

MAKERERE



UNIVERSITY

DECLINING PROFITABILITY IN FORWARD ARTS DESIGNERS LTD

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**A RESEARCH REPORT SUBMITTED TO THE DIRECTORATE OF RESEARCH AND
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ABSTRACT

This research aimed to study the causes of declining profitability in Forward Arts Designers Ltd with an aim of proposing a ways of improving the profitability of the company. The objectives of the study were to evaluate the profitability of the company, identify challenges facing the company and propose solutions for challenges identified. Simple Random sampling was used to select Respondent. Structured interview was applied to find out any other related information. Closed questionnaire was used to collect large amounts of information from the respondents. Questionnaires were given to administrator, sales executives, and the accountant and operations department. The sample of respondents was composed of mainly male, single employees aged 20-29 years. The company employees are 50% graduates. Most staff are ignorant of the declining profits. However some of them thought that the company was not profitable perhaps taking a futuristic assessment of the existing downward trend of the profitability curve of the company. Poor management as a cause of profit decline. The employers dreaded the competitive forces in the market. Increase in bad debts. Poor technology which causes inefficiencies. Inadequate skills as employs' qualifications were not related to the job. Losing qualified and experienced staff perhaps to competitors and having to incur more cost of recruiting and training new one. The high production costs driven by inefficiency of some of the company's product lines inherent in the use of poor technology was driving up the company's total expenses thereby denting its bottom line. The company should improve its management through reskilling and retooling staff. Increasing the sales force. Sale off of unprofitable sections and use of the proceeds to acquire cost efficiency and more competitive cutting edge technologies in the company and industry.