

MIDLANDS STATE UNIVERSITY



FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

RESEARCH TOPIC:

AN EVALUATION OF PRODUCT PRICING, A CASE STUDY OF MASS BEVERAGES LTD.

BY

MANGEZI BLESSING (R111064J)

SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS OF THE BACHELOR OF COMMERCE ACCOUNTING HONOURS DEGREE AT MIDLANDS STATE UNIVERSITY

GWERU, ZIMBABWE

APPROVAL FORM

The undersigned do hereby certify that they have supervised and approved the researcher's (student), Blessing Mangezi's dissertation entitled "An evaluation of product pricing at Mass beverages" submitted in partial fulfillment of the requirements of the Bachelor of Commerce Accounting Honours Degree at Midlands State University, Gweru, Zimbabwe in 2013.

.....

Supervisor

.....

Date

.....

Chairperson

.....

Date

.....

External examiner

.....

Date

RELEASE FORM

Name of author: Blessing Mangezi

Project title: An evaluation of product pricing at Mass beverages.

Degree title: Accounting (HACC)

Year this degree granted: 2014

Permission is hereby given to Midlands State University Library to produce copies of this dissertation and to lend or sell such copies for private, scholarly or scientific research purposes only. The author does not reserve other publication rights for the dissertation nor any exclusive extracts from it be it printed or otherwise be reproduced without the author's permission.

Contact address: House number 3754

Fourth Street

Dzivarasekwa 4

Harare

Contact number: +263736502462 or +263777785439

Signed :

Date :

DEDICATION

This dissertation is a special dedication to my gorgeous mother, my adoring husband and the entire family.

ACKNOWLEDGEMENTS

First of all I thank the Almighty God for his steadfast love and protection in writing this dissertation.

My utmost gratitude goes to my supervisor Mr Mazhindu. Your advice, support, comments and assistance were all that I needed to make this project a reality. Without you this project would not have been possible.

Special thanks goes to the staff members of Mass beverages ltd who took time off their busy schedules to attend to my requests especially the finance director

Special mention goes to my mother and my beloved husband Brighton Zinhanga for the financial and moral support. May Jehovah Jireh continue providing for you.

To my brothers and sisters Bridget, Beven, Tawanda, Phylis, Svinurai, Tinei and Pamela Janasi special thanks to you for your unwavering and unceasing support. May the Almighty Lord bless you all.

ABSTRACT

The research intended to evaluate the product pricing at Mass beverages ltd. Mass beverages Ltd 2013 annual report noted that the preference of prices charged by Schweppes Zimbabwe is insufficient to cover cost of producing the beverages as Schweppes continue decreasing the prices of its products. The research objective was to identify the product pricing policy and its determinants, detect the pricing implementation guidelines which are in place and suggest the best practice in product pricing at Mass beverages ltd. To accomplish the research the researcher used literature review from the various authors mostly text books to get insight of the product pricing policy and its determinants. The researcher used questionnaires and interviews to gather data concerning the product pricing policy at Mass beverages. The responses from Mass beverages management and employees evidently exposed that the product pricing policy charges prices which are insufficient to cover the cost of production which is leading to reduction of profitability. The researcher recommended that there is need for adjustments on the product pricing policy taking into account the cost of production thus considering best practices by other companies such as target costing and kaizen costing.

LIST OF TABLES

Table 1:1 Retail Price movements 2013	1
Table 3.1 Sample size.....	31
Table 4.1.1 Questionnaires response rate page	40
Table 4.1.2 Interview response rate	41
Table 4.1.3 Questionnaire response rate by Gender.....	41
Table 4.1.4 Questionnaire response rate by job title	42
Table 4.1.5 Questionnaire response rate by department.....	42
Table 4.1.6 Respondents' experience on current positions.....	42
Table 4.1.7 Response rate by qualification	43
Table 4.2.1: Responses on existence of product pricing policy at Mass beverage	43
Table 4.2.2: Responses on the documentation of the product pricing policy	44
Table 4.2.3: Responses on the product pricing policy communication to management, other employees and new personnel	46
Table 4.2.6 Responses on the clarification of the product pricing policy	47
Table 4.3.1 Responses on the existence of product pricing policy implementation guidelines	48
Table 4.3.2 Responses on the documentation of the product pricing policy	49
Table 4.3.4 Responses on the compliance with the product pricing policy implementation guidelines	49
Table 4.3.5 Responses as to the product pricing policy implementation guidelines are comprehensive	50

Table 4.4.1 Responses on the availability of a representative committee to implement the product pricing policy	50
Table 4.4.2 Responses on the presence of a senior supervisor	51
Table 4.4.3: Responses on personnel retrains for the new developments in the product pricing policy	52
Table 4.4.4 Availability of financial resources to aid in policy implementation	52
Table 4.4.5 Responses on personnel re-induction on product pricing	53
Table 4.4.6 Responses on the presence of a First Aid team	53
Table 4.4.6 Responses on First Aid team efficient awareness on attending to emergencies within Mass beverages ltd	54
Table 4.5.1 Responses on the existence of controls on product pricing policy implementation	54
Table 4.5.2: Responses on controls over product pricing policy are clearly defined	55
Table 4.5.3: Responses on the authorization of product pricing programs.....	55
Table 4.5.4: Responses on physical controls are in place for everyone entering dangerous zones	56
Table 4.5.5: Responses on the preparation and regular review of cost reports	56
Table 4.5.6: Responses on the limits of authorization on product pricing expenditure	57
Table 4.5.7 Responses on forecast product pricing expenditure budget preparation in the prior period	58
Table 4.6.1: Response rate on controls over product pricing policy implementation..	58

Table 4.7.1 Responses on the resistance of employees	60
Table 4.7.2: Responses on the unavailability of resources for program implementation....	61
Table 4.7.3 Responses on management commitment to product pricing programs	61
Table 4.7.4 Responses on lack of qualified personnel	62
Table 4.7.5 Responses on poor information network dissemination	62
Table 4.7.6 Responses on legal requirements	63
Table 4.8.1: Feedback on review of controls on product pricing policy implementation ...	64
Table 4.9.1: Response rate on product pricing policy at Mass beverage takes into account the cost of production	67
Table 4.9.2 Response rate on Product pricing policy at Mass beverage refers to prices charged by its competitors	67
Table 4.9.3: Responses on product pricing policy at Mass beverage considers target costing	67
Table 4.9.4: Responses on product pricing policy at Mass beverage considers kaizen Costing	69
Table 4.6.4: Responses on independent seminars and training for non-educated personnel are held by the company	70

LIST OF FIGURES

Fig 2.1 Demand curve	10
Fig 2.2 Price ceiling	15
Fig 2.3 Impact of price ceiling.....	17
Fig 2.4 Price floor	18
Fig 2.5 Pricing flow.....	19
Fig 2.6 Market equilibrium in perfect competition	21
Fig 2.7 Imperfect competition	22
Fig 2.8 Demand curve in price discrimination.....	22
Fig 2.9 Internal control	25
Fig 4.2.1 Responses on existence of product pricing policy at Mass beverage	44
Fig 4.2.2 Responses on the documentation of the product pricing policy	45
Fig 4.2.3: Responses on the product pricing policy communication to management, other employees and new personnel.	46
Fig 4.6.1: Response rate on controls over product pricing policy implementation	59
Fig 4.8.1 Feedback on review of controls on product pricing policy implementation	65

TABLE OF CONTENTS

APPROVAL FORM	i
RELEASE FORM	ii
DEDICATION	iii
ACKNOWLEDGEMENTS	iv
ABSTRACT	v
LIST OF TABLES	vi
LIST OF FIGURES	ix
TABLE OF CONTENTS	x
CHAPTER ONE	1
INTRODUCTION	1
1.0 Introduction	1
1.1 Background to the study	1
1.2 Statement of the problem	2
1.3 Main Research Question	3
1.4 Sub research questions	3
1.5 Research objectives	3
1.6 Justification of the study	3
1.7 Delimitation of the study	4
1.8 Limitation of the study	4
1.9 Assumptions	4
1.10 Definition of key terms	4
Summary	5
CHAPTER TWO	6
LITERATURE REVIEW	6
2.0 Introduction	6
2.1 Product pricing policy and its determinants	6
2.1.1 Price skimming pricing policy	6
2.1.2 Market penetration pricing policy	7
2.1.3 Pricing strategies	7

2.1.4 Pricing techniques	12
2.1.5 Pricing in BRICS Countries	13
2.2 Pricing implementation guidelines.....	15
2.2.1 Pricing Rules	15
2.2.2 Pricing Actions.....	15
2.2.3 Pricing Controls.....	15
2.2.4 Pricing Flow.....	18
2.3 Personnel adequacy in implementation of the pricing policies...	19
2.3.1 Employee recruitment and selection process	19
2.4 Product pricing challenges.....	20
2.4.1 Competition	20
2.4.2 Government regulations	24
2.5 Controls over pricing policy implementation.....	24
2.5.1 Control activities.....	25
2.6 The best practice in product pricing.....	27
Summary.....	27
CHAPTER THREE.....	28
RESEARCH METHODOLOGY	28
3.0 Introduction.....	28
3.1 Research Design	28
3.1.1 Historical design	28
3.1.2 Case and field research design.....	29
3.1.3 Cohort research design	29
3.1.4 Descriptive or Survey research design.....	30
3.1.5 Experimental Design.....	30
3.2 Population.....	31
3.3 Sample size	31
3.4 Sampling	32
3.4.1 Sampling techniques	32

3.5 Sources of Data.....	34
3.5.1 Primary Data.....	34
3.5.2 Secondary data	34
3.6 Research instruments.....	34
3.6.1 Observation	35
3.6.2 Questionnaires	35
3.6.3 Interviews.....	36
3.7 Types of questions.....	36
3.7.1 Closed ended questions.....	36
3.7.2 Open ended questions	37
3.7.3 Likert Scale	37
3.8 Validity and reliability of research instruments	38
3.8.1 Reliability.....	38
3.8.2 Validity.....	38
3.9 Data triangulation	38
3.10 Data presentation	38
3.11 Data analysis.....	39
Summary.....	39
CHAPTER FOUR.....	40
DATA PRESENTATION AND ANALYSIS	40
4.0 Introduction.....	40
4.1 Response rate	40
4.1.1 Questionnaires response rate	40
4.1.2 Interview Response Rate.....	41
4.1.3 Gender	41
4.1.4 Job title	42
4.1.5 Department.....	42
4.1.6 Analysis on the respondents' experience on current positions	43
4.1.7 Analysis of response rate by qualification	43

4.2 Existence of product pricing policy at Mass beverage.....	44
4.3 Product pricing policy implementation guidelines at Mass beverage Ltd.....	48
4.4 Availability and adequacy of personnel to implement product pricing policy.....	50
4.5 Controls over product pricing policy implementation.....	55
4.6 Evaluation of controls over product pricing policy implementation	59
4.7 Challenges encountered on product pricing policy implementation	61
4.8 Reviews of controls on product pricing policy implementation ..	64
4.9 Best practice product pricing policies.....	68
Summary	71
CHAPTER FIVE	72
FINDINGS, CONCLUSION AND RECOMMENDATIONS.....	72
5.0 Introduction	72
5.1 Chapter Summaries.....	72
5.2 Major findings	73
5.3 Conclusion	74
5.4 Recommendations	74
5.5 Suggested areas for further study.....	75
Conclusion	75
REFERENCES.....	76
APPENDIX 1	78
APPENDIX 2	79
APPENDIX 3	80

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The chapter covers background to the study, statement of problem, main research question, sub research questions, research objectives, justification of the study, delimitation of the study, limitation of the study, assumptions, definition of key terms and summary.

1.1 Background to the study

Mass Beverages Ltd is a beverage manufacturer and retailing organization which started operating in Musina in the Republic of South Africa from February 2007. The business was extended to Harare, Zimbabwe in April 2009 focusing mainly on selling beverages to other retailers and bulk buyers. The company has four retail outlets and one wholesale outlet in Harare. Mass Beverages Ltd manufactures three types of products namely super orange, super berry and sweet joy.

Mass Beverages Ltd faces problems in setting prices because it operates in a monopoly market, where Schweppes (Mazoe) beverages dominates the market. The Managing Director Mr Ian Chigumba during Board meeting held on 25 March 2013 noted that prices charged by Mass Beverages Ltd bore product costing inefficiencies incurred by the reduction of prices charged by Schweppes Zimbabwe. The prices which will be charged on the beverages seem to be insufficient to cover the cost of producing the beverages. Price setting was being attributed to price charges triggered by Schweppes (Mazoe) beverages that are in this instance the market leader.

Table 1:1 below shows price movements from January to December 2013 for Mass Beverages Ltd as triggered by Schweppes.

Table 1:1 Retail Price movements 2013

Date	Product	Charged by Schweppes Mazoe(US\$/unit) 2litres	Charged by Mass Beverage (US\$/unit) 2litres
January 2013	Mazoe Orange crush / Super orange	3.50	3.00
	Mazoe Blackberry / Super berry	3.00	2.55
	Mazoe Raspberry / Sweet Joy	3.00	2.55
March 2013	Mazoe Orange crush / Super orange	3.00	2.50
	Mazoe Blackberry / Super berry	2.70	2.00
	Mazoe Raspberry / Sweet Joy	2.70	2.00
November 2013	Mazoe Orange crush / Super orange	2.70	2.00
	Mazoe Blackberry / Super berry	2.50	1.75
	Mazoe Raspberry / Sweet Joy	2.50	1.75

Source: Mass Beverages Ltd 2013 Annual report

Although there is a boom increase in demand for non alcoholic beverages from 8.5% 2012 to 9.1% 2013 (Mass beverages Ltd 2013 Annual Report) this is inverse to growth of annual demand of Mass beverages' sales which dropped from 10% in 2012 to 8.5% in 2013. While the market is experiencing a boom Schweppes products are selling well as Charles Msipa, Managing Director for Schweppes Zimbabwe Limited said during an interview with Herald on 2 August 2013, "While local industry's capacity utilisation has been struggling below 40 percent, Schweppes beverages has been performing exceptionally well and facilitate further growth into other countries where there is opportunity."

1.2 Statement of the problem

Mass beverages Ltd 2013 annual report seemed to note that the preference of prices charged by Schweppes Zimbabwe is insufficient to cover cost of producing the beverages as Schweppes continue decreasing the prices of its products. This sentiment has persuaded this research to be undertaken to evaluate product pricing at Mass beverages.

1.3 Main Research Question

An evaluation of product pricing policy at Mass beverages ltd.

1.4 Sub research questions

The following arise from the main question.

- What is the product pricing policy and its determinants at Mass beverages ltd.
- What pricing implementation guidelines are in place.
- Is personnel adequate to implement the policy.
- What product pricing challenges are prevalent.
- What controls are in place over pricing policy implementation.
- What would be the best practice in product pricing.

1.5 Research objectives

The following arise from the sub research questions.

- To identify the product pricing policy and its determinants at Mass beverages ltd.
- To detect the pricing implementation guidelines which are in place.
- To verify if personnel available is adequate to implement the policy.
- To discover if product pricing challenges are prevalent.
- To identify the controls which are in place over pricing policy implementation.
- To suggest the best practice in product pricing.

1.6 Justification of the study

To the researcher

The study is carried out in partial fulfillment of Bachelor of Commerce Accounting Honours Degree.

To the university

The research can be used as a reference point at the University for those interested in product pricing.

To the organization

The study anticipates that management at Mass beverages Ltd will take into consideration the recommendations made by the researcher.

1.7 Delimitation of the study

The study will be limited to Mass beverages Head office located in Harare. The research covers the period from January 2013 to December 2014.

1.8 Limitation of the study

The researcher experienced setbacks which affected the smooth accomplishment of the research.

- Financial constraints

The need to visit various offices in Harare to collect data, stationery, photocopying and accessing internet facilities by the research affected by inadequate financial resources. The researcher stretched her budget to adjust for funding for the research.

- Confidentiality of information

The official secrecy act requirements in the organization resulted in the author initially facing challenges in accessing information for the research. The management was assured that all the information disclosed to the researcher would be kept confidential.

1.9 Assumptions

All respondents would unreservedly give true and accurate information. The resultant sample was a true representative of the total population concerning the results of the undertaken study.

1.10 Definition of key terms

Product pricing - is process of determining what a company will receive in exchange for its products after taking into account manufacturing costs, market place, competition, market condition and quality of product.

Product costing - is the process of tracking and studying all the various expenses that are accrued in the production and sale of a product.

Monopoly - a market condition in which a single enterprise is controlling or dominating supplier and decides the prices of the product.

Comparative pricing - method at which the selling price of a product is arrived at by comparing competitors' prices.

GDP - gross domestic product.

Summary

This chapter was an introduction to the subject of the research. The chapter presented background to the study, statement of problem, main research question, sub research questions, research objectives, justification of the study, and delimitation of the study, limitation of the study, assumptions and definition of key terms. The next chapter looks into literature review.

CHAPTER TWO LITERATURE REVIEW

2.0 Introduction

The chapter covers product pricing policy and its determinants, pricing implementation guidelines, personnel adequacy in implementation of the pricing policies, product pricing challenges, controls over pricing policy implementation and the best practice in product pricing.

2.1 Product pricing policy and its determinants

Baker, Marn and Zawada (2010:10) expressed pricing as a complex topic that requires the analysis of large amounts of data and customer insights, as well as the ability to influence entrenched opinions of many people from frontline sales people to senior management. Grewal and Levy (2011: 306) argues that prices help define the value of both the merchandise and the service. Prices must always be aligned with the other elements of retailing strategy that is product, promotion, place, personnel and presentation. According to Kuratko (2009:327), the price must be right to penetrate the market, maintain a market and produce profits position. Kuratko (2009) identified two product pricing policies namely price skimming and penetration pricing but McDaniel, Lamb and Hair (2008:568) recognise these two as product pricing strategies.

2.1.1 Price skimming pricing policy

Kuratko (2009:271) states that price skimming is when management deliberately set high prices to maximise short term profits and to establish quality image. Zimmerer and Scarborough (2008) says, price skimming is when a firm uses a higher than normal price in an effort to quickly recover the initial developmental and promotional costs of the product. This strategy is commonly used when introducing a product into a competition market that contains an elite group that is able to pay high prices. McDaniel, Lamb and Hair (2008: 570) noted that for price skimming to be successful, customers must perceive high value for the product or service otherwise failure can come at a high price. A successful price skimming policy enables management to recover cost of production and development cost quickly even if the market perceives an introductory price as unaffordable, management can reduce or lower the prices.

However price skimming naturally will encourage competitors to enter the market. The advantage of using skimming as a pricing strategy is that it's a cushion against cost overruns. It provides funds quickly to cover new product promotion and initial development costs and suggest higher value in buyer's mind. The disadvantages includes that it assumes that a market exist at high price which result in ill will in early buyers when reduced. It also discourages some buyers from trying the product resulting in long run inefficiencies.

2.1.2 Market penetration pricing policy

According to Kuratko (2009: 271) market penetration is setting prices at such a low level that products are sold at a loss this allows quick gains in market share by setting a price below competitors' prices. McDaniel, Lamb and Hair (2008: 570) highlighted that market penetration means charging a relatively low price for a product in order to reach the mass market, low prices is designed to capture a large share of a substantial market resulting in lower production costs. Market Penetration pricing can be effective if an experience curve will cause cost per unit to drop significantly. The experience curve proposes that per unit costs will go down as a firm production experience increases.

The advantage of market penetration is that it typically discourages or blocks competition from entering a market on the other hand penetration pricing can also prove disastrous for a prestige brand that adopts the strategy in effort to gain market share and fails. According to Lambin and Schuiling (2012: 356) penetration price strategy is therefore more risk if the firm plans to make the new product profitable over a long period because new entrants might later use new production techniques which will give them a cost advantage over the innovating firm.

2.1.3 Pricing strategies

Baker and Saren (2010:187) mentioned that entities have the opportunity to gain actively or passively price freedom by following a pricing strategy that suits to their market. According to McDaniel, Lamb and Hair (2008:568), pricing strategies are long term pricing framework, which establishes the initial price for a product and the intended direction for price movements over the product life cycle. Kuratko (2009:271) states that there are four pricing strategies which can be used based on a particular circumstance: cost based pricing strategy, full cost based pricing strategy, competition based pricing strategy and demand oriented pricing. Grewal and Levy

(2011: 250) added profit oriented pricing strategy and sales oriented strategy to the four strategies mentioned above. Marotti and Glackin (2013:164) argues that skimming and penetration pricing are also pricing strategies also add other pricing strategies such as price lining strategy, value pricing strategy, prestige pricing strategy and personalised pricing strategy.

Cost based pricing strategy

According to Drury (2006:168), cost based pricing is easy to calculate and requires little information. When the cost of the product is determined an additional amount is added to the cost to which represent profit. The method uses direct costs, indirect cost and fixed costs which are related to the manufacturing and sale of the product. This method requires management to study financial and accounting records of the product to determine the price. Cost based pricing strategies include the following elements:

- Full cost based pricing strategy

Full cost based pricing strategy takes into consideration the total of all manufacturing costs, selling and administration costs when pricing a product. All the cost incurred during production, selling and administration are covered in the price of the product this is very essential for entities because there will be reduced or no risks of incurring losses in the business.

Advantage of full cost based pricing strategy is that all costs of production are covered the entity will gain profit on each product sold. The disadvantage is that it ignores demand and competition which can lead to loss of market share in the long run.

- Contribution cost based pricing strategy

Contribution cost based pricing strategy considers the variable and marginal cost of the product in pricing decisions. According to ACCA (2009: 24) Variable costs are costs that tend to vary in total with the level of activity as activity levels increase then total variable costs will also increase. Marginal cost or variable cost is calculated then the price will be charged according to the total marginal cost. Just like full cost based pricing strategy contribution cost based pricing strategy has a disadvantage as it does not take into account the demand and competition.

Competition based pricing strategy

Grewal and Levy (2011: 251) stated that, company charges prices with reference to what other entities are charging in the same market charges and according to the major competitor. There is need to determine the entities competitors first then assess the entities product and set prices which are higher or lower than what the other entities are charging. According to Pepall, Richards and Norman (2008:155) the company has three options to charge prices which are above or below or similar to their competitors depending on the extent to which their product differs from those of their competitors and the position they hold in the market. In most cases the market leaders set the rules of the “game”, leaving smaller companies with small price discretion and no other option than to follow the price initiated by the market leader.

The main advantage of this approach is that the competitive situation is taken into account this makes distributors more receptive to a company's products because they are priced within the range the distributor already handles. Disadvantage is that aspects related to the demand are ignored and a strong competitive focus in setting prices can exacerbate the risk of a price war.

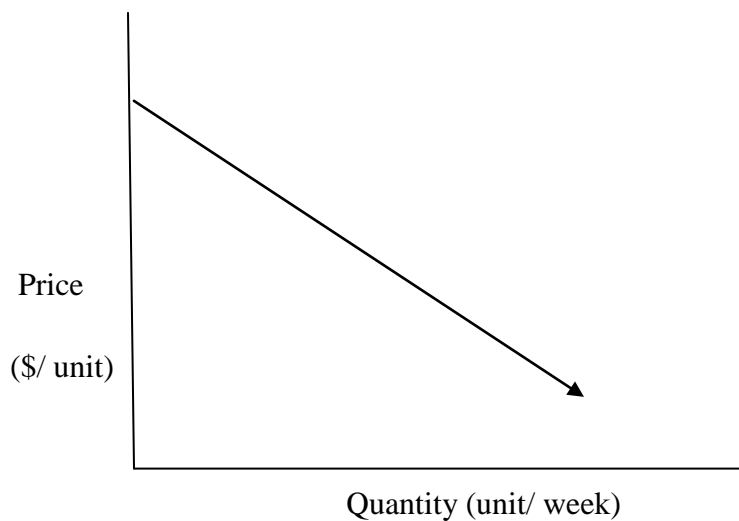
Demand based pricing strategy

This method focuses on the behaviour and characteristics of the customers and the market. It focuses on the demand levels for the product not on the cost of production. The managers settle on the amount that they can sell at different prices to establish the most profitable production and income levels. There is need to examine production and marketing costs estimates at different sales levels then set a price which is favourable for the entity. According to Grewal and Levy (2011:251), sometimes a firm may attempt to increase value by focusing on customer satisfaction and setting prices to match consumer expectations. Oxford university press (2011: 153) states that many entities may lose demand on their products because of lack of information about the underlying demand and supply functions and there is need to allow for monopoly influences. Beardshaw et al., (2001: 50) disputes that there are other determinants which also affect demand which includes changes in population, change in taste, habits and customs, distribution of income and seasonal factors. McEachern (2009:72), recognised the demand law which states that quantity demanded varies inversely with the price other things being constant meaning the higher the price the smaller the quantity demanded and vice versa.

Demand curve

Beardshaw et al., (2001:49) defines a demand curve as an illustration on the relationship between price and quantity of product which is demanded. An extension or contraction of demand is brought about by a change in the price of the product and by nothing else all things being constant. The demand curve shows that the relationship between price and quantity demanded is an inverse relationship since as prices decrease quantity demand increases. McEachern (2009:74) argues that the demand curve reflect the law of demand.

Fig 2.1 Demand curve



Source: Beardshaw et al., (2001:49)

Sales oriented strategy

According to Grewal and Levy (2011: 250) firms set prices believing that increasing sales will help the firm more than will increase profits for example a jewellery store relies on its prestige image even though selling fewer units it can still generate high sales level. Baker, Marn and Zawada (2010:332) argues that a firm may also charge low prices to discourage new firms from entering the market at the same time encouraging competitors to leave the market or gain overall market share.

Profit oriented pricing strategy

Grewal and Levy (2011:250) states that, all products must provide a certain percentage profit margin to reach a particular profit goal for the organisation. The company's objective can be implemented by focusing on target profit, maximizing profits or target return pricing. Target profit pricing is a strategy implemented by firms when they have a particular profit goal as their overriding concern it firms uses price to stimulate a certain level of sales at a certain profit per unit. Maximising profit is a profit strategy that relies primarily on economic theory. Target return pricing is a pricing strategy implemented by firms less concerned with the absolute level of profits and more interested in the rate at which their profits are generated relatively to their investment.

Value pricing strategy

According to Mariotti and Glackin (2013:163) value pricing refers to more for less by underscoring a product's quality while in the same breath featuring price. Value pricing entails finding balance between quality and price that will give your target customers the value they seek. The advantage of value pricing strategy is that there is direct link to the needs of the customer paying for the respective goods or services. The disadvantage is that data on customer preferences, willingness to pay, price elasticity and size of different market segments are usually hard to find and interpret and it becomes costly in the research process.

Prestige pricing strategy

Mariotti and Glackin (2013:163) states that when an entity sets high prices on its products or services to send a message of uniqueness or premium quality thus prestige pricing. For the strategy to be effective in the long run the product must fulfil the image and sustain it. The advantage of prestige pricing strategy is that there are high chances of maximisation of profits as it charges high prices for the product. However in the long run it can lead to loss of market shares as demand decreases when price increases.

Personalised pricing strategy

Mariotti and Glackin (2013:164) identify personalised pricing strategy as one which a company charges a premium above the standard price for a product or service to certain customers who

pay the extra cost. It is particularly applicable to product or services of high value to certain customers perhaps for its performance, importance to the production process or for outstanding delivery or service aspects.

Price lining strategy

Mariotti and Glackin (2013:164) defines price lining strategy as the process of creating graded pricing levels which create distinctive price levels for the products or pricing according to the product line. <http://smallbusiness.chron.com> (28/08/14, 11:00) states that the higher the price, the higher the perceived quality to the consumer. The advantage of price lining is that it offers companies higher profit without a high investment. Rather than focusing on offering several different products, marketers can focus on a single brand, which lowers advertising costs, labour and overhead. However, while price lining can be profitable but it does not take inflation or consumer purchasing trends into account. A weak economy or a change in purchasing patterns may cause consumers to lean toward the lower-priced products thus leaving companies stuck with higher-priced inventory.

2.1.4 Pricing techniques

According to Zimmerer and Scarborough (2011:365) pricing techniques or tactics can be used in setting prices of established goods and services. The following are examples of pricing techniques:

- **Opportunistic pricing**

The technique is used when products and services are in short supply, customers are willing to pay more for product they need. In such circumstances businesses maximize short term profits by engaging in prices. Challenges may arise if the customers know that the price charged is unreasonably high and the customers lose interest in the products or buy from competitors.

- **Geographic pricing**

The entity charges different prices to customers located in different territories this technique is mostly used in entity which are affected by the cost of shipping merchandise to customers across

a wide range of geographical locations. The advantage of using this technique is that it covers distribution and selling cost which arises from geographical location of customers.

- **Discounts or markdown**

Most entities reduce prices from the normal list price in selling stale, damaged, outdated and slow moving merchandise. Zimmerer and Scarborough (2011:366) states that, some entities grant discounts to special groups of customers such as senior citizens or students to establish a faithful clientele and to generate repeat business. Disadvantages of discounting product may eventually cheapen the product reputation and quality in the market thus reducing the demand of the products.

- **Pricing leader**

Pricing leader is a technique in which an entity marks down customary prices in an attempt to attract more customers. Grocery stores often uses this technique during holiday seasons, they gain profits from the selling of other items customers purchase with the price leader. The disadvantage of using pricing leader is that consumers may lean toward or focus on the lower-priced products thus leaving companies with higher priced inventory.

2.1.5 Pricing in BRICS Countries

According to www.globalsherpa.org (28/08/14, 10:20) the BRICS countries label refers to a select group of four large, developing countries Brazil, Russia, India, China and South Africa. The four BRICS countries are distinguished from a host of other promising emerging markets by their demographic and economic potential to rank among the world's largest and most influential economies in the 21st century. Entities in Brazil charges retail prices including all taxes. High taxes negatively affect the Brazil population so the government is working on the new legislation on the pricing policies. In India the agriculture state agencies uses no profit no loss pricing policy. Parastatals in India such as India Railway Authority adopt profit oriented pricing policy to contribute to public exchequer and to plough back their earnings.

Govender and Holland (2013) report the results of a survey from May to August 2012 on the pricing behaviour of entities in South Africa on the prices of their main products. It was found that 73.5% firms use price setting on the basis of direct costs plus a variable percentage mark-up. Most companies in South Africa use full cost pricing policy taking into consideration the total of all manufacturing costs, selling and administration costs when pricing a product.

Kaizen costing

According to www.leanmanufacturingconcepts.com (27/08/14, 20:12) Kaizen costing is a cost reduction system that maintains present cost levels for products currently being manufactured via systematic efforts to achieve the desired cost level. Kaizen is one of the main components of just in time (JIT). It keeps the process of finding and removing of waste going in lean manufacturing environment. Japanese implemented this cost reduction philosophy in a systematic manner. They came up with a reducing cost target for every month such a reducing cost target for every month demands some effort on cost reduction by departments every month. Hence cost reduction is on the monthly agenda of every department in the company. CIMA (2011) states that kaizen costing provides the monthly cost target information and accounting for actual cost incurred during the month. In contrast kaizen relies on the people working in the organization to come up with changes for the improvement. Advantage of Kaizen principle is that it is not limited to one particular area or a section depending on the space of improvement.

Target Costing

According to www.npd-solutions.com target (27/08/14, 20:00) costing uses price to determine cost, a business starts by determining how much it wants to charge for a product then subtracts its desired profit from that price to arrive at the maximum cost it can afford to pay to produce that product. For example, assume again your business makes shoes, and you want to introduce a new line. Target costing often requires a business to design its entire production process around meeting the cost that becomes a challenge for small business. The disadvantage of target costing is that it can lead to quality reduction of products because the entities can use of cheap raw materials and cheap labour in order to get the cost down to the proper level. ACCA (2009), states that target costing can be applied to service industries but the measurement of cost is more difficult as it will require more qualitative information to arrive at a price and evaluate performance for example information on quality of service and repeat customers.

2.2 Pricing implementation guidelines

According to <http://www.docs.oracle.com> (19/08/14, 21:45) before developing a pricing solution model for customer requirements, an entity should understand pricing implementation guidelines that is pricing rules, pricing actions, controls, and the price flow.

2.2.1 Pricing Rules

According to <http://www.investopedia.com>(20/08/14, 13:49) Pricing Rule allows you to markup or markdown your product prices for customers who may apply to specific customers, customer groups, products, and product trees. The pricing rule is a convenient way to quickly and accurately create price adjustments for your products.

2.2.2 Pricing Actions

According to <http://www.investopedia.com>(20/08/14, 12:06) Price action is encompassed in technical and chart pattern analysis, which attempt to find order in the sometimes seemingly random movement of price. Price list and swings, tests of resistance and consolidation are some examples of price action candlestick and price bar are important tools for analyzing price action, since they help entities visualize of price movement. Modifiers or adjustments are a class of pricing actions that adjust the net price either up or down for example discount that lowers the list price down to a net selling price

2.2.3 Pricing Controls

In some markets, Government intervene to keep prices of certain products high or lower than what would result from the market finding its own equilibrium price. According to Beardshaw et al., (2001: 85) where government authorities stipulate a maximum price for products it is termed price ceiling and where a minimum price is stipulated is floor price.

Objectives of government pricing controls

Beardshaw et al., (2001: 85) mentioned that Government do not just freeze prices at a low level but sometimes maintain them at artificially high levels because of different objectives mentioned below:

- Cheapness

It may be the objective of government to keep product prices at a level which is afforded by many people. This is most done for basic commodities for example housing or food

- Maintenance of income

The government intention may be to keep the incomes of producers at a higher level than that which would be produced by market prices

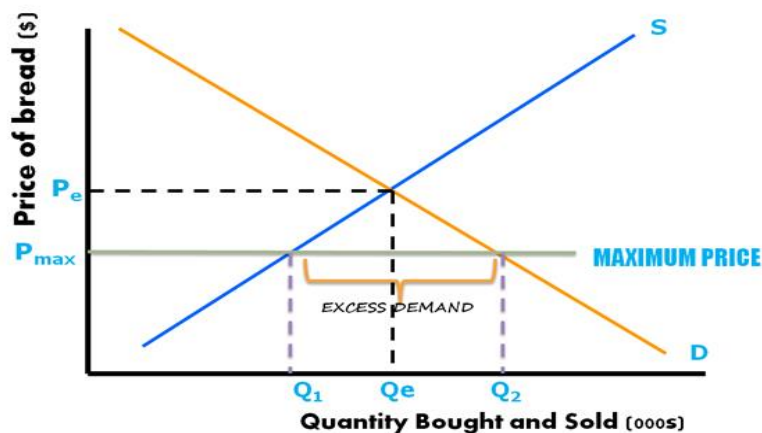
- Price stability

Government may wish to iron out variations of product prices in the interest of both the producer and the customer.

a. Price ceiling

Price ceiling occurs when the government puts legal limit on how high the price of a product can reach the set prices must be below the market equilibrium.

Fig 2.2 Price ceiling



Source: <http://www.economicshelp.org> (20/08/14, 14:00)

At price ceiling P_{max} the demand Q_2 than there is at the equilibrium price P_e . There is also less supply at Q_1 than there is at equilibrium price so there is more quantity demanded than supplied.

Impact of price ceiling

Inefficiency occurs since at the price ceiling quantity supplied the marginal benefit exceeding the marginal cost which will result in the entity incurring loss, there is also existence of black market to cover the demand gaps. In the effort of correcting the situation created by price ceiling Government can subsidise to the firms to encourage the production of such products. Government can also consider producing the goods themselves or release previously stored inventory of such goods to ensure that there is no shortage in the market however it may be impossible for all perishable goods. These options will lead to shift of supply curve to the right at the same time forming a new equilibrium.

Fig 2.3 Impact of price ceiling

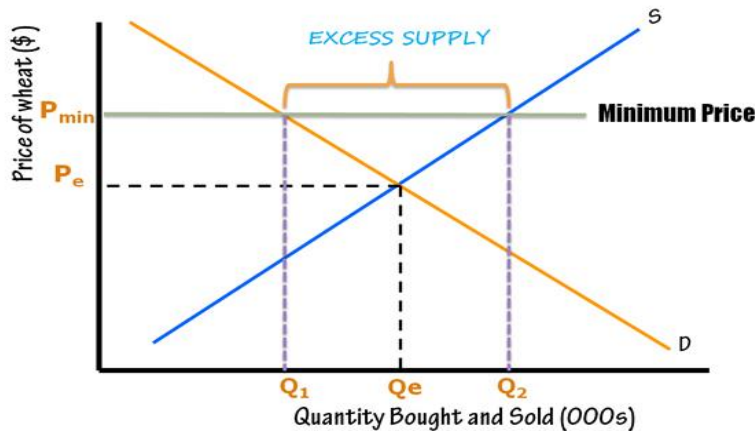


Source: <http://www.economicshelp.org> (20/08/14, 14:00)

b. Price floor or Minimum prices

Government forbids price below the minimum price floor which is above the equilibrium for certain commodities and services that it believes are being sold in an unfair market with too low of a price and thus their producers deserve some assistance.

Fig 2.4 Price floor

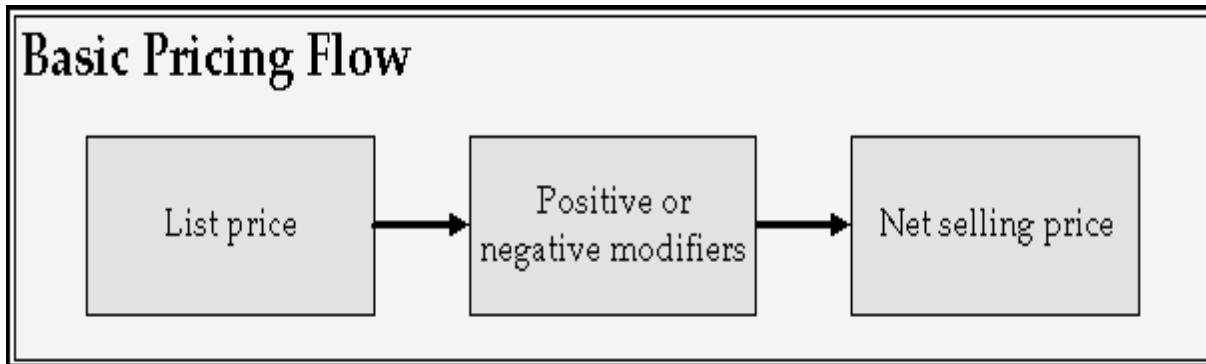


Source: <http://www.economicshelp.org> (20/08/14, 14:00)

2.2.4 Pricing Flow

Pricing flow entails that prices decisions are influenced by first identifying a list price then determine whether the price found on the price list must be adjusted. Modifiers control the price of these adjustments, and can modify price either up (positive) or down (negative). Once the entity has selected one or more modifiers that adjust the price or applies a benefit, it computes the final price or net selling price.

Fig 2.5 Pricing flow



Source: <http://www.docs.oracle.com> (19/08/14, 21:45)

2.3 Personnel adequacy in implementation of the pricing policies

Cascio (2010:199) defines recruitment as a form of business contest to identify, attract and hire the most qualified personnel this requires more attention from management because any business strategy and policy will falter without the talent to execute it. Pricing policies can only be implemented by trained, qualified and experienced personnel for the policies to be effective.

2.3.1 Employee recruitment and selection process

a) Job analysis

Job analysis is the specification of human resources and task requirements of the job that includes number of personnel needed, skills mix or required and time frame. These requirements are typically the result of job analysis and strategic planning activities.

b) Recruitment

Recruitment is the process of planning, operations and control on the pool of qualified candidates for selection.

c) Initial screening

Recommendations, reference checks and interviews and a small pool of qualified candidates will go on to the next step which is selection.

d) Selection

Cognitive, work sample or situational tests, personality qualification, inventories and polygraphs resulting in employment of new personnel.

e) Orientation

Orientation is the process of induction, understanding of the entity or department policies, procedures and benefits.

f) Placement

Placement is a process of assigning of individual to jobs after they have been assessed and observed during an intensive management training program. It also involves optional match of employee talents with organizational needs.

g) Training

It consists of planned programs designed to improve performance at the individual, groups and organization level. Competence to perform present or future job requirements

h) Performance management

Performance management is defined as a process in which management give feedback to employees regarding their past and present job performance proficiency as well as a basis for improving performance in the future.

2.4 Product pricing challenges

The most challenges faced by entities in pricing include competition and government regulations.

2.4.1 Competition

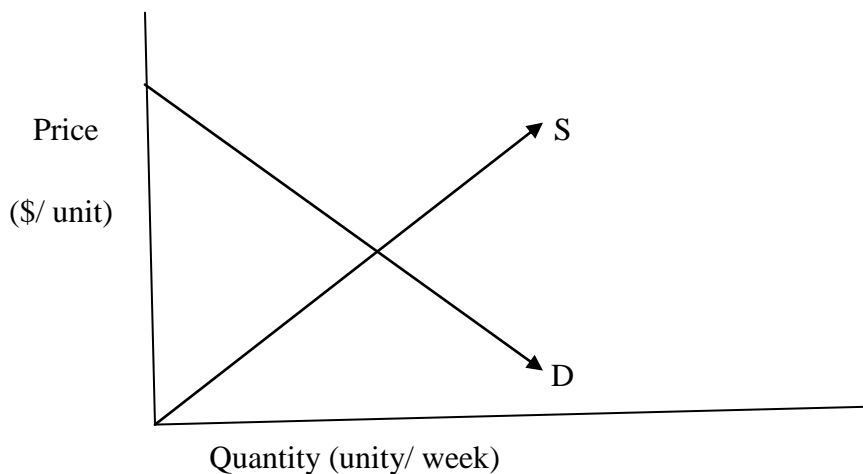
Beardshaw et al., (2001: 113) states that the structure of a market is indicated by those characteristics that determine the conduct of the firm or how they behave for instants pricing policies.

a. Perfect competition

In perfect competition firms are a price taker that is they have no power to affect the market price although they can sell all they want to at the prevailing price. McEachern (2009: 176) sited that perfect competition is characterized by many buyers and sellers, firms sell commodities which is a standardized product , buyers and sellers are fully informed about the price and availability of all resources and products and firms and resources are freely mobile that is over time they can easily enter or leave the industry. Beardshawet al., (2001: 113) argues that all these four

conditions cannot exist in one market at once but however close approximations to perfect competition. The firms are so small relative to the market that each has no impact on the market price. In the same breath <http://www.economicshelp.org> (20/08/14, 14:00) states that it might be argued that developments in information technology and use of internet will increase the prospects of perfect competition by making information more freely available to the public.

Fig 2.6 Market equilibrium in perfect competition

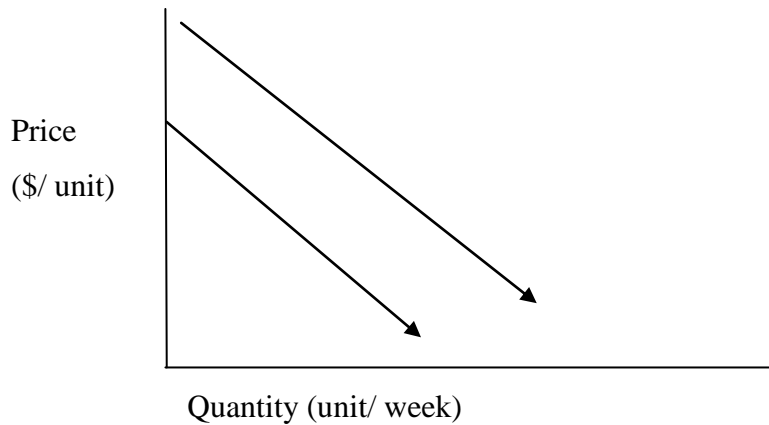


Source: McEachern (2009: 177)

b. Imperfect competition

Firms are price masters they have the power to determine their own prices because most of the products are not perfect substitutes for each other. Beardshaw et al., (2001: 115) states that all imperfect competitors share the characteristic that demand curve for their individual firm's product slopes downwards. If prices increase the entity will not lose all its customers as in perfect competition and conversely the entity can sell more of its products by lowering its prices. In imperfect competition firms may be sure of how their rivals are going to behave in any situation and consumers are likely to possess enough information to distinguish adequately between the products of all the firms in the market.

Fig 2.7 Imperfect competition

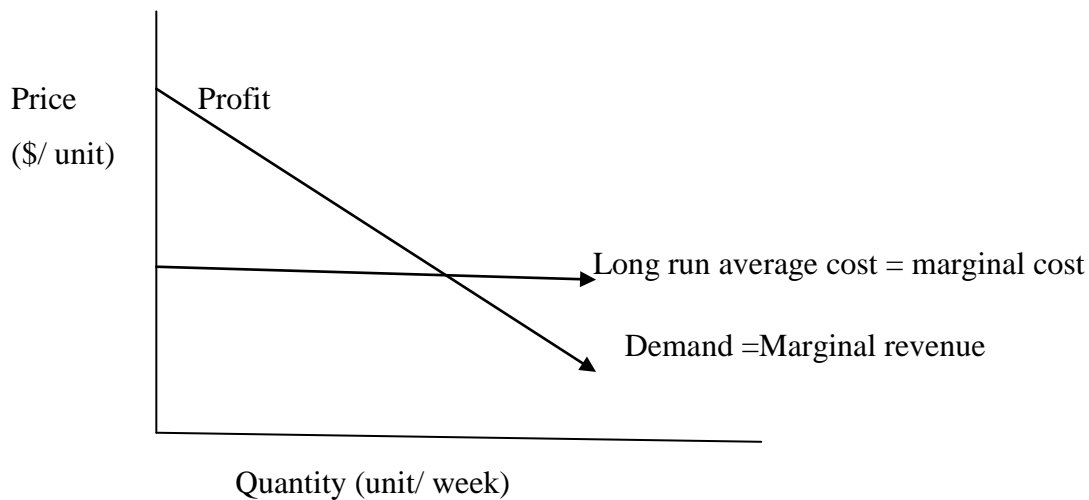


Source: Beardshaw et al., (2001: 115)

c. Monopoly

Monopoly is a situation where there is one seller of the commodity, although in practice a dominant firm may be able to exert a considerable amount of monopoly power with far less than 100 percent of the market. McEachern (2009: 222) states that monopolist would charge different prices for each unit sold that is price discrimination, if a monopolist can charge a different price for each product sold by setting the price of each unit equal to the maximum amount consumer are willing to pay for that product. This is illustrated in the demand curve:

Fig 2.8 Demand curve in price discrimination



Source: McEachern (2009: 223)

According to <http://www.economicshelp.org> (20/08/14, 14:00) by using perfect discriminating prices the monopolist is able to convert every dollar of consumer surplus into economic profit. Although price discrimination may seem unfair to consumers it gets high marks based on allocative efficiency. Beardshaw.J (2001: 115) states the sources of monopoly as follows:

- Natural conditions

This source arises out of the geographical conditions of supply for example South Africa has an almost complete monopoly of the Western world's supply of diamonds.

- Historical

Business may be a monopoly because it was first in the field and no one else has the necessary know how or customer good will

- Capital requirements

The supply of commodities may involve the use of such vast amount of capital equipment that new competitors are effectively excluded from entering the market.

- Technological

An entity may be enjoying economies of scale it may be natural and advantageous for the market to be supplied by one entity.

- Legal

Government may confer a monopoly upon an entity it may be the case when the business is granted a patent or copyright.

- Public corporations

Entities or public corporations such as Post office may have a monopoly conferred by statutory or legal right

d. Oligopoly

Beardshaw.J (2001: 115) defines oligopoly as a situation where there are only a few sellers of the commodity or there is a high degree of seller concentration. McEachern (2009: 223) argue that an oligopoly market structure is characterized by so few firms that each behaves interdependently.

Types of oligopoly

- Undifferentiated oligopoly

Undifferentiated oligopoly sells a product that does not differ across suppliers such as oil. A small rise in one producer's price sends customers to rivals as they chose other competitors which are charging lower prices.

- Differentiated oligopoly

Differentiated oligopoly sells products that differ across suppliers. McEachern (2009: 235) cited that as with monopolistic competitors, oligopolies differentiate their products through physical quantities, sales locations, service offered with the product and the image of the product established in the consumer's mind.

2.4.2 Government regulations

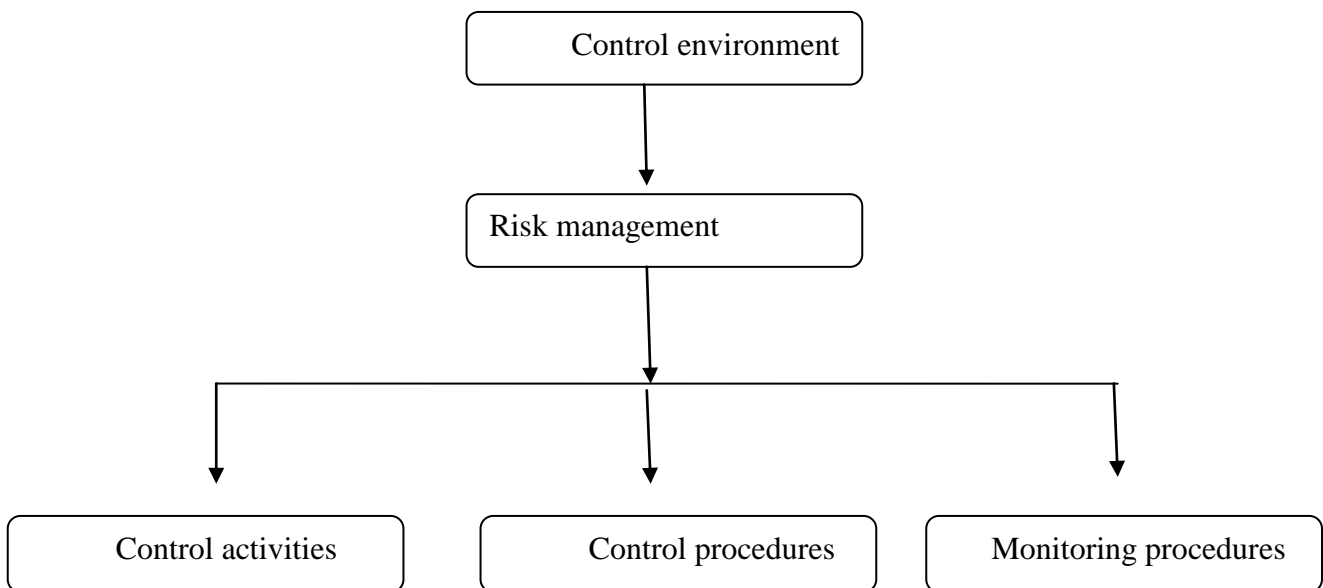
Government intervene into a market by setting regulations on the setting of price in attempt to minimise or maximise the prices. According to Beardshaw et al., (2001: 85) where government authorities stipulate a maximum price for products it is termed ceiling price and where a minimum price is stipulated is price floor.

2.5 Controls over pricing policy implementation

According to SAAS 400.05 control procedures are policy measures and procedures additional to the control environment which management has introduced to ensure that the specific goals of the entity are achieved for example pricing policy. Puttick and Esch (2007: 385), "Internal

controls involves the identification of risks faced by business entities and the implementation of systems to mitigate these, has long been recognized.” Internal control integrated framework (2002: 49) recognize internal controls as a process that is designed to provide reasonable assurance regarding the achievement of objectives affected by board of directors, management and personnel. The objectives of the entity include reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Fig 2.9 Internal control



Source: Millichamp and Taylor (2012:112)

2.5.1 Control activities

a) Segregation of duties

According to Messier (1997:193) segregation of duties is important for an entity in performing duties such as authorization of transactions, recording of transactions and custody of the related assets. Independent performance of each of these functions reduces the opportunity for any one person to be in a position both to penetrate and to conceal errors or regularities. Puttick and Esch (2007: 385) agree that every transaction should be properly authorized, executed and recorded

because if the same person performs three aspects, it is possible for that person to both penetrate and conceal fraud in the normal course of the person's duties.

b) Performance reviews

According to Messier (1997:193) a strong accounting system should have controls that perform independent check on the performance of the individuals or processes in the system. Examples include comparison of actual performance with budgets, forecasts and prior period performance, investigation of the relationship of operating and financial data followed by analysis and corrective actions and review of functional or activity performance. Puttick and Esch (2007: 417) argue that performance reviews are part of management monitoring procedures which include the assessment of actual performance against anticipated.

c) Information processes

Puttick and Esch (2007: 403) states that information processing controls are performed to ensure the occurrence or proper allocation, completeness, accuracy, cut off and classification of the recording of all transactions initiated, recorded and reported. There are two control activities in information process that is general control and application controls.

d) General controls

The purpose of general controls is to control program development, program changes, computer operations and to secure access to programs and data. These controls are more pervasive, affecting the whole IT environment of the entity rather than specific applications. Weakness in the general control is that it does not necessarily prevent the auditor from seeking to place reliance on and test controls over particular applications for specific classes of transactions.

e) Application controls

The purpose of application controls is to establish specific control procedures over the accounting applications in order to provide reasonable assurance that all transactions are authorized, recorded, processed and reported completely and on timely basis. It involves both manual processes and controls, computerized processes and controls which may be carried out by IT personnel and users or programmed into the application software.

f) Physical controls

According to Messier (1997:193) these controls include the physical security of assets, adequate safeguards such as secured facilities, authorization for access to computer programs and data files and periodic counting of assets such as inventory and comparison to control records.

2.6 The best practice in product pricing.

According to Zeithmal (2005: 483) the best pricing system that an entity can pursue depends on the customer's definition of value and the ability of the customer to purchase the product at that price. On the other hand Futrell (2006:208) argues that best prices are established by entities according to the entity's pricing guidelines and polices. Futrell (2006:48) defines price as to the value or worth of a product that attracts the buyer to exchange money or something of the value for the product.

Summary

This chapter was on literature review on what other authors say about product pricing. The chapter presented product pricing policy and its determinants, pricing implementation guidelines, personnel adequacy in implementation of the pricing policies, product pricing challenges, controls over pricing policy implementation and the best practice in product pricing. The next chapter looks into research methodology.

CHAPTER THREE RESEARCH METHODOLOGY

3.0 Introduction

The chapter summarises how the study was conducted, research design, sources of data, sampling, target group, study population, data collection or research instruments that is observations, interviews and questionnaires, validity and reliability of research instruments, data triangulation, data presentation and data analysis.

3.1 Research Design

According to Clough and Nutbrown (2007) research is the investigation of an idea, subject or topic for a purpose. It enables the researcher to extend knowledge or explore theory and offers the opportunity to investigate an area of interest from a particular perspective. According to Kumar (2005:20), research design explains how the researcher find answers to the research question. Cooper and Schindler (2004: 146) define research design as a systematic plan of investigation so conceived as to obtain answers to the research questions. Borg and Gall (2005: 201) states that research design is tall the procedures selected by the researcher to acquire information concerning the research question. Flick et al., (2008:152) argues that research designs may ultimately be described as the means of achieving the goals of the research.

The research was based at qualitative approach as a way of gathering information in form of interviews, questionnaires and observations. The reason for using qualitative approach is that its sample size uses fewer cases and it covers multiple issues but assembles required information from fewer respondents. Kumar (2005: 17) states that qualitative research is the only knowledge that human beings acquire is from sensory experiences.

3.1.1 Historical design

According to Cooper et al., (2003:224),”says the purpose of historical research design is to collect, verify and synthesize evidence from the past to establish facts that defend or refute your hypothesis.” It uses variety of primary documentary evidence, such as, logs, diaries, official records, reports, archives, and non-textual information like maps, pictures, audio and visual recordings but the sources must be both authentic and valid.

The advantages of historical design is that it is unobtrusive that is the act of research does not affect the results of the study. The records add important contextual background required to understand and interpret a research problem. Also historical sources can be used again to study different research problems. However the disadvantages of historical design include that historical sources interpretation can be difficult and time consuming. The ability to submit the aims of your research are directly related to the amount and quality of historical documents available. Also historical research is not strong in regard to the demands of internal validity due to lack of control over external variables.

3.1.2 Case and field research design

Kumar (2005: 113) says that, “case research design is an approach to studying a social phenomenon through a thorough analysis of an individual case.” The case may be a person, group, community or an organization. Cooper et al., (2003:221), said, “Case research design is also called ethnographic research it uses direct observations to give a complete snapshot of a case that is being studied. It is useful when not much is known about a phenomenon. In this design few subjects are used for the research”.

The merits of case and field research design are that field research as the study is done on the existent world therefore it is favourable with regard to the demands of external validity. It also brings understanding of complex issues through detailed contextual analysis of a limited number of events or conditions and their relationships. The research can apply a variety of methodologies and rely on a variety of sources to investigate a research problem. On the other hand demerits of case and field research design will include that there is little basis for establishing reliability which lead to bias on the researcher’s interpretation of the finding. The design does not aid assessment of cause and effect relationships and the vital information may be missing that will make the case hard to interpret.

3.1.3 Cohort research design

Kumar (2005:112) states that “a Cohort study is based upon the existence of a common characteristic such as year of birth, graduation or marriage within a subgroup of a population. The study can be carried out either as cross section or longitudinal design.” In the case of a

longitudinal design it is not important for the required information to be collected from the same respondents.

The merits of Cohort research design include that it is highly flexible and can provide insight into effects over time and related to a variety of different types of changes for example political, economic. Also either original data or secondary data can be used in this design. The demerit of Cohort research design is that there is no control for all other factors that might differ between two groups that is confounding variables. A cohort study is time consuming as the researcher must wait for the conditions of interest to develop within the group and its external validity is lower than that of study designs where the researcher randomly assigns participants.

3.1.4 Descriptive or Survey research design

According to Cooper et al., (2003:221), says “descriptive research design attempts to describe and explain conditions of the present by using many subjects and questionnaires to fully describe the phenomenon.” Descriptive survey is apprehensive with addressing the specific characteristics of a particular population of subjects, either at a fixed point in time for comparative purposes

The main advantage of descriptive or survey research is that it provides a relatively complete picture of what is happening at a specific time. A large amount of data is collected this maximise reliability and it is based on true experiments which gives analyzable data. It can also be a useful tool in developing a more focused study which can yield sufficient data that can be used as important recommendations in practice. Disadvantages of descriptive or survey research is that it is difficult to review with survey techniques due to complex behavior and it lacks internal validity resulting from limited control over external variable. The results from a descriptive research can be not useful to discover a definitive answer or to disprove a hypothesis.

3.1.5 Experimental Design

According to Kumar (2005: 100), “an experimental study can be carried out either a controlled or a natural environment and it is often used where there is time priority in a causal relationship, there is consistency in a causal relationship and the magnitude of the correlation is great.

Experimental studies can be classified on the basis of whether or not the study population is randomly assigned to different treatment groups.”

The merits of Experimental research includes that it allows research to control the situation and supports the ability to limit alternative explanations and to assume direct causal relationships in the study. Experimental research also provides the highest level of evidence for single studies. However demerits of Experimental research includes that its designs can be costly if special equipment or facilities are needed. The researcher can face difficulties in applying ethnographic and other qualitative methods due to the artificial settings of experiments may alter subject behaviors or responses.

The researcher used historical and descriptive research. Historical research was used because it uses primary documentary evidence, such as, logs, diaries, official records, reports, archives, and non-textual information like maps, pictures, audio and visual recordings. These documents are already available and are easy to acquire this will be suitable with the limited time. The justification for using Descriptive research is that it explains or gives that true picture of what is happening on the field or at Mass beverages ltd.

3.2 Population

Study population can be defined as any set of persons or subjects or element having a common observable characteristic from which data can be gathered and analysed. The characteristics of a population are called a parameter and statistic can be defined as any subset of the population. The research is targeted on employees of Mass beverages Ltd and its clients.

3.3 Sample size

The research target Mass beverages Ltd management and employees in the manufacturing and selling department as well as their clients and customers.

Table 3.1 shows the respondent group, population, sample size, sample and data collection method used in gathering information for the research.

Table 3.1 Sample size

Respondent group	Population	Sample size	Sample	Data collection Method used
Management	5	3	0.6	Questionnaires
Finance department	8	5	0.63	Questionnaires
Manufacturing department	9	5	0.56	Questionnaires and interviews
Selling department	8	5	0.63	Interviews
Auditing department	5	3	0.6	Interviews
Total	35	21		

3.4 Sampling

According to Wegner (2004: 12) sampling is the process of selecting units that can be people or organization or a community from a population of concern so that by studying the sample may fairly generalize the results back to the population from which they were generates results chosen from. Abrahamson (2004:78), the sample must be sufficiently large, well chosen and must be adequate coverage of the sample.

3.4.1 Sampling techniques

Systematic sampling

Elements are selected at a uniform interval from the population measured in time, space or ordered for example nth case until the sample is fully selected. It is useful when the list of population is long for example using a phone book select every 5th person from the beginning of the phone book list.

The advantages of systematic sampling include that it checks bias in successive selections of samples and its variances are frequently minor than alternative sampling techniques. It is also simple to use which saves time and cost. Disadvantages of systematic sampling includes that there is a chance of losing very important information from the population.

Random sampling

There is an equal chance probability for any element to be selected. According to Borg and Gall (2005: 201), “random sampling method allows each possible sample to have an equal probability of being picked and each item in the entire population has an equal chance of being included in the sample.” There are two ways of conducting random sample that is to consult a random number table and have the computer select.

Advantages of simple random sampling include that it aims at reducing the potential for human bias in the selection of cases to be included in the sample and also provides sample which is highly representing the population in study. The main disadvantage of random sampling is that it can only be carried out if the list of the population is available and complete, the list can be challenging to gain access.

Stratified sampling

According to Kumar (2005: 175) in stratified sample the researcher attempts to stratify the population in such a way that the population within a stratum is homogeneous. Borg and Gall (2005: 203) says “Stratified sampling is a technique where the researcher divides the entire population into different homogenous subgroups or strata then randomly selects the final subjects proportionally from different strata.” In a stratified sample the sample is either proportionately or equally to represent various strata or subpopulations.

The advantage of stratified sampling is that it can ensure that particular groups are represented proportionally in the sample by selecting persons from strata list. Disadvantages include that it is more difficult and requires greater effort than alternative sampling techniques as strata must be carefully defined.

The researcher used stratified sampling due to time constraint restrictions. Stratified sampling uses representatives from all groups other than random sampling this reduces bias and there is great possibility of gaining all vital information from different departments.

3.5 Sources of Data

There are two sources of data that is Primary data and Secondary data.

3.5.1 Primary Data

Saunders et al 2003:114, "Primary data is the data that is obtained by the researcher specifically to solve the problem at hand. It is data collected personally through field work."

The main advantage of primary data is that it gives data that is relevant to the research problem and ensures utilisation of basic data. It also provides information which is more accurate and up to date than secondary data. The disadvantages of primary data includes that the data collection may be time consuming and costly and primary data is usually raw there is need to add information for it to be useful.

3.5.2 Secondary data

Luck and Rubio (2005:100) states that, "secondary data is already gathered and available data which can be gathered from company annual reports, management accounts, newsletters, textbooks, journals and audit reports." Secondary data serves as complimentary data to primary sources.

The advantage of secondary data is that it is already available so it is easily obtained and less expensive than primary data and researcher has the option of disregarding. Disadvantages of secondary data include that data available may not be accurate so there reliability limitation and the quality of data gathered cannot be controlled by the researcher. Data available can be not suitable for the research problem and sometimes the information is out dated.

3.6 Research instruments

According to Wegner (2004:113), "instruments are tools or devices that apply non physical principles to increase the experimental perception of a natural or manipulated phenomenon. The research's point of view is that the research instruments are the apparatus used to extract information from the respondents." The research used interviews and questionnaires due to time constraint.

3.6.1 Observation

Kumar (2005: 119) says “Observation is a purposeful, systematic and selective way of watching and listening to an interaction or phenomenon as it takes place. Observation is suitable when you want to learn about the interaction in a group or in studying the patterns of a population.” There are two types of observation that is participant and non participant observation.

Flick et al., (2008) participant observation is when the researcher participates in the activities of the group being observed in the same manner as its members with or without them knowing on the other hand non participant observation is when the researcher do not get involved in the activities of the group.

The advantages of observation include that there is a high chance of making right decisions based on the observations as it is very direct method for collecting data. It improves accuracy of the research outcome and predicament of depending on respondents is decreased. Disadvantages of observation includes that problems of the past cannot be studied by means of observation thus one is forced to depend on the documents available which can contain irrelevant information. There is possibility of observer bias as there is no easy way to verify the observations as the interpretation defer from observer to another.

3.6.2 Questionnaires

Kumar (2005: 126) defines questionnaires “...as a written list of questions, the answers to which is recorded by respondents, the respondents read the question interpret what is expected and then write down the answers.” Questionnaires are used in gathering primary data for the research to produce most vital information.

The advantages of questionnaires includes that questionnaires are written documents for reference purposes and issuing of questionnaires saved on time. Grounds of secrecy enable the respondents to freely provide sensitive information and the respondents give much more detailed answers in respond to the questions asked. Disadvantages of questionnaires include that some of the questionnaires were not returned, lost and uncompleted and the data collected was tedious to compile.

3.6.3 Interviews

Kumar (2005: 123) states that interview is a two way communication which is a person to person interaction between two or more individuals with specific purpose in mind. Interviews can be done through telephone or in person that is face to face interview.

Personal interview

An interview is called personal when the Interviewer asks the questions face-to-face with the Interviewee these interviews can be done in offices. Facial and bodily expressions, tone, gestures and reaction to questions usually assist in the gathering of information.

The main advantage of personal interviews is that the ability to judge the interview through facial and bodily expressions, tone, gestures and reaction to questions lead to gathering of non bias information. Face to face communication yielded more qualitative data than any other instrument. Disadvantage of personal interviews it is usually costly and time consuming due to need to interview each person separately and the interviews are held at discrete places.

Telephone interview

Telephone interview is mostly used in USA where the researcher uses the telephone to gather information from targeted sample.

The advantages the researcher can obtain information faster than face to face interviews it is also cheaper considering there will be no travelling cost. There is improved clarification through the use of added question and respondent rate and cooperation is high. Disadvantage of interviews is that some of the interviews may be cancelled and others may be carried out in limited time as most of the managers are busy.

3.7 Types of questions

3.7.1 Closed ended questions

Closed-ended questions limit the answers of the respondents to response options provided on the questionnaire. The respondent is requested to tick inside a box as his response these are useful for coming out with realistic information. Closed-ended questions are straightforward and not difficult to analyze statistically

The advantages of closed-ended questions include that it are more simple to examine the researcher can use statistical interpretation. The interviewer takes less time to answer the questions resulting in many responses. Disadvantages of closed-ended questions include that it limit the answers because it does not offer the respondents choices that really reflect their actual position. There is no opportunity for the respondent to give details and explain their answers.

3.7.2 Open ended questions

Open ended questions permit respondents to give their own answers unreservedly, at the individual will and these offer them an opportunity to communicate their opinion. Open ended responses are used to encourage free consideration, investigate additional facts and request creative ideas.

The main advantage of Open-ended questions include that it let respondents to give more information that is their position, thoughts and understanding of the research subject. Respondents can react to the questions exactly as needed by the researcher and researcher can study the significance of the responses Disadvantages of Open-ended questions includes that they lack that statistical confirmation necessary to make research conclusions. The rate of response is substandard than with those that use closed-ended questions.

3.7.3 Likert Scale

Bryman A and Bell E (2003:198) state that Lirkert scale was developed to measure the attitudes by asking a number of respondents to act in response to a chain of statements concerning a subject in terms of the level to which they agree or disagree. It is the sum of responses to several statements that the respondent is asked to evaluate.

The advantages of Likert scale include that it is not difficult to understand since it uses a universal method of data collection. It is easy to draw conclusions, reports, results and graphs from the responses. The main disadvantage of Likert Scale is that respondents usually have a tendency of repeatedly avoiding extremes.

3.8 Validity and reliability of research instruments

3.8.1 Reliability

According to Wegner (2004:231), reliability takes into account accuracy and precision of a measurement procedures. According to Davies (2011:142) advocated that reliability refer to the degree of consistence demonstrated by the procedure employed in a study to give reliable estimates. Reliability can be taken to signify the degree by which independent researchers studying the same topic under the same prescribed working framework produce almost the same results.

3.8.2 Validity

According to Wegner (2004:81), validity is an indication if the research findings truly represent the phenomenon the research is claiming to measure and it also include the quality of data collected if it is appropriate and up to date. To make sure validity of data collected, the researcher examined the data and compares it to the research objectives.

3.9 Data triangulation

Data triangulation involves gathering of data through several sampling approaches and different sources of information in order to increase the validity of a study and enhance confidence in the ensuing findings. The sources of data include primary and secondary research or interviews, documents, public records, photographs and observations. Triangulation can be used to deepen the researchers' understanding of the issues. It also validates data and research by cross verifying the same information to increase credibility.

3.10 Data presentation

Data presentation is the way data is appearing or arranged on paper, pictures or diagrams. The researcher can use bar charts, pie charts, tables and graphs to present the gathered data. There is need for the researcher to edit, segment, summaries and verify the data collected for it to be useful for the research.

3.11 Data analysis

Data analysis is a body of methods that help to describe facts, detect patterns, and develop explanations and hypothesis test. It is also the process of developing answers through the examination and interpretation of data. Data analysis methods include the mean, mode, median, standard deviation and Kye squared for defining self-confidence intervals.

Summary

The chapter summarized how the study was conducted, research design, sources of data, sampling, target group, study population, data collection or research instruments that is observations, interviews and questionnaires, validity and reliability of research instruments, data triangulation, data presentation and data analysis. The following chapter is on data presentation and analysis.

CHAPTER FOUR DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter covers response rate and response to the research objective in chapter one that is existence of product pricing policy at Mass beverage, product pricing policy implementation guidelines at Mass beverage ltd, availability and adequacy of personnel to implement product pricing policy, controls over product pricing policy implementation, challenges encountered on product pricing policy implementation, reviews of controls on product pricing policy implementation and best practice product pricing policies.

4.1 Response rate

Shukla (2008:29) defined response rate as the numerical relationship of the number of subjects which responded to the researcher's survey compared to the total number of people comprising the sample usually presented as a percentage. According to StatPac 2007:38 the response rate is an indicator of how much confidence can be placed on the research results and also determines the reliability of the survey's findings. The higher the response rate, the more reliable are the results of the sample.

4.1.1 Questionnaires response rate

Table 4.1.1 Questionnaires response rate

Category of Respondents	Targeted Respondents	Actual Respondents	Response rate (%)
Management	6	5	83
Supervisor	6	6	100
Clerk	1	1	100
Accountant	6	6	100
Auditor	4	3	75
Total	23	21	91

The questionnaire was the main research instrument used to collect data in this research. A total of 23 questionnaires were administered to the management, supervisors, clerks, auditors and accountants from which 21/23 (91%) were completed and returned and 2/23 (9%) were not returned.

The questionnaires response rate of 91% which was satisfactory to justify the creditability of the research findings.

4.1.2 Interview Response Rate

Table 4.1.2 Interview response rate

Category of Respondents	Targeted Respondents	Actual Respondents	Response rate (%)
Management	1	1	100
Supervisor	1	1	100
Total	2	2	100

All two intended interviews were conducted resulting in a response rate of 100%. This was significant enough to validate the research and therefore give reliability to the findings.

4.1.3 Gender

Table 4.1.3 Questionnaire response rate by Gender

Gender	No. of Respondents	Percentage Response
Male	13	62%
Female	8	38%
Total	21	100%

The question on gender was asked to assess integrity of the information presented by respondents.

The findings reflect that 13/21 (62%) were males and 8/21 (38%) were females.

4.1.4 Job title

Table 4.1.4 Questionnaire response rate by job title

Position held	Respondents	Response rate (%)
Management	5	23
Supervisor	6	29
Clerk	1	5
Accountant	6	29
Auditor	3	14
Total	21	100

The issue on job title or position to establish the relevance of the respondent's duties on the research question

The finding shows that 5/21 (23%) were managers, 6/21 (29%) were supervisors, 1/21 (5%) were clerk, 6/21 (29%) were accountants and 3/21 (14%) were auditors.

4.1.5 Department

Table 4.1.5 Questionnaire response rate by department

Department	Respondents	Response rate (%)
Management	3	14
Finance	5	24
Manufacturing	5	24
Selling	5	24
Auditing	3	14
Total	21	100

Information concerning the department in which the respondents are operating in was asked to evaluate the responses from different department for credibility and integrity of the information provided by respondents.

The findings reflect that 3/21 (14%) were in management, 5/21 (24%) were in finance department, 5/21 (24%) were in manufacturing department, 5/21 (24%) were in selling department, 3/21 (14%) were in auditing department.

4.1.6 Analysis on the respondents' experience on current positions

Table 4.1.6 Respondents' experience on current positions

Experience in Positions	1yr	1-5yrs	6-10yrs	>10yrs	Total
Responses	5	14	2	0	21
Percentage Responses (%)	24	67	9	0	100

The duration was asked in order to assess whether the respondents was in the company during the period which the researcher noted the research problem in the company.

The findings reflect that 5/21 (24%) have less than I year; 14/21 (67%) are in 1-5 years range; 2/21 (9%) are in 6-10 years range and 0/21 (0%) are above 10 years.

4.1.7 Analysis of response rate by qualification

Table 4.1.7 Response rate by qualification

Qualification	Respondents	Response rate (%)
A' Level	1	5
Diploma	8	38
Degree	11	52
Masters	1	5
Total	21	100

This is done in order to evaluate the credibility and integrity of the information provided by respondents.

Findings shows that 1 out of 21 (5%) have Advanced level certificates, 8 out of 21 (38%) have diplomas, 11 out of 21 (52%) have degrees, 1 out of 21 (5%) have masters and 0 out of 21 (0%) have other qualifications.

It can be concluded that respondents are academically and professionally qualified for their jobs.

4.2 Existence of product pricing policy at Mass beverage.

(i) Presence of product pricing policy at Mass beverage.

Table 4.2.1: Responses on existence of product pricing policy at Mass beverage

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	4	17	0	0	0	21
Percentage Responses (%)	19	81	0	0	0	100

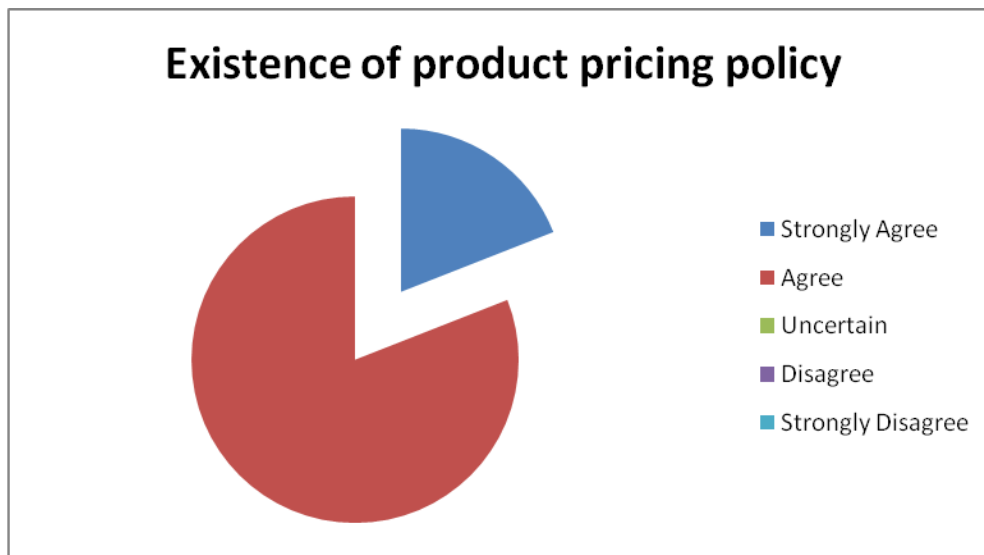


Fig 4.2.1 Responses on existence of product pricing policy at Mass beverage

The question was asked to distinguish whether product pricing policy is in existence at Mass beverage.

From the study findings, the researcher found that 4/21 (19%) strongly agreed; 17/21 (81%) agreed; 0/21 (0%) were uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

On aggregation 21/21 (100%) agreed whilst 0/21 (0%) disagreed.

It can be concluded that product pricing policy is in existence at Mass beverage.

(ii) Formal documentation of the product pricing policy

Table 4.2.2: Responses on the documentation of the product pricing policy

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	10	9	2	0	0	21
Percentage Responses (%)	48	43	9	0	0	100

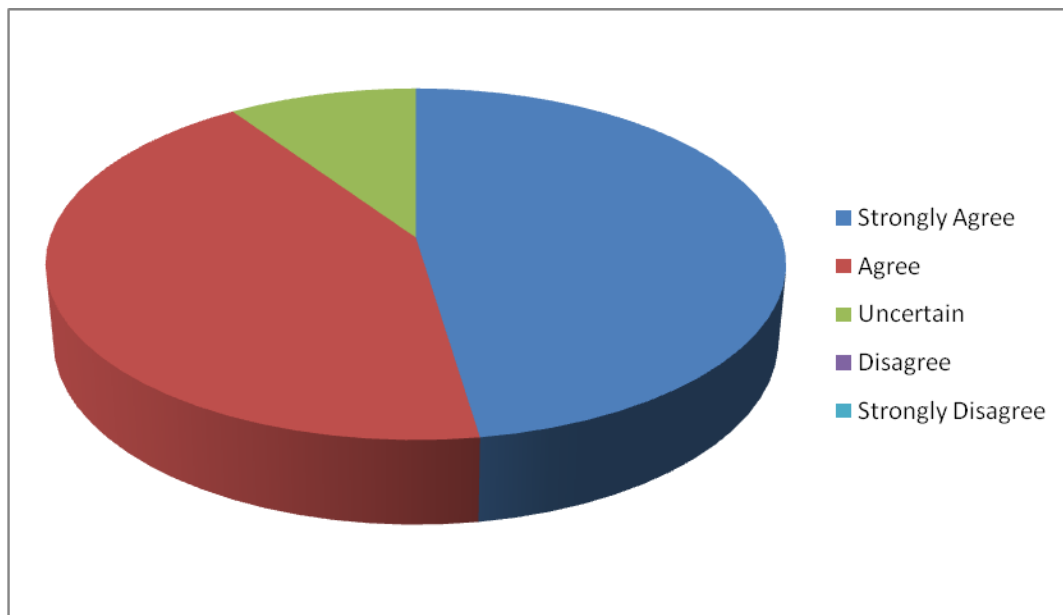


Fig 4.2.2 Responses on the documentation of the product pricing policy

The researcher wanted to ascertain whether or not there is formal documentation of the product pricing policy.

Findings show that 10/21 (48%) strongly agreed; 9/21 (43%) agreed; 2/21 (9%) were uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

All in all 19/21 (90%) agreed whilst 2/21 (9%) disagreed.

One can conclude that the product pricing policy is formally documented at Mass beverages.

(iii) Communication of product pricing policy to management, other employees and new personnel.

Table 4.2.3: Responses on the product pricing policy communication to management, other employees and new personnel.

Narration		Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
(i)	Management	38%	62%	0%	0%	0%	100%
(ii)	Other employees	9%	38%	29%	24%	0%	100%
(iii)	New personnel	5%	52%	29%	14%	0%	100%

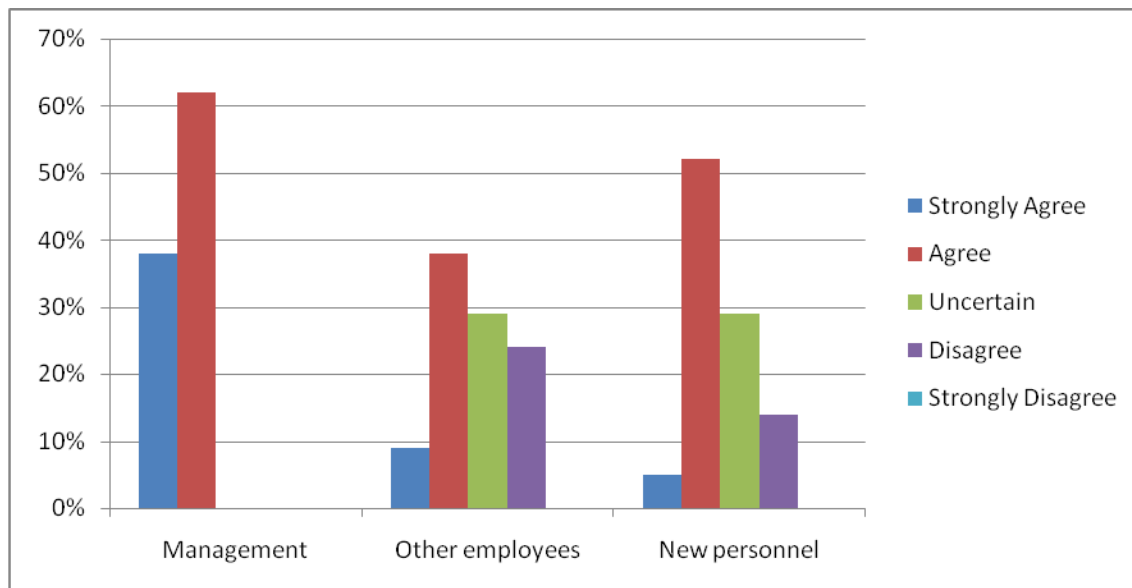


Fig 4.2.3: Responses on the product pricing policy communication to management, other employees and new personnel.

(i) Communication of product pricing policy to management

The question was asked to ascertain whether the product pricing policy at Mass beverage is communicated to management.

The findings indicate that 8/21 (38%) strongly agreed; 13/21 (62%) agreed; 0/21 (0%) were uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

Generally 21/21 (100%) agreed whilst 0/21 (0%) disagreed.

One can conclude that product pricing policy at Mass beverage is communicated to management.

(ii) Communication of product pricing policy to other employees

The question was asked to ascertain whether the product pricing policy at Mass beverage is communicated to other employees.

The findings indicate that 2/21 (9%) strongly agreed; 8/21 (38%) agreed; 6/21 (29%) were uncertain; 5/21 (24%) disagreed and 0/21 (0%) strongly disagreed.

Generally 11/21 (53%) disagreed whilst 10/21 (47%) agreed.

It can be concluded that the product pricing policy at Mass beverage is not communicated to other employees.

(iii) Communication of product pricing policy to new personnel.

The question was asked to ascertain whether the product pricing policy at Mass beverage is communicated to new personnel.

The findings indicate that 1/21 (5%) strongly agreed; 11/21 (52%) agreed; 6/21 (29%) were uncertain; 3/21 (14%) disagreed and 0/21 (0%) strongly disagreed.

Generally 12/21 (57%) agreed whilst 9/21 (43%) disagreed.

It can be concluded that the product pricing policy at Mass beverage is communicated to new personnel.

(vi) Clarification of the product pricing policy for better understanding

Table 4.2.6 Responses on the clarification of the product pricing policy for better understanding

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	2	8	4	6	1	21
Percentage Responses (%)	9	38	19	29	5	100

2/21 (9%) strongly agreed; 8/21 (38%) agreed; 4/21 (19%) uncertain; 6/21 (28%) disagreed and 1/21 (5%) strongly disagreed.

Altogether 11/21 (52%) disagreed whilst 10/21 (48%) agreed.

It can be concluded no clarification of the product pricing policy to employees for better understanding.

4.3 Product pricing policy implementation guidelines at Mass beverage ltd.

(i) Presence of product pricing policy implementation guidelines at Mass beverage ltd.

Table 4.3.1 Responses on the existence of product pricing policy implementation guidelines

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	6	10	2	3	0	21
Percentage Responses (%)	29	48	9	14	0	100

This question sought to find out whether product pricing policy implementation guidelines are present at Mass beverage ltd.

Findings reflect that 6/21 (29%) strongly agreed; 10/21 (48%) agreed; 2/21 (9%) uncertain; 3/21 (14%); disagreed and 0/21 (0%) strongly disagreed.

All in all 16/21 (76%) agreed whilst 5/21 (24%) disagreed.

Interview responses supported that product pricing policy implementation guidelines are in existence, formally documented and employees are trained for compliance with the guidelines.

These results lead the researcher to conclude that product pricing policy implementation guidelines are in existence at Mass beverage.

(ii) Formal documentation of the policy implementation guidelines

Table 4.3.2 Responses on the documentation of the product pricing policy

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	5	10	4	2	0	21
Percentage Responses (%)	24	48	19	9	0	100

This question sought to find out whether product pricing policy implementation guidelines are formally documented at Mass beverage ltd.

From the study findings, the researcher found that 5/21 (24%) strongly agreed; 10/21 (48%) agreed; 4/21 (19%) were uncertain; 2/21 (9%) disagreed and 0/21 (0%) strongly disagreed.

All in all 15/21 (71%) agreed whilst 6/21 (29%) disagreed.

It can be concluded that of the policy implementation guidelines is formally documented.

(iii) The product pricing policy implementation guidelines are complied with

Table 4.3.4 Responses on the compliance with the product pricing policy implementation guidelines

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	1	2	10	8	0	21
Percentage Responses (%)	5	9	48	38	0	100

The researcher wanted to find out whether the product pricing policy implementation guidelines are complied with.

The research shows that 1/21 (5%) strongly agreed; 2/21 (9%) agreed; 10/21 (48%) uncertain; 8/21 (38%); disagreed and 0/21 (0%) strongly disagreed.

18/21 (86%) disagreed whilst 3/21 (14%) agreed.

Resultantly, it can be concluded that the product pricing policy implementation guidelines are not compliance with.

(iv) The product pricing policy implementation guidelines are comprehensive.

Table 4.3.5 Responses as to the product pricing policy implementation guidelines are comprehensive.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	0	3	8	9	1	21
Percentage Responses (%)	0	14	38	43	5	100

The researcher wanted to find out whether the product pricing policy implementation guidelines are comprehensive.

The results shows that 0/21 (0%) strongly agreed; 3/21 (14%) agreed; 8/21 (38%) uncertain; 9/21 (43%); disagreed and 1/21 (5%) strongly disagreed.

All in all 18/21 (86%) disagreed whilst 3/21 (14%) agreed.

Resultantly, it can be concluded that the product pricing policy implementation guidelines are not comprehensive.

4.4 Availability and adequacy of personnel to implement product pricing policy.

(i) Availability of a representative committee to implement the product pricing policy.

Table 4.4.1 Responses on the availability of a representative committee to implement the product pricing policy.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	3	18	0	0	0	21
Percentage Responses (%)	14	86	0	0	0	100

This question sought to find out the availability of a representative committee to implement the product pricing policy at Mass Beverages.

The researcher found that 3/21 (14%) strongly agreed; 18/21 (86%) agreed; 0/21 (0%) uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

Typically 21/21 (100%) agreed on which 0/21 (0%) disagreed.

It can be concluded that a representative committee to implement the product pricing policy is available at Mass Beverages.

(ii) Presence of a senior supervisor to assist in the implementation of product pricing policy.

Table 4.4.2 Responses on the presence of a senior supervisor

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	3	18	0	0	0	21
Percentage Responses (%)	14	86	0	0	0	100

This question sought to find out the existence of a senior supervisor to assist the representative committee in the implementation of the product pricing policy.

Findings shows that 3/21 (14%) strongly agreed; 18/21 (86%) agreed; 0/21 (0%) uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

Typically 21/21 (100%) agreed on which 0/21 (0%) disagreed.

It can be concluded that a senior supervisor to assist the representative committee in the implementation of the product pricing policy is in existence.

(iii) Mass beverages ltd retrain its personnel for new developments in the product pricing policy

Table 4.4.3: Responses on personnel retrain for the new developments in the product pricing policy.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	0	4	3	12	2	21
Percentage Responses (%)	0	19	14	58	9	100

This question sought to find out whether Mass beverages ltd retrain its personnel for new developments in the product pricing policy.

The findings indicate that 0/21 (0%) strongly agreed; 4/21 (19%) agreed; 3/21 (14%) were uncertain; 12/21 (58%) disagreed and 2/21 (9%) strongly disagreed.

Generally 17/21 (81%) disagreed whilst 4/21 (19%) agreed.

It can be concluded that Mass beverages ltd does not retrain its personnel for new developments in the product pricing policy.

(iv) Availability of financial resources to help the Committee implement the product pricing policy.

Table 4.4.4 Availability of financial resources to aid in policy implementation

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	4	9	3	5	0	21
Percentage Responses (%)	19	43	14	24	0	100

This question sought to find out whether financial resources to aid in policy implementation are available at Mass beverages.

Findings indicate that 4/21 (19%) strongly agreed; 9/21 (43%) agreed; 3/21 (14%) uncertain; 5/21 (24%) disagreed and 0/21 (0%) strongly disagreed.

Resultantly 13/21 (62%) agreed though 8/21 (38%) disagreed.

It can be concluded that financial resources to aid in policy implementation are available at Mass beverages.

(v) All employees undergo product pricing re-induction after a certain period.

Table 4.4.5 Responses on personnel re-induction on product pricing.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	0	1	7	13	0	21
Percentage Responses (%)	0	5	33	62	0	100

This question sought to find out whether all employees undergo product pricing re-induction after a certain period.

The findings indicate that 0/21 (0%) strongly agreed; 1/21 (5%) agreed; 7/21 (33%) were uncertain; 13/21 (62%) disagreed and 0/21 (0%) strongly disagreed.

Generally 20/21 (95%) disagreed whilst 1/21 (5%) agreed.

It can be concluded that all employees undergo product pricing re-induction after a certain period.

(vi) Presence of First Aid team on standby for any safety and health emergencies.

Table 4.4.6 Responses on the presence of a First Aid team

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	7	14	0	0	0	21
Percentage Responses (%)	33	67	0	0	0	100

This question sought to find out whether a First Aid team is on standby for any health and safety emergencies.

Findings shows that 7/21 (33%) strongly agreed; 14/21 (67%) agreed; 0/21 (0%) uncertain; 0/21 (0%); disagreed and 0/21 (0%) strongly disagreed.

Totally 21/21 (100%) agreed whilst 0/21 (0%) disagreed.

It can be concluded that a First Aid team is on standby for any health and safety emergencies at Mass beverage.

(vii) First Aid team is very active and alert on attending to emergencies within Mass beverages ltd.

Table 4.4.6 Responses on First Aid team efficient awareness on attending to emergencies within Mass beverages ltd.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	11	10	0	0	0	21
Percentage Responses (%)	52	48	0	0	0	100

This question sought to find out whether a First Aid team is very active and attending to emergencies.

Findings shows that 11/21 (52%) strongly agreed; 10/21 (48%) agreed; 0/21 (0%) uncertain; 0/21 (0%); disagreed and 0/21 (0%) strongly disagreed.

Tout ensemble 21/21 (100%) agreed whilst 0/21 (0%) disagreed.

It can be concluded that a First Aid team is very active and attending to emergencies at Mass beverage.

4.5 Controls over product pricing policy implementation

(i) Presence of controls on product pricing policy implementation at Mass beverages Ltd.

Table 4.5.1 Responses on the existence of controls on product pricing policy implementation

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	3	15	3	0	0	21
Percentage Responses (%)	14	72	14	0	0	100

This question sought to find out whether controls on product pricing policy implementation are present at Mass beverages.

The researcher found that 3/21 (14%) strongly agreed; 15/21 (72%) agreed; 3/21 (14%) uncertain; 0/21 (0%); disagreed and 0/21 (0%) strongly disagreed.

On the whole 18/21 (86%) agreed on which 3/21 (14%) disagreed.

It can be concluded that controls on product pricing policy implementation are present at Mass beverages.

(ii) Controls over product pricing policy are clearly defined

Table 4.5.2: Responses on controls over product pricing policy are clearly defined

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	3	13	5	0	0	21
Percentage Responses (%)	14	62	24	0	0	100

This question sought to find out whether product pricing policy is clearly defined at Mass beverages.

From the study findings, the researcher found that 3/21 (14%) strongly agreed; 13/21 (62%) agreed; 5/21 (24%) were uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

All in all 16/21 (76%) agreed whilst 5/21 (24%) disagreed.

It can be concluded that product pricing policy are clearly defined at Mass beverages.

(iii) Authorization of product pricing programs by responsible personnel before they are implemented.

Table 4.5.3: Responses on the authorization of product pricing programs

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	3	15	3	0	0	21
Percentage Responses (%)	14	72	14	0	0	100

This question sought to find out whether authorization of the product pricing programs by responsible personnel is done before they are implemented.

From the study findings, the researcher found that 3/21 (14%) strongly agreed; 15/21 (72%) agreed; 3/21 (14%) were uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

All in all 18/21 (86%) agreed whilst 3/21 (14%) disagreed.

It can be concluded that authorization of the product pricing programs by responsible personnel is done before they are implemented.

(iv) Physical controls are in place for everyone entering dangerous zones

Table 4.5.4: Responses on physical controls are in place for everyone entering dangerous zones

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	11	10	0	0	0	21
Percentage Responses (%)	52	48	0	0	0	100

This question sought to find out whether physical controls are in place for everyone entering dangerous zones.

From the research findings, 11/21 (52%) strongly agreed; 10/21 (48%) agreed; 0/21 (0%) were uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

All in all 21/21 (100%) agreed whilst 0/21 (0%) disagreed.

It can be concluded that physical controls are in place for everyone entering dangerous zones.

(v) Cost reports are prepared and regularly reviewed.

Table 4.5.5: Responses on the preparation and regular review of cost reports.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	1	13	7	0	0	21
Percentage Responses (%)	5	62	33	0	0	100

This question sought to find out whether cost reports are prepared and reviewed regularly of product pricing.

From the results, 1/21 (5%) strongly agree; 13/21 (62%) agree; 7/21 (33%) uncertain; 0/21 (0%) disagree and 0/21 (0%) strongly disagree.

Altogether 14/21 (67%) agreed whilst 7/21 (33%) disagreed.

It can be concluded that cost reports are prepared and reviewed regularly of product pricing.

(vi) Authorization limits on product pricing expenditure

Table 4.5.6: Responses on the limits of authorization on product pricing expenditure

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	3	9	3	6	0	21
Percentage Responses (%)	14	43	14	29	0	100

This question sought to find out whether there are different levels of authorization limits on certain levels of product pricing expenditure.

Findings shows that 3/21 (14%) strongly agreed; 9/21 (43%) agreed; 3/21 (14%) uncertain; 6/21 (29%) disagreed and 0/21 (0%) strongly disagreed.

Entirely 12/21 (57%) agreed when 9/21 (43%) disagreed.

Finding from interviews shows that there are different levels of authorization limits on certain levels of product pricing expenditure. The product pricing expenditures are authorized by financial director and manufacturing manager.

It can be concluded that there are different levels of authorization limits on certain levels of product pricing expenditure.

(vii) Forecast product pricing expenditure budgets are prepared in the prior period.

Table 4.5.7 Responses on forecast product pricing expenditure budget preparation in the prior period

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	0	9	5	7	0	21
Percentage Responses (%)	0	43	24	33	0	100

This question wanted to find out whether product pricing expenditure budgets are prepared in the prior year at Mass beverages.

The researcher found that 0/21 (0%) strongly agreed; 9/21 (43%) agreed; 5/21 (24%) uncertain; 7/21 (33%) disagreed and 0/21 (0%) strongly disagreed.

All in all 9/21 (43%) agreed save for 12/21 (57%) who disagreed.

Results from interviews held shows that product pricing expenditure budgets are not prepared in the prior year at Mass beverages but they are prepared in the year the budget is intended to be used for example product pricing expenditure budget for 2013 is prepared in 2013 .

It can be concluded that product pricing expenditure budgets are not prepared in the prior year at Mass beverages.

4.6 Evaluation of controls over product pricing policy implementation

Table 4.6.1: Response rate on controls over product pricing policy implementation

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
An independent committee evaluates controls over the implementation of the policy	3	14	4	0	0	21
Evaluation of the policy is done regularly.	10	7	4	0	0	21
Comparison of budgeted and actual product pricing cost budgets for variance analysis.	1	10	7	3	0	21
Financial records, interviews and observations are used for product pricing policy evaluation.	4	10	7	0	0	21

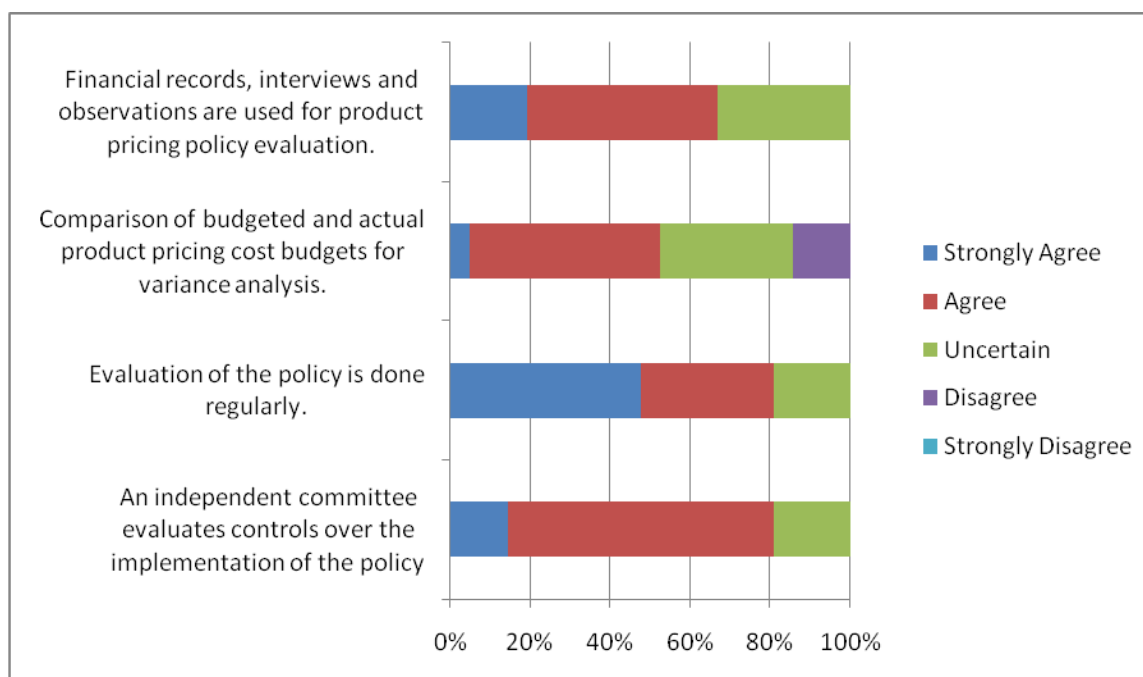


Fig 4.6.1: Response rate on controls over product pricing policy implementation

(i) An independent committee evaluates the controls over the implementation of the product pricing policy

This question sought to find out whether an independent committee evaluates the controls on product pricing policy implementation.

Findings shows that 3/21 (14%) strongly agreed; 14/21 (67%) agreed; 4/21 (19%) uncertain; 0/21 (0%); disagreed and 0/21 (0%) strongly disagreed.

In total 17/21 (81%) agreed on which 4/21 (19%) disagreed.

Conclusively an independent committee evaluates the controls on product pricing policy implementation.

(ii) Evaluation of the product pricing policy for cost effectiveness before implementation

This question sought to find out whether product pricing programs is evaluated for cost-effectiveness prior to implementation.

Findings shows that 10/21 (48%) strongly agreed; 7/21 (33%) agreed; 4/21 (19%) uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

Overally 17/21 (81%) agreed whilst 4/21 (19%) disagreed.

It can be concluded that product pricing programs is evaluated for cost-effectiveness prior to implementation.

(iii) Comparison of budgeted and actual product pricing cost budgets for variance analysis.

This question sought to find out whether product pricing expenditure budgets are compared for variance analysis.

Findings shows that 1/21 (5%) strongly agreed; 10/21 (48%) agreed; 7/21 (33%) uncertain; 3/21 (14%) disagreed and 0/21 (0%) disagreed.

Altogether 11/21 (52%) agreed whilst 10/21 (47%) disagreed.

Conclusively product pricing expenditure budgets are compared for variance analysis.

(iv) Financial records, interviews and observations are used for product pricing policy evaluation.

This question sought to find out whether or not financial records, interviews and observations are used for product pricing policy evaluation.

The researcher found that 4/21 (19%) strongly agreed; 10/21 (48%) agreed; 7/21 (33%) uncertain; 0/21 (0%) disagreed and 0/21 strongly disagreed.

On the whole 14/21 (67%) agreed whilst 7/21 (33%) disagreed.

It can be concluded that financial records, interviews and observations are used for product pricing policy evaluation.

4.7 Challenges encountered on product pricing policy implementation

(i) Resistance from employees

Table 4.7.1 Responses on the resistance of employees

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	0	4	3	9	5	21
Percentage Responses (%)	0	19	14	43	24	100

This question sought to find out whether or not there resistance from employees when product pricing policies are being implemented.

Findings shows that 0/21 (0%) strongly agreed; 4/21 (19%) agreed; 3/21 (14%) uncertain; 9/21 (43%); disagreed and 5/21 (24%) strongly disagreed.

On aggregation 4/21 (19%) agreed whilst 17/21 (81%); disagreed

Conclusively there is no resistance from employees when product pricing policies are being implemented.

(ii) Lack of resources for program implementation

Table 4.7.2: Responses on the unavailability of resources for program implementation.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	4	13	4	0	0	21
Percentage Responses (%)	19	62	19	0	0	100

This question sought to find out whether Mass beverages is facing problems of unavailability of resources for product pricing policy implementation.

Findings shows that 4/21 (19%) strongly agreed; 13/21 (62%) agreed; 4/21 (19%) uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

All in all 17/21 (81%) agreed whilst 4/21 (19%) disagreed.

It can be concluded that Mass beverages is facing problems of unavailability of resources for product pricing policy implementation.

(iii) Poor managerial commitment to product pricing programs

Table 4.7.3 Responses on management commitment to product pricing programs.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	0	3	4	12	2	21
Percentage Responses (%)	0	14	19	58	9	100

This question sought to find out whether management is committed to product pricing program implementation at Mass beverages.

The researcher found that 0/21 (0%) strongly agreed; 3/21 (14%) agreed; 4/21 (19%) uncertain; 12/21 (58%) disagreed and 2/21 (9%) strongly disagreed.

Summing up 3/21 (14%) agreed whilst 17/21 (81%) disagreed.

It can be concluded that management is committed to product pricing program implementation at Mass beverages.

(iv) Lack of qualified personnel

Table 4.7.4 Responses on lack of qualified personnel

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	1	2	2	13	3	21
Percentage Responses (%)	5	9	9	63	14	100

This question sought to find out whether Mass beverages is facing challenges on qualified personnel.

Findings shows that 1/21 (5%) strongly agreed; 2/21 (9%) agreed; 2/21 (9%) uncertain; 13/21 (63%) disagreed and 3/21 (14%) strongly disagreed.

Altogether 3/21 (14%) agreed on which 19/21 (86%) disagreed.

It can be concluded that Mass beverages is not facing challenges on qualified personnel.

(v) Poor information network dissemination

Table 4.7.5 Responses on poor information network dissemination.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	1	13	1	6	0	21
Percentage Responses (%)	5	62	5	29	0	100

This question sought to find out whether Mass beverage is facing poor information network dissemination problems.

Findings on information network dissemination are 6/21 (50%) strongly agreed; 5/21 (42%) agreed; 0/21 (0%) uncertain; 1/21 (8%) disagreed and 0/21 (0%) disagreed.

Altogether 14/21 (67%) agreed whilst 7/21 (33%) disagreed.

It can be concluded that Mass beverage is facing poor information network dissemination problems.

(vi) Legal requirements

Table 4.7.6 Responses on legal requirements

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	4	15	0	2	0	21
Percentage Responses (%)	19	72	0	9	0	100

This question sought to find out whether Mass beverages is facing legal requirements problems.

Findings shows that 4/21 (19%) strongly agreed; 15/21 (72%) agreed; 0/12 (0%) uncertain; 2/21 (9%) disagreed and 0/21 (0%) strongly disagreed.

On aggregation 19/21 (90%) agreed on which 2/21 (9%) disagreed.

It can be concluded that there Mass beverages is facing legal requirements problems.

4.8 Reviews of controls on product pricing policy implementation

Table 4.8.1: Feedback on review of controls on product pricing policy implementation

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
(i)Controls are reviewed regularly	19%	76%	5%	0%	0%	100%
(ii)Degree of compliance is reviewed	19%	48%	33%	0%	0%	100%
(iii)Feedback is given to subordinates	9%	62%	5%	24%	0%	100%
(iv)Immediate communication of areas where attention is needed urgently	24%	67%	9%	0%	0%	100%
(v) Employees are allowed to participate in suggesting possible actions and solutions.	19%	53%	14%	14%	0%	100%
(vi) Reviews on safety are done at group, departmental and individual level.	19%	67%	5%	9%	0%	100%

(vii) Departmental performance review results are displayed on notice boards, emails.	53%	33%	14%	0%	0%	100%
---	-----	-----	-----	----	----	-------------

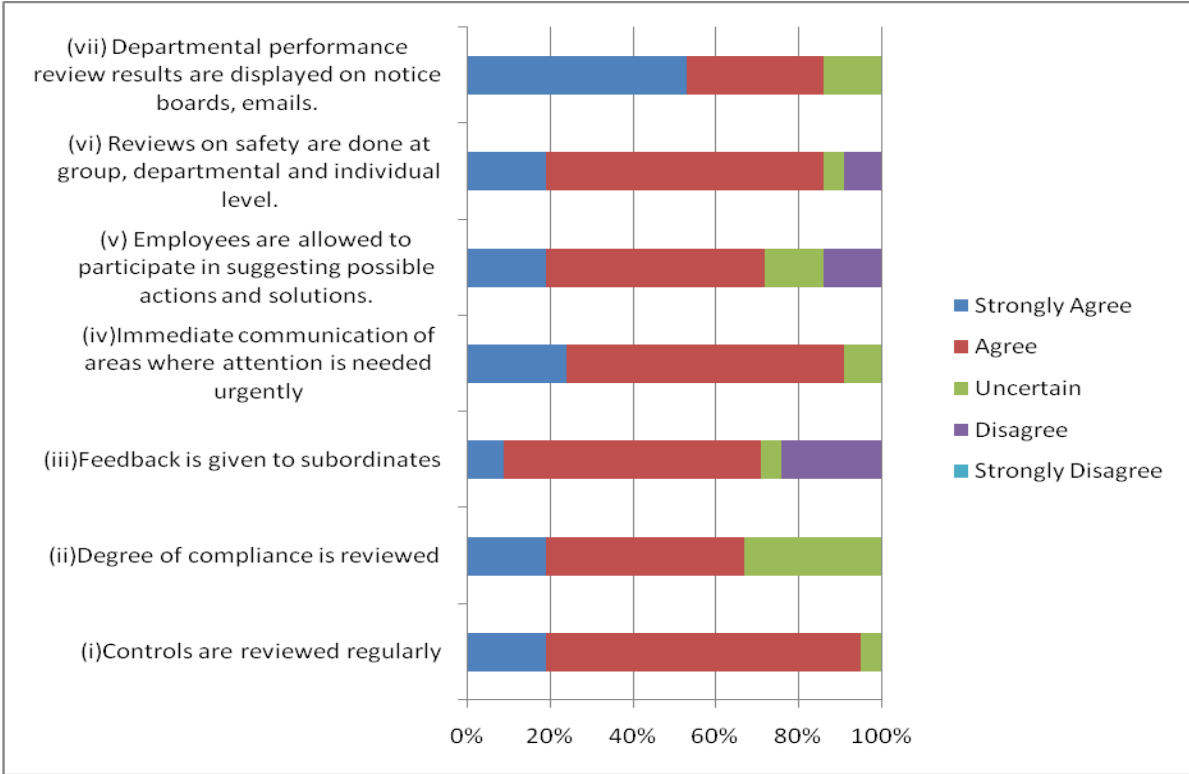


Fig 4.8.1 Feedback on review of controls on product pricing policy implementation

(i) Reviews on policy controls being done regularly

This question sought to find out whether product pricing policy at Mass beverage are regular review.

Findings shows that 4/21 (19%) strongly agreed; 16/21 (76%) agreed; 1/21 (5%) uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

In total 21/21 (100%) agreed whilst 0/21 (0%) disagreed.

It can be concluded that product pricing policy at Mass beverage are regular review.

(ii) Degree of compliance is reviewed

This question sought to find out if degree of compliance is also reviewed at Mass beverage.

Findings shows that 4/21 (19%) strongly agreed; 10/21 (48%) agreed; 7/21 (33%) uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

In total 14/21 (67%) agreed whilst 7/21 (33%) disagreed.

It can be concluded that degree of compliance is also reviewed at Mass beverage.

(iii) Feedback given to employees

This question wanted to find out if feedback is given to employees when control review is completed.

The researcher found that 2/21 (9%) strongly agreed; 13/21 (62%) agreed; 1/21 (5%) uncertain; 5/21 (24%) disagreed and 0/21 (0%) strongly disagreed.

Summing up 15/21 (71%) agreed whilst 6/21 (29%) disagreed.

It can be concluded that feedback is given to employees when control review is completed.

(iv) Immediate communication of areas where attention is needed urgently.

This question sought to find out whether immediate communication is done on areas where attention is needed urgently.

Findings shows that 5/21 (24%) strongly agreed; 14/21 (67%) agreed; 2/21 (9%) uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

In total 19/21 (91%) agreed whilst 2/21 (9%) disagreed.

It can be concluded that immediate communication of areas where attention is needed urgently.

(v) Employees are allowed to participate in suggesting possible actions and solutions.

This question wanted to find out whether employees are allowed to participate in suggesting possible actions and solutions.

Findings shows that 4/21 (19%) strongly agreed; 11/21 (53%) agreed; 3/21 (14%) uncertain; 3/21 (14%) disagreed and 0/21 (0%) strongly disagreed.

In total 15/21 (71%) agreed whilst 6/21 (29%) disagreed.

It can be concluded that employees are allowed to participate in suggesting possible actions and solutions.

(vi) Reviews on safety are done at group, departmental and individual level.

This question sought to find out whether reviews on safety are done at group, departmental and individual level.

Findings reflects that 4/21 (19%) strongly agreed; 14/21 (67%) agreed; 1/21 (5%) uncertain; 2/21 (9%) disagreed and 0/21 (0%) strongly disagreed.

In total 18/21 (86%) agreed whilst 3/21 (14%) disagreed.

It can be concluded that that reviews on safety are done at group, departmental and individual level.

(vii) Departmental performance review results are displayed on notice boards, emails.

This question seeks to find out whether departmental performance review results are displayed on notice boards, emails.

Findings shows that 11/21 (53%) strongly agreed; 7/21 (33%) agreed; 3/21 (14%) uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

In total 18/21 (86%) agreed whilst 3/21 (14%) disagreed.

Hence it can be concluded that departmental performance review results are displayed on notice boards, emails.

4.9 Best practice product pricing policies.

(i) Product pricing policy at Mass beverage takes into account the cost of production.

Table 4.9.1: Response rate on product pricing policy at Mass beverage takes into account the cost of production.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	3	9	1	8	0	21
Percentage Responses (%)	14	43	5	38	0	100

This question sought to find out whether Mass beverage takes into account the cost of production.

Findings shows that 3/21 (14%) strongly agreed; 9/21 (43%) agreed; 1/21 (5%) uncertain; 8/21 (38%); disagreed and 0/21 (0%) strongly disagreed.

In total 12/21 (57%) agreed on which 9/21 (43%) disagreed.

Findings from the interviews show that Mass beverages takes into account the cost of production only on products which are not provided by competitors. The price charged on Mass beverages products does not cover the cost of production which is the main cause of loss of profitability.

It can be concluded that Mass beverage takes into account the cost of production.

(ii) Product pricing policy at Mass beverage refers to prices charged by its competitors.

Table 4.9.2 Response rate on Product pricing policy at Mass beverage refers to prices charged by its competitors.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	8	12	1	0	0	21
Percentage Responses (%)	38	57	5	0	0	100

This question sought to find out whether Mass beverage refers to prices charged by its competitors.

Findings shows that 8/21 (38%) strongly agreed; 12/21 (57%) agreed; 1/21 (5%) uncertain; 0/21 (0%) disagreed and 0/21 (0%) strongly disagreed.

Overallly 20/21 (95%) agreed whilst 1/21 (5%) disagreed.

Findings from the interviews show that Mass beverages refers to prices charged by its competitors mostly price charged by Schweppes. These prices are insufficient to cover the cost of production this contributes to Mass beverage incurring losses.

It can be concluded that Mass beverage refers to prices charged by its competitors.

(iii) Product pricing policy at Mass beverage considers target costing.

Table 4.9.3: Responses on product pricing policy at Mass beverage considers target costing.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	0	0	2	7	12	21
Percentage Responses (%)	0	0	9	33	58	100

This question sought to find out whether or not product pricing policy at Mass beverage does not consider target costing.

Findings shows that 0/21 (0%) strongly agreed; 0/21 (0%) agreed; 2/21 (9%) uncertain; 7/21 (33%) disagreed and 12/21 (58%) disagreed.

Altogether 0/21 (0%) agreed whilst 21/21 (100%) disagreed.

It can be concluded that product pricing policy at Mass beverage does not consider target costing.

(iv) Product pricing policy at Mass beverage considers kaizen costing.

Table 4.9.4: Responses on product pricing policy at Mass beverage considers kaizen costing.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	0	0	1	5	15	21
Percentage Responses (%)	0	0	5	24	71	100

This question sought to find out if product pricing policy at Mass beverage does not consider kaizen costing.

The researcher found that 0/21 (0%) strongly agreed; 0/21 (0%) agreed; 1/21 (5%) uncertain; 5/21 (24%) disagreed and 15/21 (71%) strongly disagreed.

In total 0/21 (0%) agreed whilst 21/21 (100%) disagreed.

It can be concluded that product pricing policy at Mass beverage does not consider kaizen costing.

(v) Independent seminars and training for non-educated personnel are held by the company

Table 4.6.4: Responses on independent seminars and training for non-educated personnel are held by the company

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	0	1	5	4	11	21
Percentage Responses (%)	0	5	24	19	52	100

This question sought to find out whether or not independent seminars and training for non-educated personnel are held by the company

The researcher found that 0/21 (0%) strongly agreed; 1/21 (5%) agreed; 5/21 (24%) uncertain; 4/21 (19%) disagreed and 11/21 (52%) strongly disagreed.

In total 1/21 (5%) agreed whilst 20/21 (95%) disagreed.

It can be concluded that no independent seminars and training for non-educated personnel are held by the company.

Summary

This chapter was on response rate and response to the research objective in chapter one that is existence of product pricing policy at Mass beverage, product pricing policy implementation guidelines at Mass beverage ltd, availability and adequacy of personnel to implement product pricing policy, controls over product pricing policy implementation, challenges encountered on product pricing policy implementation, reviews of controls on product pricing policy implementation and best practice product pricing policies. The next chapter looks into will summarize the study, conclude and make recommendations

CHAPTER FIVE

FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The chapter covers the summaries from chapter one to chapter four, major findings, conclusion and recommendations based on the research findings.

5.1 Chapter Summaries

The research intended to evaluation of product pricing at Mass beverages ltd.

Chapter one emphasized much on the background of the study and the problems to be solved was addressed. The objectives of the study, main research question, sub research question and assumptions of the study were also highlighted, Definition of key terms, delimitation of the study was signified and limitations were also pointed out.

Chapter two was profound by the need to give a comprehensive evaluation of product pricing. In order to obtain relevant information, various literature sources were reviewed. Information pertaining to the product pricing policy and its determinants, pricing implementation guidelines, personnel adequacy in implementation of the pricing policies, product pricing challenges, controls over pricing policy implementation and the best practice in product pricing was also looked at.

Chapter three summarized how the study was conducted. The researcher concentrated on the research methods employed for data collection and analysis. In an effort to implore this information, the research distributed questionnaires, steered interviews and also gathered some relevant secondary data.

Chapter four presented the findings from chapter three for detailed analysis. The questionnaires and interviews were all successful. Information was also presented using secondary data. Data was presented in the form of tables, graphs and pie charts and descriptive summaries. This made the information in this chapter valid and valuable.

5.2 Major findings

- The research findings acknowledged that product pricing policy is in existence at Mass beverages and it is formally documented. The product pricing policy at Mass beverage is communicated to management, other employees and new personnel. However no clarification of the product pricing policy is given to employees for better understanding.
- The research revealed that product pricing policy implementation guidelines are in place at Mass beverages, formally documented and employees are trained for compliance with the guidelines. Nevertheless the product pricing policy implementation guidelines are not compliance with and are not comprehensive.
- The study established that there is a representative committee to implement the product pricing policy at Mass Beverages. There is also a senior supervisor to assist the representative committee in the implementation of the product pricing policy. However Mass beverages ltd does not retrains its personnel for new developments in the product pricing policy despite the fact that financial resources to aid in policy implementation are available. The findings also show that there is First Aid team on standby, very active and attending for any health and safety emergencies at Mass beverage.
- The study proves that there is no resistance from employees when product pricing policies are being implemented. Management is committed and all personnel are qualified for product pricing program implementation at Mass beverages. Mass beverages is facing problems of unavailability of resources for product pricing policy implementation. Mass beverage is facing poor information network dissemination and legal requirements problems.
- The research findings prove that controls on product pricing policy implementation are present and clearly defined at Mass beverages. Authorization of the product pricing programs by responsible personnel is done before they are implemented. Physical controls are in place for everyone entering dangerous zones. Cost reports are prepared and reviewed regularly of product pricing and there are different levels of authorization limits on certain levels of product pricing expenditure. However product pricing expenditure budgets are not prepared in the prior year at Mass beverages but they are prepared in the year the budget is intended to be used for example product pricing expenditure budget for 2013 is prepared in 2013.

- Mass beverages takes into account the cost of production only on products which are not provided by competitors. The price charged on Mass beverages products does not cover the cost of production which is the main cause of loss of profitability. The company refers to prices charged by its competitors mostly price charged by Schweppes. These prices are insufficient to cover the cost of production this contributes to Mass beverage incurring losses. Mass beverage does not consider target costing and kaizen costing.

5.3 Conclusion

The research was accomplished as it is confirmed by the study findings. The responses from Mass beverages management and employees evidently exposed that the product pricing policy charges prices which are insufficient to cover the cost of production which is leading to reduction of profitability. There is need for adjustments on the product pricing policy taking into account the cost of production thus considering best practices by other companies such as target costing and kaizen costing.

5.4 Recommendations

Based on the findings the researcher recommends that

- Clarification of the product pricing policy should be given to employees for better understanding. Mass beverages can use seminars, newsletters or workshops to educate and train its management, other employees and new personnel on product pricing policies and its determinants.
- To improve compliance with product pricing policy implementation guidelines management should implement internal checks and controls for example segregation of duties. Mass beverages should also retrain its personnel for new developments in the product pricing policy. Financial resources should be allocated to departments to aid in policy implementation.

- Product pricing expenditure budgets should be prepared in the prior year at Mass beverages. These budgets can be adjusted for any variances in the current year.
- Mass beverages should make use of departmental meetings, business memorandums, newsletters and emails for effective information network dissemination. It can use independent seminars and training for non-educated personnel.
- Mass beverages should train its management on the legal requirements so that they can comply with the legal regulations on product pricing.
- Mass beverages should take into account the cost of production so as to increase the company profitability. These prices will be sufficient to cover the cost of production and a profit mark up is added there is guarantee for incurring profit. Mass beverages should also train its management on best product pricing policies which are used by other countries such as target costing and kaizen costing.

5.5 Suggested areas for further study

The researcher recommended that further study be conducted on the factors that affect that affect profitability other than product pricing at Mass beverages.

Conclusion

The chapter summarized the research study from chapter one to chapter four and major findings. The chapter also presented conclusion, recommendations based on the research findings and suggested areas for further study.

REFERENCES

1. ACCA (2009) Management Accounting. London: Kaplan financial ltd.
2. Baker, J. and Saren, M. (2010) Marketing theory. London: Sage Publication.
3. Baker, W, Marn, Zawada, C. (2010) The price advantage. New Jersey: Mckinsey and company.
4. Beardshaw, J. et al (2001) Economics A Student Guide. 5th Ed. New Jersey: Pearson Education.
5. Borg, F. and Gall, G. V. (2005) The Design of Management Systems.2004, New Jersey: Pearson Education USA.
6. Bryman, A and Bell, E. (2003) Business Research Methods. UK: Oxford University Press.
7. Cascio, W. F (2010) Managing human resources. 8th Ed. New York: McGraw-Hill.
8. Clough, P. and Nutbrown, C. (2007) A student guide to Methodology. 2nd Ed. New Delhi: Sage publication
9. Cooper, D. R. and Schindler, P. S. (2004) Business Research Methods. 8th Ed, New Dehli: Tata
10. Drury, C. (2005) Management and Cost Accounting. New York: Thomson Learning.
11. Flick et al (2008) Research Methodology. New York: McGraw-Hill.
12. Govender, C. and Holland, A. (2013) Product pricing survey report. Cape Town: Oxford University Press.
13. Grewal, D and Levy, M. (2011) Introduction to Marketing. 2nd Ed. New York: McGraw-Hill.
14. Kumar, A. (2005) Social Research and Methodology. 2nd Ed. New Delhi: Sage publication
15. Kuratko, F. (2009) Introduction to Entrepreneurship. New York: Cengage learning.
16. Lambin, J. and Schuiling, I. (2012) Market driven management. 3rd Ed. London: Palgrave macmillan.
17. Lucey, T. (2007) Managerial Accounting. 7th Ed. New York: McGraw-Hill.
18. Mariotti, S. and Glackin, C. (2013) Entrepreneurship. New Jersey: Pearson Education.
19. McDaniel, C. et al (2008) Introduction to Marketing. 11nd Ed. New York: Thomas Higher Education.

20. McEachern, W. (2009) Economics Principles. New York: South Wersten Cengage learning
21. McGaw-Hill Publishing Company
22. Messier, F. W. (1997) Auditing A Systematic Approach. New York: McGraw-Hill.
23. Millichamp, A. and Taylor, J. (2012) Auditing special edition. 10th Ed. London: Cengage learning.
24. Oxford University Press (2011) Public Economics. Cape Town: Oxford University Press.
25. Pepall, L. et al (2008) Industrial organization. London: Blackwell publishing
26. Puttick, G. and Esch, S. (2007) The principles and practice of Auditing. 9th Ed. Cape Town: Juta company.
27. Saunders et al (2003) Research Methods for Business Students. London: Pitman.
28. Sukla, A. (2008) Essentials of Social Research. New Jersey: Custom publication.
29. Wegner, S. (2004) Introduction to Statistics. London: Cengage learning.
30. Zimmerer, T and Scarborough, M. (2011) Essentials of entrepreneurship and small business management. 5th Ed. New Delhi: Pearson education.

31. <http://www.economicshelp.org> accessed on 20/08/14 at 14:00hrs
32. <http://www.docs.oracle.com> accessed on 19/08/14 at 21:45hrs
33. <http://www.economics.fundamentalfinance.com> accessed on 20/08/14 at 14:00hrs
34. www.globalsherpa.org accessed on 28/08/14 at 10:20hrs
35. www.leanmanufacturingconcepts.com accessed on 27/08/14 at 20:14
36. www.npd-solutions.com target accessed on 27/08/14 at 20:00

APPENDIX 1
Cover letter

MIDLANDS STATE UNIVERSITY
P BAG 9055
GWERU

11 September 2014

Mass Beverages ltd
Number 1 Takawira Street
Harare

Dear Sir / Madam

RE: APPLICATION FOR PERMISSION TO CONDUCT AN ACADEMIC RESEARCH

My name is Blessing Mangezi, final year student at Midlands State University. I seek your permission to conduct an academic research on the following topic “An investigation on the product pricing policy case of Mass beverage ltd.”

The research is carried out in partial fulfillment of Bachelor of Commerce Accounting Honours Degree.

The information that will be obtained will be used for academic purposes only. For confirmation on the use of the information you may contact Mr Mazhindu on 0772251404.

Your cooperation is greatly appreciated

Yours faithfully

Blessing Mangezi

R111064J

0736502462

APPENDIX 2

Interview guide

Midlands State
University
Established 2000



An evaluation of product pricing, a case study of Mass beverages ltd.

Interview guide: Questions to Mass beverage management and employees.

1. What is the product pricing policy and its determinants at Mass beverages ltd?
2. What pricing implementation guidelines are in place?
3. Is personnel adequate to implement the policy?
4. What product pricing challenges are prevalent?
5. What controls are in place over pricing policy implementation?
6. What would be the best practice in product pricing?

End of questions

Blessing Mangezi

R111064J

0736502642

APPENDIX 3
Questionnaire for Management and employees

Midlands State
University
Established 2000



An evaluation of product pricing, a case study of Mass beverages ltd.

Instructions

1. Do not write your name on the questionnaire.
2. Show response by ticking the respective answer box and fill in the relevant spaces provided.

Questions

Personal Questions

1. Gender: Male Female

2. Position held

Management Supervisor Accountant Clerk Auditor

Others (specify).....

3. Department

Finance Manufacturing Selling Auditing

Others (specify).....

4. You have been in the department for:

Less than 1yr 1-5years 6-10years More than 10years

Others (specify).....

5. Your experience in the current position

Less than 1yr 1-5years 6-10years More than 10years

Others (specify)

6. Your highest academic qualification

‘A’ Level Diploma Degree Masters Doctorate

Others (specify).....

.....

7. The following is in regard to Mass beverage pricing policy.

	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
(i)Mass beverage has a product pricing policy.					
(ii)The policy is formally documented.					
(iii)The product pricing policy is communicated to management.					
(iii)The product pricing policy is communicated to other employees.					
(iv)The product pricing policy is communicated to new personnel.					
(v)Clarification is given to employees for better understanding on the product pricing policy.					

8. Information regarding policy implementation guidelines.

	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
(i)There is product pricing policy implementation guidelines at Mass beverage ltd.					
(ii)The policy implementation guidelines are documented.					
(i)The product pricing policy implementation guidelines are complied with.					
(ii)The product pricing policy implementation guidelines are comprehensive.					

9. The following information confirms the availability and adequacy of personnel at Mass Beverages ltd.

	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
(i)A Representative Committee is present to implement the product pricing policy.					
(ii) A Senior supervisor helps the committee in implementing the policy.					
(iii) Mass beverages ltd retrains its personnel for new developments in the product pricing policy.					
(iii) Financial resources are available to help the Committee implement the product pricing policy.					
(iv)All employees undergo product pricing re-induction after a certain period.					
(v)A First Aid team is on standby for any safety and health emergencies.					
(vi)The First Aid team is very active and alert on attending to any emergency within Mass beverages ltd.					

10. The following information with regard to existence of controls at Mass beverages ltd.

	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
(i)Product pricing policy implementation controls are in place at Mass beverages ltd.					
(ii)Controls over product pricing policy are clearly defined as well as responsibility areas.					
(v)Product pricing programs are authorized by responsible personnel before they are implemented.					
(iv)Physical controls are in place for everyone entering dangerous zones.					
(vi)Cost reports for product pricing programs are prepared and reviewed regularly by responsible personnel.					
(vii)There are different levels of authorization limits on certain levels of product pricing expenditure.					
(viii) Forecast product pricing expenditure budgets are prepared in the prior period.					

11. The following information relates to the evaluation controls of product pricing policy.

	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
(i)An independent committee evaluates controls over the implementation of the product pricing policy at Mass beverages ltd.					
(ii)Evaluation of the policy is done regularly.					
(iii)A product pricing program is evaluated for cost effectiveness before it is implemented.					
(iv)Actual product pricing expenditure budgets are compared with budgeted for variance analysis.					

(v) Financial records, interviews, observations are used for Product pricing policy evaluation.					
---	--	--	--	--	--

12. The company is facing the following challenges in product pricing program implementation.

	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
(i) Resistance from some employees.					
(ii) Lack of resources for program implementation (e.g. financial, time and					
(iii) Poor managerial commitment on product pricing programs.					
(iv) Lack of qualified personnel.					
(v) Poor information network (dissemination).					
(vi) Legal requirements.					

Any other (specify).....

13 Information relating to the reviews of controls on product pricing policy implementation at Mass beverages ltd is as follows.

	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
(i) Reviews are done regularly over controls on product pricing policy implementation.					
(ii) Degree of compliance with the product pricing standards is also reviewed.					
(iii) Feedback is given to subordinates after every policy review process is completed.					
(iv) Areas where immediate action is required are communicated immediately.					
(v) Employees are allowed to participate in suggesting possible actions and solutions.					

(vi)Reviews on safety are done at group, departmental and individual level.					
(vii)Departmental performance review results are displayed on notice boards, emails.					

14 The following information relates to best practice product pricing policies.

	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
(i)Product pricing policy at Mass beverage takes into account the cost of production.					
(ii)Product pricing policy at Mass beverage refers to prices charged by its competitors.					
(iii)Product pricing policy at Mass beverage considers target costing.					
(iv)Product pricing policy at Mass beverage considers kaizen costing.					
(v)Independent seminars and training for non-educated personnel are held by the company.					

Any other (specify).....

Thank you for your cooperation.