

ABSTRACT

Material management is a strategy for achieving organizational productivity. The researcher started this research work by introducing the subject matter, background of the study, statement of the problem, objective of the study, significance, and scope of the study were highlighted also the researcher formulated hypothesis which form the basis for the research. In the second chapter the researcher reviewed the work of various authors on the subject matter, the concept of management, the significance of material management concept, the material flow system, basic materials functions determination of materials need material cost reduction strategies were discussed in the chapter. The method used in carrying out the research was discussed in chapter three, the method of gathering data, sampling and sampling techniques, justification of method used and method of data analysis. The data gathered in chapter three was analysed in chapter and hypothesis formulated in chapter one was tested using chi-square. Lastly the researcher draw a summary and conclusion for the research and comes up with a recommendation among which the researcher recommended that an adequate storage facility conducive for modern material, management should be provided to help the store perform its service function effectively.

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1.1 BACKGROUND OF THE STUDY

The need for the production function is to make up with the growing complexity of industrial needs has brought about the concept of material management.

Modern management has expanded the traditional scope of purchasing and procuring to cover the entire material management process. Thus Lee and Dubler (1983) define material management as a confederacy of traditional material activities bound by a common idea, and of intergraded management approach to planning. Acquisition, conversion, flow and distribution of production material from the raw material state to the finished product state.

The concept also provide for delegation of responsibility and authority with regards to procurement and supply of material. The concept also recognizes the importance of the principle of accountability by providing a management approach which is responsible for all decisions.

Through material management, there is relatively recent concept much through has been given to it particularly since World War II, when industries all over the world were awoken to the fact that tremendous economies could be achieved by sufficient material management. The concept is today relevant to business organization because they will have a centralized body responsibility for buying with the overall advantage of procuring standard material at possible bulk. Discount unit and obtaining special vendor relation. It means that spending valuable money is in the hand of people who are trained and competent for this job. Frequently, it is found that material are expensive and in order to reduce overall costs, it require the close cooperation and co-ordination of material and other user department to ensure that material ordered are made to arrive only when they are needed, the benefit of this approach is that of cost reduction and maximization of the company's profit.

Thus, the growing need for efficient operation of material management is increased in recent time.

1.2 STATEMENT OF THE GENERAL PROBLEM

As earlier indicated, the significance of material management has been recognized by most industries in Nigeria, now a days, in most companies in Nigeria, attempts have been

made towards operating on an integrated approach to their material problems thus, one often finds in such companies such position. As a supplier materials manager, material controller etc yet often is critical analysis of this system of operation. One often discovers that the actual practice of material management is not really carried out. More often than this material management functions are handled by any individual without acquiring the necessary skills, giving the impression that even accountants, administrators, engineers and lawyers etc have the knowledge to perform the material management function. This is wrong as they do not have at their disposal all the knowledge and expertise they acquired to fulfill their duties effectively. There is also ignorance on the part of most top management of the maximum benefit that will be derived from applying the concept into an organization to maximize the company profit.

Improper planning is another area of problem which entails effective and efficient requisition handling instruction of the finished products.

1.3 OBJECTIVE OF THE STUDY

The motivating factor that led the researcher to choose the research topic is that, apart from the project being one of the prerequisites for the award of a higher diploma in production and operations management, the researcher has always seen the essence of material management in an organization.

This coupled with the experience the researcher had during her industrial attachment training motivated her towards writing this project. As a student who really wants to be versed, the researcher feels that it is an opportunity for her to research into the field of material management and to see herself the cartage in the field.

Lastly, it is hoped that the research will serve as a guide to fellow students who would also like to make further research in this field, and to benefit the school by keeping it in the library for reference purposes, in view of the above the researcher has decided.

1.4 STATEMENT OF RESEARCH HYPOTHESIS

A hypothesis is a conjectural proposition, an uninformed intelligent guess about the solution to a problem. It is an assumption or proposition whose validity is to be established. For the purpose of this study, the following hypothesis is used.

H_0 : the application of material management techniques does not increase the profitability of

an organization.

H_1 : the application of material management techniques increase the profitability of an organization

1.5 SIGNIFICANCE OF THE STUDY

The significance of the study is to benefit both the research and readers, for it makes for a very interesting and educational reading, since the study will attempt to make every thing in detail which will attract readers and future readers.

The research hypothesis and data analysis will also enable organization to determine whether or not effective application of material management technique increase the profitability of an organization.

1.6 SCOPE OF THE STUDY

Material management being a complex and dynamic concept has a wide area of coverage so it is obvious that research of this nature cannot hold without problem. As such the work limited to the area. the researcher face are crucial or relevant to the problem under investigation that is effective material management as a tool toward organizational profitability in manufacturing organization.

1.7 LIMITATION OF THE STUDY

A study of this nature will normally entails investigation into a variety of issues to be able to achieve a comprehensive study of the problems, a lot of constraint would be encountered in form of collection of data, lack of adequate information and scarcity of researchers infrastructures. As a result of this, certain limitation will be imposed on the area to be covered. First and foremost, inaccessibility of data (collection of data) to provide the necessary information were difficult to acquire, especially the financial figures, some of the employees who co-operated were not in better possession of the facts and figures necessary in this project.

Secondly, limited area of study, there are many section in the organisation of all forms of materials, however, the researchers intension is to concentrate only on the materials store for the project. This project apparently pose serious limitation to this project and the researcher has to work with data that are available.

Thirdly, there are hardly many writers on the subject matter, therefore text books on this topic are scarce, so the information was gathered from books of accounting and purchasing, internet. Also due to the nature of the co-operation NNPC (KRPC) have adopted strict security measure to non-organisation staff following the trend of events which posed problem to this write up.

Fourthly, the study will be confirmed to KRPC who do to have a library section which would have ease the researcher by providing an information containing its comprehensive details of its operational background from inception.

Lastly, there were difficulty of securing valid personal or confidential information and the uncertainty of receiving adequate number of responses to represent satisfactory sample.

1.8 HISTORICAL BACKGROUND OF THE STUDY.

The Kaduna refinery and petro-chemical company (KRPC) was commissioned in 1980 as NNPC of wholly owned by limited liability Company of NNPC in the 3rd number 1998, November the company and allied matter act of 1968. It is the third refinery in the country. It was established to cope with the growing demand for petroleum product especially in the Northern part of the country; the refinery was designed to process both Nigeria and imported crude oil into fuels tubes product. In December 1985, the fuel section of the refinery was successfully bottle needed from 50,000 BPSD to BSPD. In March 1988, the 300,000 mt per annum petro-chemical plant was commissioned. The petro-chemical plant, being a demonstration plant of the refinery devices its entire raw materials including utility supplies from the refinery in an attempt at commercialization of NNPC in the back year, (refinery and the petro-chemical plant) a form a single subsidiary company of NNPC Nigeria national petroleum company known as the Kaduna refinery and petro-chemical company limited (KRPC) as it is today, KRPC occupies an equipment to approximately 1.8km square, KRPC is made up to two main division namely: Director who report to the managing director. However there are department that report directly to the managing director and are regarded as the managing directors division.

Managers heading the department report to their respective executive directors and those under the managing director report directly to him. The products commonly associated with the Nigerian national petroleum corporation are petrol, kerosene, diesel and aviation,

these help to power economy as fuels for the transportation sector so critical in our daily social-economy interaction.

Fuel oils from the KRPC are essential energy input for industrial production, supply has steadily increase overtime, thereby reducing down time and increasing industrial capacity utilization for power generation for domestic use, industrial small scale production, among others.

AN APPRAISAL OF MATERIAL MANAGEMENT CONCEPT AS A STRATEGY FOR ACHIEVING HIGHER PRODUCTIVITY IN AN ORGANIZATION

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