner (2004) reported that, as many as 80% of outsourcing contracts are unproductive, and that European business wasted billions on poorly managed outsourcing deals. This assertion points to the fact that though the enormous benefits of outsourcing, that some risk complexities are involved in outsourcing decisions. Outsourcing when trivially handled will doom the contracting company. In essence, to reap the benefits of outsourcing, Gartner prescribed the following as guides: determining what task or tasks should be accomplished in-house; determining which task or tasks should be accomplished through strategic partnership; and determining which specific task or tasks to be contracted out (outsource) to third-party specialists.

Earl (2001) asserts, a company that must outsource and plan well on how it should be averted to be able to reap the benefits of outsourcing. The outsourcing company has her potentials before a task is contracted to it.

Quelin and Duhamel (2003) provided that the whole process of outsourcing decision requires a great deal of effort and careful examination throughout the whole process until

the decision is finalized. They suggested the following ‘success foundation steps’ as should be adhered to, before finalizing the outsourcing decision:

- a) Set the strategic direction of the organization.
- b) Identify the core competency and set its tactical objectives.
- c) Develop a list of the company’s intended outsourcing providers (supplier/vendors).
- d) Choose the outsourcing decision (for instance, to outsource because of short term capacity, staffing, or production problem).

Note that, it is pertinent that the corporate leadership of the company must identify the framework of the organizational strategic goal in order to set the overall direction for making achievable outsourcing decisions. There is always the need to evaluate the organization’s core competency and capacities through the overall orientation of its strategic goals. This will aid outsourcing decision making by simplifying the process.

2.3 How Working Capital Decision Affect the Profitability

Working capital involves the administration of assets and liabilities of current nature. Its focus is on optimizing the levels of inventories, receivables, and cash and near cash assets to be held by a business enterprise at a particular time. Parashar (2006) argued that the decision addresses the issues like "how much investment is to be made in each current asset and what appropriate sources and terms of funds are to be used to finance current assets?" Therefore, the financial manager must evolve an appropriate pattern by considering organization’s financing goals and objectives.

Decisions are largely influenced by the trade-off between liquidity and profitability. Bierman, Harold and Seymour Smidt (2011) provide that higher the share of liquid assets, lower will be the profitability. On the other hand, lower the volume of investments in liquid assets, higher will be the rate of risk of insolvency. However, profit in the latter case is high. Therefore, care must be taken to manage current assets because they should neither be inadequate nor unnecessarily be locked up.

David (2010) examined the effect of working capital management on the performance of the firm including the profitability. The findings reveal that the more time the firm takes to pay takes the more profitable it will be.

An empirical study from Ghana by Asoke (2009) that was based on the working management and bank's profitability. The study covers all commercial banks in Ghana for a period of ten-years (1999-2009). The study based on the findings concludes that operating cycle has an effect on the profitability of the organization. The study also adds that credit risk significantly increases profitability comparable or similar to the bank operations.

Hayajneh and Yassine (2011) in their study examined the factors the influence working capital requirement of the banking sector. The study used a sample of 166 Canadian firms listed on the Toronto stock exchange and applied correlation and non-experimental research design. The results indicate that overall, working capital requirement is positively correlated with operating cycle, return on assets, Tobin's q (Q ratio) and industry but negatively correlated with firm size. This study provides evidence from firm specific in relation to working capital management.

From Kesseven (2006) studied the relationship between working capital management on the efficiency of the Jordanian banks using a sample of 53 companies listed on Amman Stock Exchange for a period of 7 years (2000-2007). The data were analyzed through the use of descriptive statistics, Pearson's correlation co-efficient, ordinary least squares (OLS) and two stage least square regression models. The research established a strong negative relationship between firm's profitability and the rate of operating processes of the firm. Consistently, the findings suggested that profitability of an organization can be realized by managing the various components of its working capital efficiently.

Capital budgeting decisions are essential for two reasons. First, assets acquired under capital budgeting decisions are used to generate enough profit for the firm. For instance, generators are bought to give power to manufacturing equipment's which in turns helps the firm meet the demand and order of its customers. Second, capital budgeting decisions affect the firm for long period of time and require heavy amount of resources. Therefore, inappropriate capital budgeting decisions would make the firm suffer and vice-versa.

To the researcher point of view, such behaviors can be eliminated by ignoring the degree of the pressures of the campaigner. Simply is to compare the costs associated with the project and the benefits (both financial and non-financial) from that project. It is common for the organizations to consider only financial issues such cost and revenue. Projects with highest benefits relative to costs are accepted. In some cases, it is found that top managers may approve a project that can cause harm to the lives of workers or any other problems.

Capital budgeting decisions are among managerial decisions taken in manufacturing firm. It involves decisions regarding acquisition of new capital assets and replacement of old equipment with new one that is able to perform the operations involved in speedy and effective manner. Making capital budgeting decisions involve process that are to be undertaken in order to ensure the outcome of the decisions contribute to the profitability of the firm and the organizational goals. Capital budgeting decisions results in the cash flow of the firm.

In the acquisition decisions, it is required to determine the cost. Costs should be inclusive of all costs incurred in order to make the capital assets usable and ready. It is also necessary to consider the significance of such acquisition to the enhancement of the production and activities. Lease in a way can be acquired rather than buying. When the acquired capital asset gets older and obsolete, it must be replaced by new one.

3. ASSESSING THE EFFECT OF CAPITAL BUDGETING DECISIONS ON PROFITABILITY IN MANUFACTURING FIRMS IN UGANDA

First of all, this chapter presents a preview about Uganda economy, the methods that were used to conduct the study. The methodology included the design of the study, operational definitions of key terms, time horizon, types of the study, sources of data, measurements, analysis of data and the research framework. In this context, capital budgeting decisions are five capital budgeting decisions built-in as independent variables in these variables which are replacement decisions, acquisition, appraisal techniques, working capital decisions and sourcing for expenditure decisions.

3.1 Uganda Economy Preview

In Uganda, the country has a very useful natural resource such as tropical weather, copper, gold fertile soils and other mineral natural resources and oil that has been exploited recently. Agriculture is the most important and biggest sector by employing one third of Ugandan labor force. Also, the export of coffee is too bulk and generate a lot of revenue to the government of Uganda. The Uganda economy mostly depends on the agriculture sector and there are some few small industrial sectors that import equipment and oil. In general, the productivity is hindered by a few number of supply-side restriction such as underinvestment in the agricultural sector that continues to depend on undeveloped technology. The growth of industry is delayed by a high cost that as a result of poor infrastructure, low levels of private investments and the depreciation of the currency (Uganda shilling). Starting from 1986, the Ugandan government packed by international agencies and foreign countries has tried to stabilize the economy by undertaking a reform of currency, increasing the producer prices on export crops, increasing the price of petroleum goods, and increasing the civil service salaries. The policy was aimed in general decrease of inflation and on the other side encouraging the foreign investments to increase

and boost export earnings and the production. Since 1990 these economic reforms accompanied the area of solid economic growth from a continuation of investment in infrastructure, lower inflation, improved inducements for exports and productions, better domestic stability and made the exiled Indian-Ugandan entrepreneurs came back. The financial crisis in 2008 has made an effect to the exports of Uganda. However, the growth domestic product (GDP) of Uganda has been massively recovered due the above-mentioned reforms and starting a rapid growth in the population that comes to the urban area. The government is expecting oil revenues and taxes to be the largest sources of funds to the governments in the next 5 to 10 years. The disagreement of Ugandan government and the oil companies over the oil prices in 2014 may prove a stumbling block to the future development and further exploration. Uganda is facing a lot of challenges such as the wars happening in South Sudan now. Instability in South Sudan has increased the number of South Sudanese that are coming to Uganda which disrupted Uganda's main export market. High energy costs, energy infrastructure and inadequate transportation, insufficient budgetary discipline and too much corruption resulted an inhibit of economic development and decrease the investor confidence. In 2015, the Uganda currency has depreciated 22% against the US dollar and the inflation increased from 3% to 9% which brought and led to the Bank of Uganda hiking interest rates that increased from 11% to 17%. As a result of this inflation kept below double digits. However, there was a negative impact on the trade and capital-intensive industries. The budget of financial year 2015/2016 is dominated and taken most of it by road infrastructure and energy spending. And the country relied on donor from international donors to support the economic drivers such as agriculture, education and health. The biggest infrastructure projects funded by through low-interest rates concessional loans. It is expected these loans to rise to 22% in 2018/2019 and consume 15% of the Uganda domestic budget (World Fact Book of the United States Central Intelligence Agency, 2017).

Real growth domestic product (GDP) of Uganda has been slightly increasing in the last 5 years. In 2012 the growth domestic product of Uganda was 2.6% and increased to 5.5% in 2017. That is more than a half it was in 2012. This increase came from the agriculture sector where Mukwano group of companies showed a good performance by increasing it is production 400%.

According to IMF World Economic Outlook 2016 the inflation rate of Uganda has been stagnant and remained the same in the last 4 years. Even though it showed a good decrease in 2013 dropping from 5.1% to 3.1% and again unfortunately went to 5.5% in the last year (2016).

Ugandan economy has been struggling and the country is still under poverty line due to poor political instability and corruption, while Mukwano group of companies has been growing massively.

Table 3. 1: Uganda economy preview table

	2011	2012	2013	2014	2015	2016
GDP	6.8%	2.6%	4.0%	4.9%	4.8%	4.9%
Inflation	5.6%	6.7%	5.1%	3.1%	5.5%	5.5%

Source: Bank of Uganda & IMF (2017)

3.2 Research Design

This is a mechanism through which raw data collected is used to transform into information. It is a strategic plan the researcher uses to make investigations and answer the research questions. The focus is on the topic of capital budgeting decisions and profitability of manufacturing organizations (Cavana, Delahaye & Sekaran, 2010). The study is covered in period of weeks and months in order to attain information for the study. Mukwano groups of companies, a manufacturing company that is located in Kampala, Uganda participated in this study; this company has a reasonable number of employees who work and interface with each other.

Mukwano Group of Companies is one of the leading and most respected conglomerates in eastern and Central Africa. Its humble beginnings date back to 1910 when members of the family first set foot in east Africa and established a trading company (Mukwano 2016).

The data was collected from only the manufacturing division. This is the biggest and most important division of the operations producing laundry bar soaps, cooking oils, cooking fats, baking fats, detergent powders, liquid detergent, family petroleum jelly, herbal petroleum jelly, bottled mineral water, animal protein meal and plastics. All these products are manufactured in various factories located in Kampala, Uganda. They have more than

7000 employees in total and has branches in East Africa. Mukwano is involved in some kinds of business such as real estate investments, bulk storage, cargo clearing and forwarding. The company has increased its production to 400% after the use of sophisticated technology in the production of soil seed production. The employees and their management were interacted with in equal terms to provide information; each employee was given a copy for the questionnaires.

To ensure confidentiality, neither the names nor identification numbers provided on the instrument. So, the employees who filled in the questionnaires and provide them to the researcher. The researcher makes use of measures profitability based on the author's measures of the concepts of the study.

3.2.1 Questionnaire

The researcher used a self-administered questionnaire that was constructed from the literature review.

Section A: Demographics of respondents (Pick the appropriate response)

1. Gender

- 1) Male
- 2) Female

2. Highest level of qualification

- 1) Certificate and Diploma
- 2) Degree
- 3) Masters
- 4) PhD

3. Age (Years)

- a) 20 - 29
- b) 30 – 39
- c) 40 – 49
- d) 50+

4. Marital Status

- A. Single
- B. Married
-

C. Divorced/Widowed

5. How long have you been working in this organization?

- 1) Less than 1 year
- 2) Between 1-3 years
- 3) Between 3-5 years
- 4) 6 years and above

6. Position held in the organization

- 1) Administrator
- 2) Manager
- 3) Customer Consultant
- 4) Staff

SECTION B: CAPITAL BUDGETING DECISIONS

Under the following sections, please tick according to your level of agreement

- 5. Strongly Agree
- 4. Agree
- 3. Neutral
- 2. Disagree
- 1. Strongly Disagree

Please evaluate the statement by ticking in the box with the number that best suits you.

Capital budgeting decisions in manufacturing organization

VARIABLES		Scale	1	2	3	4	5
Acquisition of long-term assets	IV1	Evaluating capital expenditure decisions on the acquisition of long term assets in the organization is through capital budgeting					
	IV2	The acquisition of long-term assets is based on the future expected earnings from the assets					
	IV3	There is always positive future returns due to effective capital budgeting in acquisition					
Replacement of long-term assets	IV4	There is capital budgeting analysis in the replacement of long-term assets of the organization					

	IV5	Because of capital budgeting, replacement decisions are cost effective					
	IV6	Replacement of long term assets due to capital budgeting provides value for money					
Investment appraisal technique	IV7	We employee capital budgeting techniques of NPV, payback period among others in comparing expected future streams of cash flows with immediate and past streams					
	IV8	The investment appraisal techniques are used in conducting feasibility study on investment proposal					
	IV9	The investment appraisals are used in selecting investment proposal and applying risk measurement devices					
Outsourcing expenditure decisions	IV10	Outsourcing is used in nursing a business from the scratch in their business					
	IV11	Outsourcing decisions is used investment in new product or products for the organization					
	IV12	Outsourcing is used in increasing in research and development strategy					
Working capital decisions	IV13	Working capital decisions facilitate the inventory and receivables management					
	IV14	The working capital decisions enable the efficient management of the cash and cash equivalents					
	IV15	There is sufficient liquidity with the proper working capital decisions					
	IV16	The day to day operations are effectively financed by equity than debt capital					

Section B: Profitability of manufacturing organizations

No	Profitability of the manufacturing organizations	1	2	3	4	5
PF 1	The organization has continuously attained the target profitability levels					

PF 2	Detection of fraud has affected the financial performance of the organization						
PF 3	The state of profitability is steadily growing in the operations						
PF 4	Financial institutions profitability is ventured through assets						
PF 5	Financial institutions have attained expansion because of high returns on assets						
PF 6	The revenue generations capacities are sufficiently for profitability						
PF 7	The current assets are generative of more profits in the business						
PF 8	There has been gained profits on the capital employed by business						
PF 9	The net operating profits sufficiently support our daily operations						
PF 10	The revenue is higher than the costs of operation in the previous period						
PF 11	There is revenue earned by the organization as profits are effectively re-invested into the business						
PF 12	The means of the business operations provide a costly venture for the profit attainment						

THE PROCESS FLOWCHART OF THE ENTIRE STUDY

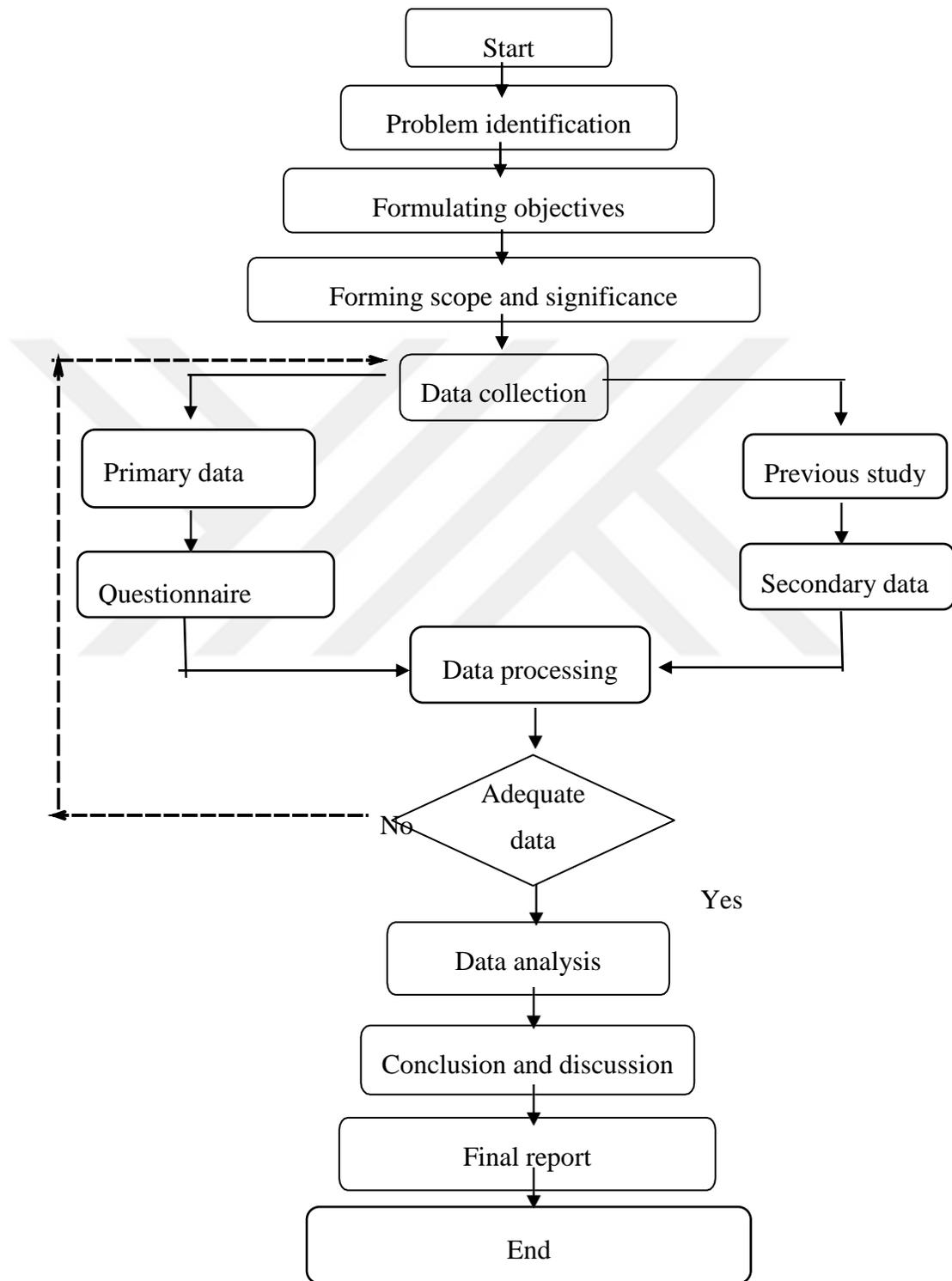


Figure 3. 1:Research Flowchart

3.3 Operational Definition

3.3.1 Replacement Decisions

Replacement decisions occur when the firm purchases new equipment that has virtually the same operating capabilities as its predecessor. For example, if the substitution of new machinery for old one with essentially the same characteristics, then it is replacement.

3.3.2 Acquisition Decision

Acquisition is the mechanism through which organizations get or acquire an asset, property, plant, and equipment as a category whose assets are sometimes called plant or fixed assets. The process of acquisition requires an emphasis on the state of purchasing and for an organization to acquire a property different mechanism are fundamental for the development of a mix for the organizations.

3.3.3 Investment Appraisal Techniques

The investment appraisal techniques mean the procedural mechanism that is followed by an investor for the purpose of making an investment on a particular project for a period of time.

3.3.4 Outsourcing Capital Expenditure Decisions

Koszewska (2004) contend that outsourcing is the utilization of external resources, the commission of the execution of tasks, functions and processes as cannot be efficiently handled in-house to a specialist who is external to the organization.

3.3.5 Working Capital Management

This is administration of assets and liabilities of an organization usually on the current basis. Its focus is on optimizing the levels of inventories, receivables, cash and near cash assets to be held by a business enterprise at a particular time.

3.3.6 Profitability

The degree of benefit as a result of the difference between the expenses or overall cost of operations and the income generated as revenue from the operations (Kakuru, 2005).

3.4 Time Horizon

Data was collected from Mukwano group of companies their affiliated branch that is located in Kampala, Uganda In August 2017 to studying impact that capital budgeting decisions have on profitability of the organization.

3.4.1 Type of Study

This field was conducted through survey under the distribution for the questionnaires into Mukwano manufacturing company, a branch that is located in Kampala, Uganda.

3.4.2 Source of Data

The study was based on data attained from Mukwano manufacturing company, a company that produces high quality products and has branches in the East Africa. This study was conducted on their branch that locates in Kampala, Uganda. On average, the company has 240 employees including administrators, heads of sections and support staff whom this study is targeting. The researcher used probability sampling technique and in particular simple random sampling techniques were every or each member has a likelihood advantage of being chosen for data provision. The method is preferred because it is less time consuming and avoid biases based on any nature, this enabled and provide equal chance for the population to be selected and providing representation of the entire study population.

3.4.3 Primary Data

The researcher gathered data by means of questionnaires which were given to the employees of Mukwano manufacturing company (Kampala, Uganda) in order to capture the information about the study topic. These were used to compare the status quo in terms of previous and current information. The primary data was attained through questionnaires given that a series of people contend that the method is appropriate and sufficient for data collection in an organization.

3.5 Measurement

3.5.1 Capital Budgeting Decisions

The capital budgeting decisions were measured by 16 items and the scales which have the statements of six capital budgeting decisions. The overall decisions were measured based on the constructs and the anticipated effectiveness to the dependent variables in the study.

3.5.2 Profitability

Profitability was measured by Pandey definition of profitability questionnaires 12-item version of the scale was selected to enable the determination of information for decision making. The responses were based on the five-point Likert scale.

3.6 A Questionnaire Design

Here, self-administered questionnaires were employed containing close-ended question. This is intended to reduce costs of movement and also because the researcher is dealing with literate people who have the capacity of filling the forms. The questionnaire was used attaining the data was majorly analyzed quantitatively. The questionnaire is used because it attains more information necessary and required by the researcher to attain data that can be easily quantifiable. The questionnaire will be divided into three sections with the section A concerned with the assessment based on demography of respondents, section B on the assessment of the objective one on capital budgeting and section C on profitability of the organizations.

3.7 Data Analysis Techniques

Because information can only be got through analysis of data, the researcher analyzed data using SPSS version 19. Due to the quantitative nature of the data, the study had statistical package, the researcher used (SPSS) version 19.

3.7.1 Descriptive Analysis

After collecting data before analyzing it, data was checked for completeness and ensuring consistency of the data. The analysis was done basing on frequency and percentages for

the demographic information and mean, standard deviations for the constructs of capital budgeting and profitability levels. Then finally Pearson correlation was used to determine the relationship and the significance between the variables.

3.7.2 Reliability Testing

Reliability is measure of consistency, dependability or stability of a test (Nachmias, 1996). The researcher was measured using the reliability of the questionnaire to determine its consistency in testing what they are intended to measure. The test re-test technique will be used estimate the reliability of the instruments. This involved administering the same test twice to the same group of respondents who have been identified for this purpose.

A single statement (item) were presented to each respondent and then this same statement was presented to the respondent 3 weeks later. A test-retest reliability coefficient was calculated on this individual statement (item) since individual items cannot have a Cronbach's alpha internal consistency reliability calculated. The respondents were asked to respond to the statement using a four-point Likert scale ranging from 1 (Strongly Disagree) to 4 (Strongly Agree). The Cronbach's alpha value of 0.7 on the pretest instrument was attained for the instrument to be reliable.

3.7.3 Inferential Statistics

In this, the researcher used inference the population based on the sample. In this study inferential statistics to be deployed or analyzed using correlation and simple linear regression.

3.7.4 Correlation Analysis

The study aims to establish the relationship between capital budgeting decisions and profitability and in this case Pearson correlation was used in order to provide an interpretation and understanding of the study concepts. Pearson correlations to be used to show the relationship that capital budgeting have on the profitability of the organizations. The person correlation tested the relationships based on the level of significance of 0.05.

3.8 Research Framework

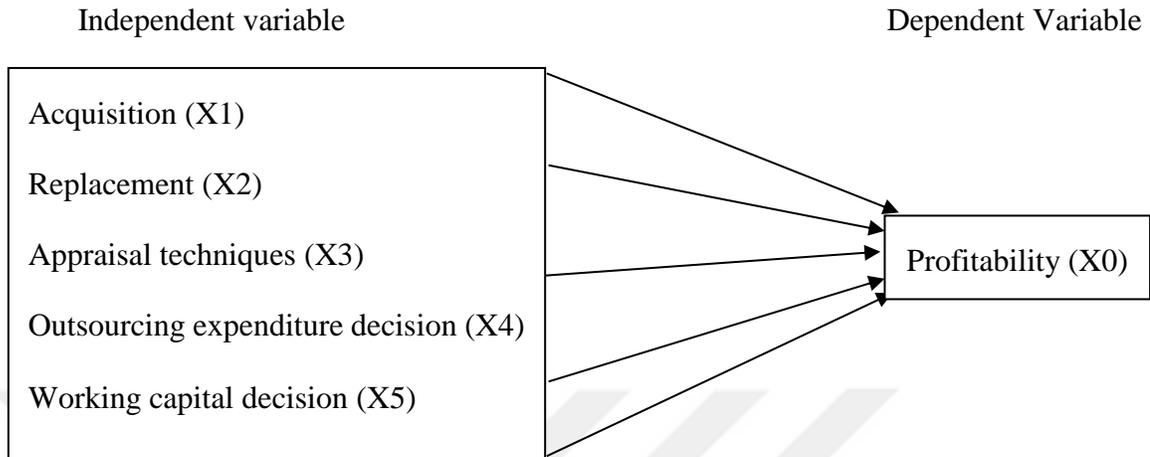


Figure 3. 2: Model of Research

This chapter covers the methods that was used when conducting the study. It provides a practical guide to the study that the study intended to employ. It is an overall summary on the research design, operational definitions of key terms, time horizon, types of the study, sources of data, measurements, analysis of data and the research framework.

4. PRESENTATION OF FINDINGS, INTERPRETATION AND ANALYSIS

This chapter presents and discusses the findings from the analysis based on the data acquired from the field. The researcher used Statistical Package for social sciences (SPSS) Version 19 to conduct the statistical analysis. The chapter furthermore collects the data from the respondents and used pilot analysis to test the questionnaire or tool validity. The researcher also uses descriptive analysis to describe and explain the demographics of the respondents that provided the data under the questionnaire usage.

In addition, the researcher used the relationship between capital budgeting decisions on profitability in manufacturing firms. In this also the regression analysis is further used to find out the capital budgeting decisions that are critical for the variation of profitability. The data collected from the primary source or fields were the questionnaire analysis was done through descriptive and inferential analysis. The final results of the theoretical model with the hypothesis are determined.

4.1 Data Collection

The set questionnaires were 240 that that were distributed to the respondents. The total number of questionnaires that were brought back was 152 respondents. The data was collected from the respondents who provided a response rate of 63.3% of the respondents. There were 34 Questionnaires in the entire questionnaire that was dived into three parts. Part one of the questionnaire is the demographic of the respondents, Part two was capital budgeting decisions and part three was on profitability of the respondents. In the provisions, the demographic characteristics of respondents had 6 questions; part two on profitability had 16 questions while part three was profitability with 12 questionnaires.

4.1.1 Response Rate

The study targeted a sample population of 240 respondents who were the respondents of the study. The research achieved a response rate of 63.3 percent from the 152 respondents out of the 240 questionnaires that were administered and distributed to the selected respondents of the study. Therefore, with this response rate, there is high confidence that the responses received on the study are reliable. Mugenda (1999) as well as Saunders (2007) suggests that a response rate of 50% is adequate when quantitative data is manually collected. Table 4.1 below presents a breakdown of the response rate of the respondents by their categorization.

Table 4. 1: Response Rate

	Total	Percentage (%)
Distributed questionnaires	240	100
Questionnaires collected	152	63.3
Uncollected questionnaires	88	36.7

Source: Primary Data, 2017

Table 4.1 above presents the response rate of the responses to which the research instruments were administered. The findings presented show that out of 240 respondents targeted 152 responded giving a response rate of 63.3%. This implies that the response rate was high.

Table 4. 2: Demographic Characteristics

The summarized data on the demographic characteristics of the respondents are presented in table 4.2. The data illustrated was based on gender, education, age, marital status, time of the respondents' service and position of the respondents. The data is presented based on frequency analysis and conducted based on the respondents involved in the research. There questions on demography included the age, marital status, age, gender, respondents time of service and positions for the respondents.

The rest of the questions are on the aspect of capital budgeting decisions, Profitability of the organization. These are the questions I asked the employees and I received the whole features of the study dimension. These dimensions were measuring every aspect of the variables and the results are based on the scales in the variables. These variables also belong to 5 dimensions of the variables in the study. The study was conducted from the

employees of the organization based on the workers and employees. The study set to interview 240 respondents though the responses were 152 respondents providing that the overall response was from 152 employees of the study company.

Table 4. 3: Respondents Profile

Demographic	Category	Frequency	Percent (%)
Gender	Male	97	63.8
	Female	55	36.2
Education	Certificate and Diploma	30	19.7
	Degree	52	34.2
	Masters	54	35.5
	Others	16	10.5
Age	20-29	38	25
	30-39	37	24.3
	40-49	50	32.9
	50+	27	17.8
Marital Status	Single	32	21.1
	Married	99	65.1
	Divorced/Widowed	21	13.8
Time of experience	Less than 1 year	10	6.6
	1-3 years	18	11.8
	Between 3-5 years	57	37.5
	6 years and above	67	44.1
Position	Administrator	23	15.1
	Manager	10	6.6
	Customer consultant	17	11.2
	Staff	102	67.1

N=152

Source: Primary Data, 2017

4.2 Goodness of Measures

The data was gathered through the use of the research questionnaires, with the focus of the primary resources for data collection so that there is essentiality in verifying the accuracy and appropriateness in using the instruments for the measurements of the study variables

4.3 Descriptive Statistical Analysis

The descriptive statistical analysis used the scales based on standard deviation and mean obtained of internal scales dependent variables and independent variables of the study. The study results based on standard deviation and mean all the variables used in this research is provided and reported in the study.

4.4 Reliability Analysis

The measures of the consistency and stability of the items, the researcher used Cronbach's Alpha values. In the general assessment the value of Alpha with 0.7 and above mean that the items in the questionnaire have high reliability and from the study, the research can be used for further investigation and analysis (Nunnally, 1978). The test for the reliability of the questionnaires provided a Cronbach's Alpha coefficient that was found to be 0.821 that imply a very high reliability.

4.5 Correlation Analysis

Correlation analysis procedure will take into consideration the relationship between the variables under the study in comparison with other variables that is to say independent and dependent variables. In this study the researcher determined to apply the simple correlation analysis. Even according to Zikmund (2003), simple correlation coefficient statistical measure for the relationship between two variables was used.

In this study, the researcher conducted correlation to analysis relationship between the independent variable Capital budgeting decisions and Profitability of the organization as the dependent variable. In this study the R-values from the test have to be in ranges of -1

to 1.0 which indicate the prevalence of positive relationship or negative relationship. In certain cases, the R-values of 0 (zero) indicate a zero relationship.

Table 4. 4: Pearson Correlation of Results

Pearson correlation

Sig. (2-tailed)

N=152

Independent variables	Dependent variable (Profitability)
Acquisition of long-term assets	0.260 **
Replacement of long-term assets	0.452 **
Investment appraisal techniques	0.257 **
Outsourcing expenditure decision	0.161 *
Working capital decision	0.139

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The five objectives of the study set to determine the relationship between capital budgeting decisions of acquisition of long-term assets, replacement of long-term assets, investment appraisal techniques, outsourcing expenditure decision and working capital decision on the dependent variable that was profitability of the organization. This determination was arrived at through using Pearson correlation that established that capital budgeting decisions had a strong positive relationship with the profitability of the manufacturing organizations under the study.

Particularly, in table 4.3, it was established that acquisition of Long-term Assets had a positive relationship with profitability of the organization at 0.260, furthermore replacement of long-term Assets had a moderate relationship of 0.452 with profitability of the organization. it was further established that investment appraisal techniques had a positive relationship of 0.257 with profitability of the organization. Outsourcing expenditure decision also had a positive weak relationship with profitability of the organization of 0.161 with profitability. It was finally established that Working capital decision had a positive relationship of 0.139 with profitability of the organization. The

factors on average denote that there is a positive but weak or low relationship between the variables.

In the overall assessment the answer to the five objectives was for the study to determine if there is a relationship between capital budgeting decisions and profitability of the organization.

4.6 Regression Analysis

4.6.1 Regression Model I

In this regression analysis, the researcher had a task of establishing the individual capital budgeting decisions that have an effect on the profitability of the organization and establish the one that has a highest effect on the dependent variable. Several authors contend to the same understanding, according to Frederick, Gravetter & Wallnau (1991), regression is a statistical assessment technique that is used to establish the line of best fit for the set of data.

The first model that was performed from the table 4.4 below reveal that $R=0.599$, it was taken as moderately high. Furthermore, the ANOVA analysis in table 4.5 below shows that since the correlation coefficient can be used for regression analysis and the model shows that it is fitted with the dependent variable (Profitability) (The F values =16.311, $P= 0.000<0.05$).

Despite the results, the table 4.7 below also present that some other coefficients of the regression model were insignificant ($p<0.05$) this included working capital decisions.

Table 4. 5: Shows results on coefficients of determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.599 ^a	.358	.336	.36183

a. Predictors: (Constant), Working Capital Decisions, Outsourcing Expenditure Decision, Acquisition of Long-term Assets, Capital Budgeting Techniques, Replacement of Long-term Assets

Table 4. 6: Shows Analysis of Variance (ANOVA)

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.677	5	2.135	16.311	.000 ^b
	Residual	19.114	146	.131		
	Total	29.792	151			

a. Dependent Variable: Profitability

b. Predictors: (Constant), Working Capital Decisions, Outsourcing Expenditure Decision, Acquisition of Long-term assets, Capital Budgeting Techniques, Replacement of Long-term Assets

Table 4. 7: Shows regression analysis I

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.816	.155		5.255	.000
	Acquisition of Long-term assets	.097	.036	.183	2.670	.008
	Replacement of Assets	.290	.049	.420	5.946	.000
	Capital Budgeting Techniques	.206	.047	.297	4.376	.000
	Outsourcing expenditure decision	.147	.046	.217	3.232	.002
	Working Capital decisions	.043	.044	.070	.991	.323

a. Dependent Variable: Profitability

It is significant at 95% confidence Interval

Based on the confidence interval, another multiple regression model has been performed and the results are presented in the following tables.

4.6.2 Regression Model II

In this case a multiple regression was performed based on the stepwise method of regression to evaluate whether working capital decisions play a fundamental contribution in profitability of the organizations. The study results established through SPSS and concluded that working capital decisions does not have an effect to the profitability among other variables in the study. As a result, the variables under the study from the model conducted under stepwise backward method. The study results in the new multiple regression analysis has been done based on the tables presented below.

Table 4. 8: Shows results on coefficients of determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	.595 ^b	.354	.337	.36181

b. Predictors: (Constant), Outsourcing Expenditure Decision, Acquisition of Long-term Assets, Capital Budgeting Techniques, Replacement of Long-term Assets

Table 4. 9: Analysis of Variance (ANOVA)

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
2	Regression	10.549	4	2.637	20.146	.000 ^a
	Residual	19.243	147	.131		
	Total	29.792	151			

a. Dependent Variable: Profitability

b. Predictors: (Constant), Outsourcing Expenditure Decision, Acquisition of Long-term Assets, Capital Budgeting Techniques, Replacement of Long-term Assets

Table 4. 10: Shows regression analysis II

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
2 (Constant)	.878	.142		6.191	.000
Acquisition of Long-term assets	.092	.036	.173	2.554	.012
Replacement of Assets	.305	.046	.442	6.571	.000
Capital Budgeting Techniques	.203	.047	.292	4.313	.000
Outsourcing expenditure decision	.145	.046	.214	3.187	.002

a. Dependent Variable: Profitability

*significant in 95% Confidence interval

The multiple linear regression model equation is provided as follows:

$$Y_0 = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

THEREFORE, PROFITABILITY = .878 (Constant) + .173 (acquisition of long-term assets) + .442 (replacement of long-term assets) + .292 (capital budgeting techniques) + .214 (outsourcing expenditure decisions)

As provided in the table 4.10 above since the P values of the multiple regression coefficients are less than 0.05 significant levels. All of the four independent variables of capital budgeting decisions (acquisition of long-term assets, replacement of long-term

assets, capital budgeting techniques outsourcing expenditure decisions) have a significant effect on profitability of the organizations.

On the same note since the independent variable had the highest multiple regression coefficients among the independent variables of capital budgeting decisions is replacement of long-term assets with a stepwise backward of .305 which implies acquisition had the highest effect on the profitability of the organization in comparison to the other capital budgeting decisions.

Therefore, a unit increase or rise in the standard deviation of replacement of long-term assets will result in .442 increases in profitability. Furthermore, the aspect of capital budgeting techniques and the following highest beta values among the aspects of capital budgeting decisions in the studied organization.

In summary the main purpose of this analysis was to provide answers to the final research objectives which set to examine which capital budgeting decisions (acquisition of long-term assets, replacement of long-term assets, capital budgeting techniques and outsourcing expenditure decision) had a biggest and significant effect on profitability of the organizations. Its therefore, summarized that replacement of long-term assets is critical or more fundamental in explaining the profitability of the studied organization.

4.7 Research Hypothesis Testing

Under this part, the researcher related the results found from the analysis carried out to the hypothesis in Chapter 1.

Hypothesis 1:

The results from table 4.10 reveal that acquisition of long-term assets has a significant effect on profitability, stepwise backward regression reveal ($\beta = .173$, $p = 0.012 < 0.05$). In this study, the results from research statistics significance values and the Beta value show that acquisitions of long-term assets have shown a positive relationship with profitability. Therefore, there is no evidence to accept the first hypothesis of the research i.e. **H_A is rejected while H_B is accepted.**

Hypothesis 2:

The results from table 4.10 above reveal that replacing of long-term assets has a significant effect on profitability, the regression reveal ($\beta = .442$, $p = 0.000 < 0.05$). In this study, the results from research statistics significance values and the Beta value show that the replacement of long-term assets have shown a positive relationship with profitability. Therefore, there is no evidence to accept the second hypothesis of the research i.e. H_A is rejected while H_B is accepted.

Hypothesis 3:

The results from table 4.10 above reveal that investment appraisal techniques have a significant effect on profitability, the regression reveal ($\beta = .292$, $p = 0.000 < 0.05$). In this study, the results from research statistics of significance values and the Beta value show that investment appraisal techniques have shown a positive relationship with profitability. Therefore, there is no evidence to accept the third hypothesis of the research i.e. H_A is rejected while H_B is accepted.

Hypothesis 4:

The results from table 4.10 above reveal that outsourcing of capital expenditure decision has a significant effect on profitability, the regression reveal ($\beta = .214$, $p = 0.002 < 0.05$). In this study, the results from research statistics of significance values and the Beta value show that outsourcing of capital expenditure decision has shown a positive relationship with profitability. Therefore, there is no evidence to accept the fourth hypothesis of the research i.e. H_A is rejected while H_B is accepted.

Hypothesis 5:

The results from table 4.10 above reveal that working capital decision has no significant effect on profitability, the regression reveal ($\beta = .323$, $p = 0.70 > 0.05$). In this study, the results from research statistics of significance values and the Beta value show that working capital decision has shown a positive but no significant relationship with profitability. Therefore, there is evidence to accept the fifth hypothesis of the research i.e. H_A is accepted while H_B is rejected.

Table 4. 11: Shows summary of hypothesis test results

HYPOTHESIS		DECISIONS
Hypothesis 1:	A) Acquisition of long-term assets has significant relationship with the profitability of manufacturing firms	Accepted
	B) Acquisition of long-term assets has no significant relationship with the profitability of manufacturing firms	Rejected
Hypothesis 2:	A) Replacing of long-term assets has significant relationship with the profitability of manufacturing firms	Accepted
	B) Replacing of long-term assets has no significant relationship with the profitability of manufacturing firms	Rejected
Hypothesis 3:	A) Investment appraisal techniques have significant relationship with the profitability of manufacturing firms	Accepted
	B) Investment appraisal techniques have no significant relationship with the profitability of manufacturing firms	Rejected
Hypothesis 4:	A) Outsourcing of Capital expenditure decision has significant relationship with profitability of manufacturing firms	Accepted
	B) Outsourcing of Capital expenditure decision has no significant relationship with profitability of manufacturing firms	Rejected
Hypothesis 5:	A) Working capital decisions have significant relationship with the profitability of manufacturing firms	Rejected
	B) Working capital decisions have no significant relationship with the profitability of manufacturing firms	Accepted

4.8 Conclusions

The presentation of the chapter summarizes the descriptive analysis based on frequency and percentages to describe the respondent's profile. It also tests the hypothesis, correlation analysis and presents the multiple regression that were conducted to establish the effect of the independent variables on dependent ones. The regression assessment is conducted and reveals that capital budgeting decisions have a great contribution to the profitability of the organization.

The chapter also presented and highlighted the results from the analysis process. This process is followed by a reliability test where the researcher examines the value of Cronbach's alpha. Before executing correlation analysis, the researcher has performed factor analysis.

This section reveals that there is no significant difference in the level of profitability of the manufacturing organizations. The capital budgeting decisions were also found to have a significant relationship with the profitability of the organizations. The dimension of replacement of long-term assets is critical or more fundamental in explaining the profitability of the studied organization.

Finally, the study results were matched with hypothesis tests of the researcher and all the results supported that hypothesis and expresses that the four independent variables which included acquisition of long-term assets, replacement of long-term assets, capital budgeting techniques and outsourcing expenditure had a significant effect on profitability of the organizations. The following chapter which is chapter five provides the discussion of the findings.

5. DISCUSSIONS, SUMMARY AND RECOMMENDATIONS

This chapter is responsible for presenting, discussing, summarizing and making recommendations. The last chapter the researcher was responsible for presenting the various methodological analyses. This chapter will provide discussions, summary and recommendations for the findings of the study. The first section will present the summary of the study while the second section is the results and summarizes of the hypothesis and finally the third section will focus on suggestions for future researchers. Then the researcher discussed the limitations of the research and the limitations faced while conducting the study by the researcher.

This study was set to examine the relationship between capital budgeting decisions (acquisition of long-term assets, replacement of long-term assets, capital budgeting techniques, outsourcing expenditure and working capital decisions) on profitability of the manufacturing organization in Uganda. The study targeted a sample population of 240 respondents who were the respondents of the study. The research achieved a response rate of 63.3 percent from the 152 respondents out of the 240 questionnaires that were administered and distributed to the selected respondents of the study. The study also provided that replacement of long-term assets has an effect on profitability of the manufacturing organization.

Based on the data collected from the research questionnaires in terms of gender, the male was majority with 97 (63.8%) of the respondents and the female had 55 (36.2%) of the respondents.

As of education of the respondents, the certificate and diploma had 30 respondents with 19.7% of the respondents; degree had 52 (34.2%) respondents while master's degree had 54 (35.5%) respondent's others had 16 (10.5%) respondents of the study. Furthermore, concerning the age of the respondents, the age brackets of 20-29 had 38 (25.0%) of the

respondents while 30-39 had 37 (24.3%) of the respondents those in 40-49 had 50 (32.9%) respondents and 50+ respondents had 27 (17.8%) respondents in the study,

Concerning the marital status of the respondents, the single respondents were 32 (21.1%) of the respondents, married had 99 (65.1%) of the respondents, the divorced had 14 (9.2%) of the respondents while the divorced had 7 (4.6%) of the respondents.

Furthermore, the findings on the time of experience had less than 1 year with 10 (6.6%) of the respondents, 1-3 years had 18 (11.8%) of the respondents while between 3-5 years had 57 (37.5%) respondents and those of 6 years and above had 67 (44.1%) of the respondents.

The study results reveal that administrators had 23 (15.1%) of the respondents while managers had 10 (6.6%) while customer consultant had 17 (11.2%) respondents while the staff were 102 (67.1%) of the respondents.

The results through the regression analysis provide an explanation of the relationship between the variables. The study assesses the issues of capital budgeting and how their components affect the profitability of the organization.

The study first assesses the reliability of the questionnaires items from the respondents using the Cronbach's alpha values of the dependent variables and the dependent variables and proved to acceptable and reliable measures, it also provides a descriptive analysis based on the respondent's gender, age, education, marital status, time of experience and position of the respondents in the organization.

Furthermore, a correlation assessment was conducted to determine if the relationship existed between capital budgeting decisions and profitability of the organizations based on acquisition of long-term assets, replacement of long-term assets, capital budgeting techniques, outsourcing expenditure and working capital decisions on profitability of the manufacturing organization in Uganda. The study assessment is based on relationship between the variables.

The regression analysis also conducted reveals that the dimension of replacement of long-term assets and acquisition of long-term assets are critical or more fundamental in explaining the profitability of the studied organization. Then finally the results were

compared and matched with the hypothesis testing by the researcher and the four tests results were against the hypothesis. The one variable of the model was working capital decisions were not similar and the stepwise backward method was set to establish the second model and was rejected ($R^2 = .358$, $F = 16.311$, $p = .323$).

5.1 For the Further Research

This study provided an opportunity for the researcher to establish in practice the information and knowledge that has been received through the study program. The practical means is also through the confidence that will enable the completion of the future research for the academic accomplishments.

5.1.2 To the organization

The study is fundamental in assessing the capital budgeting and financial management issues in Ugandan manufacturing organizations and provides an understanding of the most fundamental issues to profitability of the organization. The study will enable the establishment of the factors that have issues on profitability and take measures for improvement. The study results will also provide avenues through which some capital budgeting can initiate the profitability in order to provide measures of effective financial management for profitability purposes.

5.1.2 To the employee

This study will be able to highlight the true feelings and perceived views of the organization staff on capital budgeting. This would provide a chance for the organization staff to achieve capital budgeting and enhance profitability of the organizations in Uganda.

5.1.3 To the university

The study will provide a future reference to the future researchers as a basis for future research including the students of this university (Istanbul Aydin University). It is also providing a spring board for other researchers as a means of assessing the established ways of understanding the topic.

5.2 Summary of the Study

The study investigates the issues of capital budgeting on profitability of the organizations in manufacturing context. The context of the study was to test the effect of capital budgeting decisions on profitability of the organizations.

The initial objective was to test the influence of capital budgeting on profitability of the organizations and establish whether the capital budgeting decisions influence the profitability of the organization based on the dimensions of the study.

A majority of the previous studies in this area have been a conceptually. There have been some empirical employees in this area. Only some researchers were talking about the influence of capital budgeting on profitability of the organizations. Therefore, the study either uses capital budgeting decisions on profitability of the organizations; the key issues of the variables provide an understanding showing that acquisition and replacement of long-term assets decisions have had a high effect on the profitability of the organizations.

Finally, the issues of the capital budgeting decisions had positive effect on the profitability of the organization. The study provides an assessment of the influence of the variables under capital budgeting on the profitability of the organizations.

To enhance the issue of this study, rectify by include the diverse of capital budgeting decisions. Five capital budgeting decisions are including in this research to test relationship every one of dimension of the independent variable with the profitability of the organization.

5.3 Findings Discussion and Research Objectives

The study provides an interesting area of profitability for the findings of the study, it provides that the study is significant and relate to direct affecting of capital budgeting on profitability. As for the outcome of the capital budgeting decisions was important because of the company uses the key issues of profitability. The five-capital budgeting decision are the significant predictors for organization profitability. It is also necessary because the capital budgeting decisions have an effect on the profitability of the organization.

A research undertaken by Afonso C. Jose A, Fatima R., Ney M. (2017) on a Brazilian cotton ginning firms and it was interviewed 10 managers from these companies. The study was to analyse capital budgeting practice in a group of small cotton ginning firms in Brazil, the results showed that a practical managerial approach was needed when ensuring satisfactory net operating results in short period of time. Capital budgeting is not seen as sophisticated and considered as essential, as businesses and strategic environment directly affects and impose high risks. Managerial experiences are highly influenced investment decision-making process.

Kadondi (2002) set to determine the capital budgeting mechanism used by companies on the Network Stock Exchange NSE and the effect of firms' traits affect the usage of some techniques in capital budgeting. He took a sample size of 43 organizations while 27 companies responded to his questionnaire. The results that came out indicated that many of these companies ignored the very first stages of capital budgeting methods, and the number of these companies ignored are 22 companies. Also, these companies 31% of them used payback method, net present value method used by 27% while 23% used the internal rate of return method (IRR).

Yao Etal. (2006) conducted a study where he compared the use of capital budgeting methods and their effect on performance of organizations in China and Netherlands. In his study he had received a total of 87 organizations, 42 enterprises were from Netherlands while the rest were from China. Therefore, the results indicated that 22 Chief Executive Officers of Chinese companies applied or used Net present value methods unlike only 4 CEO used the traditional way of investment decisions techniques.

Gilbert (2005) established to determine the usage of capital budgeting methods and how they are related to the performance of South African organizations in the manufacturing sector. The study used of 318 manufacturing organizations as a sample. The study tested the usage of the tools and their impact of accounting rate of return (ARR), payback method, net present value (NPV) and the internal return rate (IRR). From this study it was established that 48 of the firms employed the payback period technique, 25 organizations used purely discounting methods while the rest of these 318 companies applied a mixture of all methods. Even though the management of these companies had recognized the

advantages of using the discounted methods like cost benefit. Their feedback indicated that the used mostly approximation and shortcuts, but they have admitted that discounted cashflows methods are very significant and needs to be considering when making investment decisions.

Hartman (2002) businesses require strong equipment the purpose of enabling the performance and delivery of the outputs. The competitive environment of the situation requires the need to provide avenues to generate success. Capital investment projects are typical of the operating cost control, technical obsolescence for the requirements to the performance and functionality improvement in order to attain the safety mechanism.

Edwards (2008) argued that alternatives for acquiring machinery include lease and purchase plan. The leases are similar to the operating lease though an operator of the machine can take a fundamental decision and provide avenues for the execution of an aspect to the lease upon the return.

5.3.1 Objective: Examine the Relationship Between Acquisitions of Long-term Assets Affect the Profitability of Manufacturing Firms

The presentations in table 4.4 reveal that through Pearson correlation there is a significant relationship of positive nature between acquisitions and profitability of the manufacturing firms. The acquisition of long-term assets had a positive relationship with profitability of the organization (.260) which means that acquisition have a positive relationship with the profitability among the manufacturing firm of Kampala Uganda.

5.3.2 How Replacing of Long-Term Assets Affect Profitability of Manufacturing Firms

The presentations in table 4.4 further reveal that through Pearson correlation there is a significant relationship of positive nature between long-term assets affect profitability of manufacturing firms. The long-term assets had a positive relationship with profitability of the organization (0.452) which means that acquisition have a positive relationship with the profitability among the manufacturing firm of Kampala Uganda.

5.3.3 How Investment Appraisal Techniques Affect Profitability of Manufacturing Firms

The presentations in table 4.4 further reveal that through Pearson correlation there is a significant relationship of positive nature between investment appraisal techniques affects profitability of manufacturing firms. The investment appraisal techniques had a positive relationship with profitability of the organization (0.257) which means that acquisition have a positive relationship with the profitability among the manufacturing firm of Kampala Uganda.

5.3.4 How Outsourcing of Capital Expenditure Decision Affects the Profitability of Manufacturing Firms

The presentations in table 4.4 further reveal that through Pearson correlation there is a significant relationship of positive nature between outsourcing of capital expenditure affects profitability of manufacturing firms. The outsourcing of capital expenditure had a positive relationship with profitability of the organization 0.161 which means that acquisition have a positive relationship with the profitability among the manufacturing firm of Kampala Uganda.

5.3.5 Effect of Working Capital Decisions on the Profitability of Manufacturing Firms

Finally, the presentations in table 4.4 further reveal that through Pearson correlation there is a significant relationship of positive nature between working capital decisions affects profitability of manufacturing firms. The working capital decisions had a positive relationship with profitability of the organization 0.139 which means that acquisition have a positive relationship with the profitability among the manufacturing firm of Kampala Uganda.

5.4 Contribution of the Present Study

The study conducted provides an addition into the struggle for understanding the relationship between capital budgeting decisions and profitability of the organizations. The study provides the newness of the direction and focus that the research on profitability

and provide the data on the relevance of capital budgeting decisions to profitability. The study found out that there exists correlation in capital budgeting and profitability of the organization.

In providing an understanding the effect of capital budgeting decisions in attaining profitability, the study provides an additional value for understanding the importance of the capital budgeting decisions in attaining the profitability of the organizations.

The study reveals that capital budgeting decisions that was concerned with the management of the workers or organization like through acquisition, replacement, appraisal techniques, outsourcing expenditure decisions and working capital decisions necessary for the profitability of the academic setting.

5.5 Discussion of Capital Budgeting Decisions and Profitability

Capital budgeting decisions involve the activities undertaken that lead to the taking care or supporting the investment nature of a business that leads to the development of values necessary for the organization to generate the profitability of the organization that support the organization goals and objectives.

The organizations based on acquisition of long-term assets, replacement of long-term assets, capital budgeting techniques, outsourcing expenditure and working capital decisions on profitability of the manufacturing organization in Uganda. The study provides that the prevalence of the positive nature of the capital budgeting facilitate the achievement of the organizational goals.

Capital budgeting framework according to Olawale & Olumuyiwa (2010) conducted an investigation into the companies which make use of sophisticated investment decisions. The response rate was 39% indicating that using complex investment appraisal techniques. Moore & Reichert (1989) studied 500 US firms using modern analytical tools and financial techniques. Overall, firms which adopted sophisticated capital budgeting techniques had better average financial performance. Specifically, firms which used modern inventory management techniques and Internal Rate of Return (IRR) reported superior financial performance against those firms using native method.

Even Khakasa (2009) set in the study to provide empirical evidence on the state of practice for the banking environment by assessing the IT investments. The study attained a rate of response of about 61%. 100% of the responding institutions indicated that they used at least one of the economic techniques to appraise potential IT projects. Most institutions used more than one financial technique to appraise their investments.

Capital budgeting in every life of an organization is sufficient in providing means to attaining the status of the level of profits in an organization meaning that undertaking capital budgeting decisions is fundamental in facilitating the attainment of profitability for the organization at valued levels and horizons.

5.6 Limitations

5.6.1 Limitations of the Researcher

There are some limitations encountered during the course of completing this research study. These are listed as follows;

- i. In some organizations in Uganda it is common that researchers are viewed in a negative way, usually staff thinks it is a problem of finding exercise that rendered most of the jobless at the end of the exercise. This study however emphasized to the respondents that the study was purely for academic purposes. Under circumstances that the respondents felt reluctant to participate in spite of the assurance, the researcher encouraged them to volunteer willingly.
- ii. The cost of the research was high in regard to the already incurred cost of accessing relevant stationary, printing and the yet to be incurred cost of photocopying, binding, transport, and telephone charges. The financial constraints were solved by seeking aid from other sources such as family and friends.
- iii. The problem of insufficient time was solved by making sure that the researcher got enough/ sufficient time and maximum concentration.
- iv. Lack of experience: During the time this research is being done, the researcher experienced a real revelation. As fresh graduate from bachelor`s degree at university without any past working experience, the research sincerely believes

that there are possibilities that there can be some limitation to this work. However, the researcher gained priceless experience which will benefit him for the future researches.

- v. The research environments were classified as uncontrolled settings where extraneous variables might have influenced on the data gathered such as comments from other respondents, anxiety, stress, motivation on the part of the respondents while on the process of answering the questionnaires. The researcher created rapport with respondents such that these conditions could be minimized.
- vi. Instrumentation would have been another limitation of this study. The research tools used in this study were researcher-made. However, validity and reliability tests were done to arrive at a reasonable measuring tool.
- vii. The biasness from the respondents was dealt with by the researcher providing an introduction letter as confirmation that the data was also required for academic purposes. This improved their response and avoided biasness.

5.6.2 Limitations of the Study

In any research that is done, there are always some limitations. Similarly, this study has some limitations as well.

The starting point is that the research consists of capital budgeting decisions which included acquisition of long-term assets, replacement of long-term assets, capital budgeting techniques, outsourcing expenditure and working capital decisions on profitability of the manufacturing organization and their relationship with the profitability of the organizations.

On the other hand, researcher also acknowledge in this setting imposes the limitation in the general assessment of result. And lack of the variance crossways stores which look upon into ethnicity and gender might partially account of the insignificant finding.

The study targeted a sample population of 240 respondents who were the respondents of the study. The research achieved a response rate of 63.3 percent from the 152 respondents out of the 240 questionnaires that were administered and distributed to the selected respondents of the study. If the data had attained the entire data probably a bigger picture could have been reached or attained.

5.7 Recommendation for Future Research

The based on the limitations discussed earlier, the research has several suggestions for future researches done in capital budgeting decisions and profitability of the organization. The key focus of the study was to examine the factors affecting the profitability of manufacturing organizations in Uganda. The study started by establishing the studies that were examined on capital budgeting decisions and profitability of the organization. Through the usage of the self-administered questionnaires, the researcher collected the information from Mukwano group of companies and examined the relationship between acquisition of long-term assets, replacement of long-term assets, capital budgeting techniques, outsourcing expenditure and working capital decisions on profitability of the manufacturing organization

The finding of the study shows that capital budgeting decisions practices have significant effect on profitability of the organization. The future research will be considered the limitation of this study and try to avoid the same limitation. The future researchers should enlarge a scope of respondents such as multinational companies to enhance the consistency of results.

Initially it is mentioned that before this study focused on capital budgeting decisions through acquisition of long-term assets, replacement of long-term assets, capital budgeting techniques, outsourcing expenditure and working capital decisions on profitability of the manufacturing organization and for this reason it is possible that researchers of the future can pick other decisions of capital budgeting like the usage of individual capital budgeting decisions of NPV, IRR, PI on profitability of the investments.

Furthermore, the research is based on the single manufacturing industry in Kampala, it is possible that some future researchers can extend the study on other manufacturing organizations in areas other than Uganda.

Third, future researchers can use other variables to investigate profitability of the organization. In this research, the independent variable is capital budgeting decisions and it is possible that future researchers choose other aspects in the organization that can explain the level of organizational profitability.

Research should be conducted on strategies for implementing effective use capital budgeting techniques among manufacturing companies for investment analysis.

An analysis of the capital budgeting systems and practices in the public sector of a given state in the country should be conducted. A comparative study of the budgetary control systems of private and public sector of Uganda should equally be conducted.

5.8 Research Implication

The findings and analysis for this research will provide opportunity on the knowledge of the extent to which capital budgeting is utilized by manufacturing companies for investment analysis which would also assist financial managers to improve on operations and financial management. The organizations with the knowledge gained from the findings of this study would be able to educate students and advise management of manufacturing companies that effective use of capital budgeting techniques strengthens corporate plan through timely and optimum employment of capital for maximum returns. Also, that outsourcing could be used to invest idle fund/savings to yield maximum returns.

6: CONCLUSIONS AND SUGGESTION

In the final chapter of this study it will be conclusions and suggestion. The lastly, section addresses the suggestion of the study.

6.1 Conclusion

The study provides a contribution to the study on the growing literature on the impact of capital budgeting decisions on profitability of the organizations. It provides an empirical proof and support of the theory between capital budgeting and profitability. The study further recognize that capital budgeting is significantly associated with profitability of the organizations and the factors included acquisition of long-term assets, replacement of long-term assets, investment appraisal techniques, outsourcing expenditure and working capital decisions values among others.

There is evidence from the manufacturing sector in Kampala Uganda that a high rate of profitability is a result of effective capital budgeting decisions in the organizations that reduced the risks of investments through acquisitions and replacements. A half of the inability of the organizations retain their aptitude, of the whole business environments in Uganda are characterized is unprecedented influence hyper, high interest tax, high import tariffs much occasioned the devastating economic cum political sanctions to force on the country.

In view of the profitability of the organization, the mechanisms suitable for assessing the profitability require an assessment for the future through an established mechanism of operations that can guide work in the organizations necessary for profitability. Capital budgeting decision processes was used to a little extent to aid corporate planning for long-term survival of the manufacturing companies in Uganda. Manufacturing companies use capital budgeting techniques to a little extent for investment analysis in order to enhance

their earnings. Manufacturing companies to a great extent face some constraints which impede effective use of capital budgeting techniques for investment analysis. Balancing strategic management consideration with capital budgeting evaluation techniques among other strategies could improve on effective use of capital budgeting for investment analysis to a great extent.

The study further concludes that there was no significant difference between capital budgeting decisions and profitability of the manufacturing companies on the extent to which the use of capital budgeting decision processes aid corporate planning for long-term survival of the companies. The relationship is upheld given that capital budgeting fundamentally leads to profitability of the organizations.

6.2 Recommendations

Based on the major findings of this study, the following recommendations were made:

Management of manufacturing companies should ensure the use of discounted capital budgeting techniques, and allow financial managers free hand in investment/project evaluation and selection

Outsourcing as an effective management strategy should be widely adopted by the manufacturing sector, though with utmost care, to reap such business benefits as, reduced overheads and operational costs; possibility of converting fixed costs into variable costs; improved cost control; and the possibility of concentrating on firm 's core business among others.

Identified problems militating against the manufacturing companies' effective use of capital budgeting techniques should be properly addressed by the management through the provision of adequate measures.

Identified strategies for improving on effective use of capital budgeting for investment analysis should be adopted by manufacturing companies in order to achieve the desired results of maximum returns on investment.

REFERENCES

- Afonso, L., José, S. Fátima, M., André X.,** (2017) "A qualitative analysis of capital budgeting in cotton ginning plants", *Qualitative Research in Accounting & Management*, Vol. 14 Issue: 3, pp.210-229, <https://doi.org/10.1108/QRAM-07-2016-0055>.
- Asoke, K.** (2009). *Financial Policy and Management Accounting, a Management Perspective*, (8th Ed), Prentice Hall, New Delhi. 253-267.
- Bierman, Harold and Seymour Smiedt** (2011) *The Capital Budgeting Decision*, New York: Macmillan Publishing Company.
- Blocher, E. Chen, K & Lin, T.** (2002). *Cost management: Strategic emphasis* (2nd Ed). 45-51, New York: McGraw-Hill, Inc.
- Chasteen, L., Flaherty, R and O' Connor, M.** (1998). *Intermediate accounting* (6th Ed). New York: McGraw Hill company, Inc.
- Cavana, R. Y., Delahaye, B. L., & Sekaran, U.** (2001). *Applied Business Research: Qualitative and Quantitative Methods* (1st ed.). US & Australia: John Wiley & Sons Australia, Ltd
- Dascher, P, Strawser, J. and Strawser, R.** (2004). *Managerial accounting* (13th Ed). Ohio, Thompson custom publishing.
- David.** (2010). Customer accounting and customer profitability analysis for the order handling industry—*A managerial accounting approach*. 36 757-769 <https://doi.org/10.1016/j.indmarman.2006.06.002>.
- Earl, R.T.** (2001). Outsourcing Investment Decisions: What Every Manager should know. *Accounting Review*. 26(1), 28 – 38.
- Frederick J. Gravetter & Larry B. Wallnau** (1991) Published by West Publishing Co ISBN 10: 0314825509 ISBN 13: 9780314825506 Used First Edition.
- Gartner, R.** (2004). The Management and Use of Outsourcing. *International, Journal of Management and Policy Issues*. 5(2) 17-26.
- Gupta, D., & Pradhan, B. B.** (2017). Capital Budgeting Decisions in India: Manufacturing Sector Versus Non-Manufacturing Sector. *IUP Journal of Applied Finance*, 23(1), 69-93.

- Gilbert, E.** (2005). Capital Budgeting: A case study analysis of the role of formal evaluation Techniques in the decision-making process; Graduate School of Business, University of Cape Town.
- Hilton, R.** (2001). Managerial accounting: creating value for dynamic environment (2nd Ed). New York: McGraw Hill, Inc.
- Hansen, D. & Mowen, M.** (1995). Cost management accounting and control. South western college publishing.
- Hartman, J.C.** (2002). The series-parallel replacement problem. Robotics and Computer-integrated Manufacturing, 18, 215-221. Doi: 10.1016/S0736-5845(02)00012-1.
- Hayajneh, O. S, and Yassine, F. L,** (2011). The Impact of Working Capital Efficiency on Profitability an Empirical Analysis on Jordanian Manufacturing Firms. International Research Journal of Finance and Economics, 66, (2011), 67-69.
- Haka, F., Lawrence, A. Gordon, J.& George, E.** (1985) Sophisticated Capital Budgeting Selection, Techniques and Firm Performance, the Accounting Review, 4, 651-669.
- Kakuru, J.** (2007). Finance decisions and the business. Kampala: Fountain Publishers.
- Klammer, T.** (1978) The Association of Capital Budgeting Techniques and Firm Performance, The Accounting Review, (April), 353-464.
- Kesseven, P.** (2006) Trends in working capital management and its impact on firms' performance.
- Kadondi, E.A.** (2002). A Survey of Capital Budgeting Techniques used by Companies listed at the NSE, Unpublished MBA project, University of Nairobi.
- Khakasa, E.** (2009). Evaluating Information Technology Investments - A Survey of Kenyan Commercial Banks, Unpublished MBA project, Strathmore University, Kenya.
- Koszevska, M.** (2004). Outsourcing as a Modern Management Strategy: Prospects for its Development in the Prospective Clothing Market. AUTEX Research Journal. 4(4), 38-43.
- Kulter,** (2007). The Impact of Working Capital Efficiency on Profitability an Empirical Analysis on Jordanian Manufacturing Firms. International Research Journal of Finance and Economics, 66, (2011), 67-69.
- Lee, J.** (1999). Managerial accounting. Santa Fe springs: Hampton house.
- Louderback, J. & Hirsch, M.** (1982). Cost accounting: Accumulation, analysis and use. Boston: Kent Publishing company.

- Larson, K., Wild, J. and Chiappetta, B.** (2002). *Fundamental accounting principles* (16th Ed). New York: McGraw-Hill/Irwin.
- Langemeier, L.N.** 1998. *Crop-Share or Cash Rental Arrangements for Your Farm*. North Century Regional Cooperative Extension Service. NCR-76.
- Mooi, S. & Mustapha, M.** (2001). Firm Performance and Degree of Sophistication of Capital Budgeting Practice: Some Malaysian Evidence; Proceedings of the Asia Pacific Management Conference, 19 (1) 279-29.
- Nachmias, D.** (1996) *Research Methods in the Social Sciences*. Fifth Edition, Arnold, London.
- Nunnally, J. C.** (1978). *Psychometric theory* (2nd ed.). New York: McGraw-Hill.
- Olawale, F., & Olumuyiwa, O., George, H.** (2010). An investigation into the Impact of Investment Appraisal techniques on the Profitability of Manufacturing Firms in the Nelson.
- Parashar, S.P.** (2006) *Liquidity Management: Principles and Practice of Managing Cash Flow*, New Delhi: Vision Books, p.31.
- Pandey I. M.** (2010) *Financial Management*, (10th Ed). Vikas Publishing House PVT LTD.
- Padachi, K.** (2006). Trends in working capital management and its impact on firm's performance: An analysis of Mauritan Small Manufacturing firms. *International Review of Business Research Papers*, 2 (2), 45-46.
- Patel** (2004). Review of capital budgeting behavior of large South. African firms. In *Meditari Accountancy Research* Vol. 13 No. 1: 19-27.
- Quelin B., Duhamel F.** (2003). Bringing together strategic outsourcing and corporate strategy: Outsourcing motives and risks. *European management journal*, Vol. 21, No. 5, pp. 647-661.
- Stein, R.,** (2017) *Investment Appraisal*. Salem Press Encyclopedia [serial online]. January 2016; Available from: Research Starters, Ipswich, MA. Accessed November 9, 2017.
- World Fact Book of the United States Central Intelligence Agency.** (2017) https://theodora.com/wfbcurrent/uganda/uganda_economy.html
- Ugwuanyi, F.N.** (2008). *The Relevance of Budgeting and Budgetary Control in Manufacturing Companies (A Case Study of Nigerian Bottling Company Plc, Enugu)*. An Unpublished B.Sc. Project, UNEC; Department of Accountancy.
- Weygandt, J., Kieso, D. & Kimmel, P.** (2002). *Managerial accounting: Tools for decision making* (2nd Ed). John Wiley and son's Inc. Wild, J. (2003). *Financial accounting: information for decisions* (2nd Ed).

Yao, L., Smid, P. & Hermes, N. (2006). Capital Budgeting Practices: A Comparative Study of the Netherlands and China, Unpublished Master Business, University of Groningen.

Zikmund, W.G. (2003) Business Research Methods. 7th Edition, Thomson South Western, Ohio.

COMPANY PROFILE

The Mukwano Group of Companies is comprised of sub companies which are located in Uganda, with different markets at national level and across East African countries. The Mukwano Group of Companies is among the leading company that is growing from time to time by coming up with different companies under one umbrella of Mukwano Group companies. Mukwano is taken to be the company that pays a large proportion of tax when compared to the rest of companies in Uganda. Mukwano Group of companies has a large number of employees that is 7,000. The company ensures there is favorable environmental, health and safety practices for employees. Mukwano group is certified by ISO 9001:2008, Uganda National Bureau of Standards (UNBS), the Halal Bureau, and also ISO 22000 for its water production.

Mukwano Group (May 2009), Mukwano Group was sought to be in existence 1986, however it did not start its business dealings until 1989. Taking a look at analysis of Mukwano group of companies as per 2016, the company is now involved in six kinds of business: manufacturing, real estate investments, bulk storage & shipment cargo clearing & forwarding, agriculture and financial services. Mukwano Group is one of the most aggressive company which takes the highest rank among the investment groups in Uganda. The company won the coveted Annual Presidential Award of Best Exporter of the Year for 2004. In 2009, its beverages division attained ISO Certification.

Vision

To become the supplier of choice for Fast Moving Consumer Goods in East and Central Africa.

Mission

To remain the supplier of choice for Fast Moving Consumer Goods in East and Central Africa.

Objectives

To distribute the finest quality industrial and agricultural products in East and Central Africa.

To recognize the role our business plays in society by finding ways to improve quality of life in the region.

To lead the company towards sustainable growth, thereby providing value for our stakeholders and development for our employees.

Core values

To touch the lives of families in East and Central Africa year to year. The Mukwano Group has diversified its into different business as agriculture, estate development and supply and logistics with an interest to make the business investment to be at national development level. The company has the put in place a provision of evaluating customer feedback so as to uplift the quality of its products and services and ensure quality management. The company values its employees as an asset of great nee in its business; employees contribute much to organizational productivity and has on job training program so as to enable them to attain more skills. The company practices integrity, respects all our business customers and this improve its relations with its customers.

Performance

The Mukwano Group is entirely involved in big scale commercial agriculture and oil seed projects. Most of agricultural activities are centered in Kiryandongo District in Western region and the Lango sub-region in Northern Uganda. Its 4,000-acre farm in Kiryadongo produces raw materials such as sunflower, maize, oil palm and soya bean for the processing plants in Lira. The farm has absorbed local and regional name as a triumphant agricultural model unit where technological farming is being used by use of machines like tractors. The company has developed a great joint venture with over 72,000 rural farmers in the Lango sub region by providing them with affordable oil seeds, farm inputs and technical know-how, resulting in a 400% increase in soil seed production in the region.

In January 1993, Rwenzori Commodities limited was opened in Kabarole and Kyenjojo districts in Western Uganda by setting and planting 2790 hectares of tea (seedlings and

Clonal) out of 5700 hectares of land. Buzirasagama, Hiima, Munobwa and Kigumba Tea factories were constructed with a capacity of 220,000 Green Leaf or 53,000kg Made Tea per day. At Hiima and Kigumba the company operates two lines of Orthodox Tea manufacturing units with a production capacity of 20,000Kg Green leaf or 4,000 Made Tea per day. Green Tea, which encompasses high levels of anti-oxidants, and is Rwenzori Commodities' new product produced at the Kigumba factory with a production capacity of 1000Kg green leaf or 250 kg Made Tea per day.

Subsidiaries of Mukwano Group of Companies

Branches

Mukwano Group (19 October 2016), the branches or subsidiary companies of the Mukwano Group include but are not limited to the following: AK Transporters Uganda Limited; a fully licensed and equipped logistics and transport company with over 200 lights, medium and heavy transport trucks. Gulf Stream Investments Limited is a bulk liquid-storage terminal within the port area of Mombasa, Kenya. This terminal can store close to 26,000 metric tons of vegetable oils, oil derivatives and related chemicals in store tanks, Mukwano holds shares in Exim Bank (Uganda); a retail commercial bank jointly owned with Exim Bank (Tanzania), Lira Maize Factory Limited; located in Lira, Lira Oil Mill Limited; which produces in excess of 25,000 tons of oil annually, from sunflower and cottonseed, since 2007.

Also, Mukwano group of companies has Mukwano Agro Project Limited; which set on over 17,000 acres (27 sq. mi) in Masindi District. Crops intended to be on this project includes maize, soybeans, sunflower, and simsim, Mukwano AK Plastics is a sub company of Mukwano Group of company which manufactures household items and industrial plastic products. Mukwano Dar-es-Salaam Factory; located in Dar-es Salaam, Tanzania, the factory deals edible oil and soap manufacture since 2004. Mukwano Sugar Factory; a licensed sugar manufacturer, located in Masindi District, with capacity to process 2,500 metric tons of raw sugarcane daily (912,000 tons annually).

The company has gone an extra mile and it now as a sub company called Nationwide Properties Limited. This is a real-estate development company that builds what was meant to construct commercial and residential properties as an investment dealing. Nationwide is a sub company under the Mukwano Group and this is a real estate management firm in Uganda. Riley Packaging Limited is the biggest producer of packaging materials in East Africa, a joint venture between Mukwano Group and Raps Limited, another Ugandan company. The factory, estimated at US\$13 million, is located in Mukwano on the Kampala-Jinja Highway.

Production Sector

Kayizzi, Ricks (4 January 2004), today the Mukwano Group has much interests and has several companies dealing in business under different sectors in Uganda. These include: Mukwano industries. This sub company deals in manufacturer of renowned super foaming laundry bar soaps such as: Chapa Nyota, Chapa Simba, Chapa Mukwano. The company has been in operation for the last 2 decades in east and sub Saharan African, it deals not only lasting, high quality soaps, but also permanent friendship with its esteemed customers through better customer services and super quality standards. Mukwano Industries is the holding company of other companies in the Mukwano group.

A.K. Oils and Fats Limited. It deals in the manufacture of Mukwano vegetable cooking oil, Tamu vegetable cooking oil, New Tamu vegetable cooking fat, Tamu bakers fat, Nice fry deep frying fat and Marina Catering Margarine. A.K. Oils & Fats among the leading producers of oils and fats in Uganda and the East African region meant to be used in cooking and frying. The company is mostly involved in the manufacture of premium refined sunflower, cottonseed oil and sesame seed oil for the local and regional market.

Mukwano Personal Care Products Limited. Manufacturers of Blue Nomi detergent powder, Hira blue detergent powder, Supa liquid detergent, Dazzelene floor cleaner, Klix scouring powder and Blik liquid bleach. Mukwano Personal Care Products Limited is a

modern and fully automated detergent plant manufacturing a full range of quality detergent and hygiene products in both liquid and powder form.

AK Plastics limited is one of the oldest producers of plastics in the country that has absolutely stretched its broad number of products on the market under the “Eagle Rock” brand. Products range from dining tables to chairs and a collection of kitchenware and industrial items. All the items are manufactured using the most technologically superior machinery and equipment in the region and are made of ‘intact’ plastic raw material, which can 100% be reprocessed to come up with products. Mukwano baking fats Range Tamu Bakers’ Fat enriches the taste and scent of your baking and confectionery products. It is cholesterol free and rich in Vitamins A and E, all for the true natural taste of food. This product is packed in 10kg only for bakers. Nice Fry Deep Fry Bakers’ Fat is a refined edible vegetable fat which is cholesterol free and enriched with Vitamin A and It’s packed in 10kg only for bakers.

Mukwano sweets & Confectionaries. Manufacturers of hard-boiled candy and lollipops in exciting assorted fruit flavors. Also in the pipeline is the manufacture of chocolate based and center filled confectionery.

Number of employees of Mukwano of group of companies

Mukwano Group (19 October 2016), Mukwano group employs 7,000 individuals who work under one vision developing the company and develop themselves, Mukwano group is determined to deliver world class products and services at affordable prices to the people of this region and Sub Saharan Africa with its skilled workers. Mukwano Group of Companies ranked to be largest employment provider in Uganda.

APPENDIX I: RESEARCH QUESTIONNAIRE

Assessing the Effect of Capital Budgeting Decisions on Profitability of Manufacturing firms: A case study of Mukwano group of companies in Kampala, Uganda.

Dear respondent,

I, Ali Mohamed Ali Farah am a student of Istanbul Aydin University pursuing master's degree of business administration. As part of my study at the University, I am conducting a study on "Assessing the effect of capital budgeting decisions on profitability in manufacturing firms; a case study of Mukwano manufacturing company, Kampala, Uganda.

Please spare some time and answer the questions that follow. Your response will be kept strictly confidential and will only be accessed by the research team. The information provided will only be used for academic purposes in this study.

The survey should take approximately 15 minutes to answer. I shall be grateful if you could complete the enclosed questionnaires.

Thank you very much for your time and cooperation.

Yours Cordially,

.....

Ali Mohamed ALI FARAH (Y1512.130116)

Master of Business Administration

QUESTIONNAIRE

Section A: Demographics of respondents (Pick the appropriate response)

1) Gender

- A. Male
- B. Female

2) Highest level of qualification

- A. Certificate and Diploma
- B. Degree
- C. Masters
- D. PhD

3) Age

- A. 20 - 29
- B. 30 – 39
- C. 40 – 49
- D. 50+

4) Marital Status

- A. Single
- B. Married
- C. Divorced/Widowed

5) How long have you worked in this organization?

- A. Less than 1 year
- B. Between 1-3 years
- C. Between 3-5 years
- D. 6 years and above

6) Position held in the organization

- A. Administrator
- B. Manager

C. Customer Consultant

D. Staff

SECTION B: CAPITAL BUDGETING DECISIONS

Under the following sections, please tick according to your level of agreement

5. Strongly Agree
4. Agree
3. Neutral
2. Disagree
1. Strongly Disagree

Please evaluate the statement by ticking in the box with the number that best suits you.

Capital budgeting decisions in manufacturing organization

N0	Scale	1	2	3	4	5
CB1	Evaluating capital expenditure decisions on the acquisition of long term assets in the organization is through capital budgeting					
CB2	The acquisition of long-term assets is based on the future expected earnings from the assets					
CB3	There is always positive future returns due to effective capital budgeting in acquisition					
CB4	There is capital budgeting analysis in the replacement of long-term assets of the organization					
CB5	Because of capital budgeting, replacement decisions are cost effective					
CB6	Replacement of long term assets due to capital budgeting provides value for money					

CB7	We employ capital budgeting techniques of NPV, payback period among others in comparing expected future streams of cash flows with immediate and past streams					
CB8	The investment appraisal techniques are used in conducting feasibility study on investment proposal					
CB9	The investment appraisals are used in selecting investment proposal and applying risk measurement devices					
CB10	Outsourcing is used in nursing a business from the scratch in their business					
CB11	Outsourcing decisions is used investment in new product or products for the organization					
CB12	Outsourcing is used in increasing in research and development strategy					
CB13	Working capital decisions facilitate the inventory and receivables management					
CB14	The working capital decisions enable the efficient management of the cash and cash equivalents					
CB15	There is sufficient liquidity with the proper working capital decisions					
CB16	The day to day operations are effectively financed by equity than debt capital					

Section B: Profitability of manufacturing organizations

No	Profitability of the manufacturing organizations	1	2	3	4	5
PF1	The organization has continuously attained the target profitability levels					

PF2	Detection of fraud has affected the financial performance of the organization					
PF3	The state of profitability is steadily growing in the operations					
PF4	Financial institutions profitability is ventured through assets					
PF5	Financial institutions have attained expansion because of high returns on assets					
PF6	The revenue generations capacities are sufficiently for profitability					
PF7	The current assets are generative of more profits in the business					
PF8	There has been gained profits on the capital employed by business					
PF9	The net operating profits sufficiently support our daily operations					
PF10	The revenue is higher than the costs of operation in the previous period					
PF11	There is revenue earned by the organization as profits are effectively re-invested into the business					
PF12	The means of the business operations provide a costly venture for the profit attainment					

FREQUENCIES

Statistics

		Gender	Age	Education	Marital_Statu s	Time_of_Exp erience	Position
N	Valid	152	152	152	152	152	152
	Missing	0	0	0	0	0	0

FREQUENCY TABLE

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	97	63.8	63.8	63.8
	Female	55	36.2	36.2	100.0
Total		152	100.0	100.0	

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate and Diploma	30	19.7	19.7	19.7
	Bachelor	52	34.2	34.2	53.9
	Master	52	34.2	34.2	88.2
	PhD and Others	18	11.8	11.8	100.0
	Total	152	100.0	100.0	

Marital Status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	32	21.1	21.1	21.1
Married	99	65.1	65.1	86.2
Divorced/Widowed	21	13.8	13.8	100.0
Total	152	100.0	100.0	

Time of Experience

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 1 year	10	6.6	6.6	6.6
1-3 years	18	11.8	11.8	18.4
3-5 years	57	37.5	37.5	55.9
6 years and above	67	44.1	44.1	100.0
Total	152	100.0	100.0	

Position

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Administrator	23	15.1	15.1	15.1
Manager	10	6.6	6.6	21.7
Customer Consultant	17	11.2	11.2	32.9
Staff	102	67.1	67.1	100.0
Total	152	100.0	100.0	

Descriptive

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Acquisition of long-term assets	152	1.00	4.33	2.0482	.83733
Replacement of Assets	152	1.00	5.00	1.5193	.64358
Investment appraisal technique	152	1.00	4.00	1.4647	.63980
Outsourcing expenditure decision	152	1.00	3.67	1.4844	.65425
Working capital decisions	152	1.00	5.00	1.5215	.71499
Profitability	152	1.00	3.92	2.0411	.44418
Valid N (listwise)	152				

RELIABILITY

Scale: Capital Budgeting Decision and Profitability

Case Processing Summary

		N	%
Cases	Valid	152	100.0
	Excluded ^a	0	.0
	Total	152	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.812	6



Correlations

Scale: Capital Budgeting Decision and Profitability

Descriptive Statistics

	Mean	Std. Deviation	N
Acquisition of long-term assets	2.0482	.83733	152
Replacement of long-term assets	1.5193	.64358	152
Investment appraisal technique	1.4647	.63980	152
Outsourcing expenditure decision	1.4844	.65425	152
Working capital decisions	1.5215	.71499	152
Profitability	2.0411	.44418	152

Correlations

		Acquisition of long-term assets	Replacement of long-term assets	Investment appraisal technique	Outsourcing expenditure decision	Working capital decisions	Profitability
Acquisition of long-term assets	Pearson Correlation	1	.148	.120	-.060	-.100	.260**
	Sig. (2-tailed)		.069	.142	.462	.220	.001
	N	152	152	152	152	152	152
Replacement of long-term assets	Pearson Correlation	.148	1	-.052	.002	.292**	.452**
	Sig. (2-tailed)	.069		.522	.981	.000	.000
	N	152	152	152	152	152	152
Investment appraisal technique	Pearson Correlation	.120	-.052	1	-.150	-.100	.257**
	Sig. (2-tailed)	.142	.522		.066	.222	.001
	N	152	152	152	152	152	152
Outsourcing expenditure decision	Pearson Correlation	-.060	.002	-.150	1	-.027	.161*
	Sig. (2-tailed)	.462	.981	.066		.743	.048
	N	152	152	152	152	152	152
	Pearson Correlation	-.100	.292**	-.100	-.027	1	.139

Working capital decisions	Sig. (2-tailed)	.220	.000	.222	.743		.088
	N	152	152	152	152	152	152
Profitability	Pearson Correlation	.260**	.452**	.257**	.161*	.139	1
	Sig. (2-tailed)	.001	.000	.001	.048	.088	
	N	152	152	152	152	152	152

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

REGRESSION

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Working Capital decisions, Outsourcing expenditure decision, Acquisition of Long-term assets, Capital Budgeting Techniques, Replacement of long-term assets ^b		Enter

a. Dependent Variable: Profitability

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.599 ^a	.358	.336	.36183

a. Predictors: (Constant), Working capital decisions, Outsourcing expenditure decision, Acquisition of long term assets, Capital budgeting techniques, Replacement of long-term assets

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.677	5	2.135	16.311	.000 ^b
	Residual	19.114	146	.131		
	Total	29.792	151			

a. Dependent Variable: Profitability

b. Predictors: (Constant), Working Capital decisions, Outsourcing expenditure decision, Acquisition of Long term assets, Capital Budgeting Techniques, Replacement of long-term Assets

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.816	.155		5.255	.000
Acquisition of Long term assets	.097	.036	.183	2.670	.008
Replacement of Assets	.290	.049	.420	5.946	.000
Capital Budgeting Techniques	.206	.047	.297	4.376	.000
Outsourcing expenditure decision	.147	.046	.217	3.232	.002
Working Capital decisions	.043	.044	.070	.991	.323

a. Dependent Variable: Profitability

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Working Capital decisions, Outsourcing expenditure decision, Acquisition of Long term assets, Capital Budgeting Techniques, Replacement of long-term assets		Enter
2		Working Capital decisions	Backward (criterion: Probability of F-to-remove \geq .100).

a. Dependent Variable: Profitability

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.599 ^a	.358	.336	.36183
2	.595 ^b	.354	.337	.36181

a. Predictors: (Constant), Working Capital decisions, Outsourcing expenditure decision, Acquisition of Long term assets, Capital Budgeting Techniques, Replacement of long-term Assets

b. Predictors: (Constant), Outsourcing expenditure decision, Acquisition of Long term assets, Capital Budgeting Techniques, Replacement of Assets

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.677	5	2.135	16.311	.000 ^b
	Residual	19.114	146	.131		
	Total	29.792	151			
2	Regression	10.549	4	2.637	20.146	.000 ^c
	Residual	19.243	147	.131		
	Total	29.792	151			

a. Dependent Variable: Profitability

b. Predictors: (Constant), Working Capital decisions, Outsourcing expenditure decision, Acquisition of Long term assets, Capital Budgeting Techniques, Replacement of Assets

c. Predictors: (Constant), Outsourcing expenditure decision, Acquisition of Long term assets, Capital Budgeting Techniques, Replacement of Assets

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	.878	.142		6.191	.000

Acquisition of Long term assets	.092	.036	.173	2.554	.012
Replacement of Assets	.305	.046	.442	6.571	.000
Capital Budgeting Techniques	.203	.047	.292	4.313	.000
Outsourcing expenditure decision	.145	.046	.214	3.187	.002

a. Dependent Variable: Profitability



Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
2	Working Capital decisions	.070 ^b	.991	.323	.082	.887

a. Dependent Variable: Profitability

b. Predictors in the Model: (Constant), Outsourcing expenditure decision, Acquisition of Long term assets, Capital Budgeting Techniques, Replacement of Assets

Evrak Tarih ve Sayısı: 04/12/2017-7629



T.C.
İSTANBUL AYDIN ÜNİVERSİTESİ REKTÖRLÜĞÜ
Sosyal Bilimler Enstitüsü Müdürlüğü

Sayı : 88083623-044-7629
Konu : Alı Mohamad ALI FARAH'ın Etik Onay
Hk.

04/12/2017

Sayın Alı Mohamad ALI FARAH

Enstitümüz Y1512.130116 numaralı İşletme (İngilizce) Anabilim Dalı İşleme Yönetimi (İngilizce) Tezli Yüksek Lisans programı öğrencilerinden Alı Mohamad ALI FARAH'ın "ASSESSING THE EFFECT OF CAPITAL BUDGETING DECISIONS ON PROFITABILITY IN MANUFACTURING FIRMS: A CASE STUDY OF MUKUWANO MANUFACTURING COMPANY, KAMPALA, UGANDA" adlı tez çalışması gereği "Demographics of Respondents" , "Profitability of Manufacturing Organizations" ve "Capital Budgeting Decisions in Manufacturing Organization" ile ilgili anketleri 22.11.2017 tarih ve 2017/21 İstanbul Aydın Üniversitesi Etik Komisyon Kararı ile etik olarak uygun olduğuna karar verilmiştir.
Bilgilerinize rica ederim.

Prof. Dr. Özer KANBUROĞLU
Müdür V.

Evrakın Doğrulama İçin : <https://evrakdogrula.aydin.edu.tr/en/Vision.Dogrula/BelgeDogrulama.aspx?V=BE6PF55H>

Adres: Beşyol Mah. İnönü Cad. No:38 Sefaköy , 34295 Kağıtçıköy / İSTANBUL
Telefon: 444 1 428
Elektronik Ağ: <http://www.aydin.edu.tr/>

Bilgi için: NESLIHAN KUBAL
Unvan: Enstitü Sekreteri



RESUME

MY PROFILE



My name is ALI FARAH, Somalian who is 26 years old. I like to work in a competitive and challenging environment and contribute the best of my ability towards the institutions' mission and goals. I also like to optimize my experience and skills to the benefit of any organizations' stake holders and to work with creativity and initiative to the uttermost through teamwork and deliver my best in terms of output with full readiness to adopt and learn new skills in the dynamic environment.

EXPERIENCE



**OLYMPIC PETROLEUM
(U) LTD.**
STATION SUPERVISOR

KAMPALA,
UGANDA

*Aug. 2013 – Sep.
2015*

I was attached to the finance department and later confirmed to the position of Station Supervisor at Olympic Petroleum Kampala Branch. I was assigned to monitor the daily operations of the station.

Major accomplishments:

- Recording daily transactions.
- Balancing of the pump attendees stock and cash.
- Posting sales and purchase of the branch.
- Inter branches reconciliation.

EDUCATION



**KAMPALA
INTERNATIONAL
UNIVERSITY**
BACHELOR

KAMPALA,
UGANDA

*Apr. 2012 – June.
2015*

I have graduated from business administration specializing in Finance and Banking. I had gained a lot of knowledge that I can contribute to the on-going development of business activities.

**ISTANBUL AYDIN
UNIVERSITY**

ISTANBUL,
TURKEY

MASTER

*Feb. 2016 – Dec.
2017*

I am about to graduate from master of business administration from Istanbul Aydin University. I have been always eager to study and gain more knowledge from finance and because of this I am conducting a research in how capital budgeting decisions affect the profitability of manufacturing firms.

SKILLS



Good in the following:

- computer skills.
- interpersonal skills.
- Flexible and also interesting a challenging environment.
- Better skills coping with changes.
- Willingness to work as a team.
- interpersonal skills.
- A strong, energetic, competitive, cooperative, honest, patient, tolerant, enthusiastic.

LANGUAGES



SOMALI: native language

ENGLISH: fluent (speaking, reading, writing)

TURKISH: fluent (speaking, reading, writing)

ARABIC: intermediate (speaking, reading);
basic (writing)