

**THE USAGE OF COST CONTROL MEASURES TO IMPROVE ORGANISATIONAL
PERFORMANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES IN WESTERN CAPE,
SOUTH AFRICA.**

By

RACHEAL TEMIDAYO FAPOHUNDA

(217295894)

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Master of Management Accounting

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Supervisor: Prof L. Obokoh

Co-Supervisor: Mrs C. Maduekwe Oji

Cape Town

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.....

Signed

.....

Date

DEDICATION

I completely without any reservations dedicate this thesis to God Almighty, who saw me through the hurdles of the program and made adequate provisions for my sustenance.

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I am, indeed, overwhelmed, and grateful to God Almighty for the success of this study. Words alone cannot express my profound gratitude.

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ABSTRACT

The study investigated the use of cost control measures on organisational performance in small and medium-sized manufacturing enterprises in Western Cape because a lack of control measures could negatively affect business development. Consequently, there is a need to carry out a study on the use of control measures towards improving organisational performance of small and medium-sized enterprises. This was achieved by the identifying the type of cost control in organisational performance, purposes of cost control techniques used by small and medium-sized enterprises, challenges of cost control as it affects organisational performance and cost control measures adopted by small and medium-sized manufacturing firms and establishing requirements to ensure an effective cost control system. The study collected data using a self-administered structured questionnaire with closed-ended questions designed in line with the research objectives. The sample was chosen using purposive sampling technique and data collected from small and medium-sized manufacturing enterprises. Data of the descriptive survey was analysed using Statistical Package for Social Sciences version 25. Frequency tables and pie charts were used to present the findings. The findings show that most respondents agreed to the use of various cost control measures towards improving organisational performance in small and medium-sized enterprises. Some challenges faced in implementing the various control measures were noted. The study established a requirement for effective cost control system that will enhance the performance of small and medium-sized enterprises and recommended that cost control should be in place in all the departments, especially the production department, in order to ensure that units of finished goods are properly accounted for. It also recommends that, for effective cost control to be achieved, proper data collection, analysis and administration is essential at all levels of the business.

Keywords: Cost control, organisation performance, small and medium-sized enterprises, Budget, Activity-based costing, standard costing.

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CHAPTER ONE

1.0 INTRODUCTION AND RESEARCH OBJECTIVES

1.1 BACKGROUND

A Small medium sized enterprise (SMEs) is a business that maintains revenue, assets or number of employee below a certain level. The role played by small and medium-sized enterprises around the world is becoming increasingly vital as affirmed by many authors including (Akbar, Omar, Wadood & Al-Subari 2017). SME enhances economic growth and change in evolving and developed economies of the world (Obokoh, Monday & Ojiako, 2016). In recent years, unemployment rate has increased in South Africa. The role of SMEs is vital to the advance of emerging countries, particularly in South Africa, given its circumstances (Leboea, 2017). SMEs have a significant role in combating the unemployment rate through wealth and job creation to curb unemployment rate (Fatoki, 2011) and have several characteristics depending on their purpose. They are enterprises that engage fewer than 250 and notably have become the fastest developing sector in the business community (Hillary, 2017). Despite the vital role these enterprises play in contributing to the growth and development of the economy as well as the creation of jobs, they encounter more challenges around the world generally (Nkwe, 2012). According to Chimucheka and Mandipaka (2015), a number of studies have identified challenges that affect SMEs, including lack of business knowledge, inadequate administrative skills, poor planning skills, scarcity of procedural information and inadequate marketing research skills. Thus, the lack of marketing research skills is the major issue hampering the progress of SMEs in developing countries. In addition to these shortfall in research skills, the access to physical infrastructure or poor infrastructure; limited access to finance; lack of vital suitable technology; enactment of legislation; rules then regulations impede development as well as the absence of management skills are other known challenges that affect small business development negatively (Abor & Quartey, 2010; SEDA, 2016).

In the South African scenario, SMEs contribute up to 91% of formal business and the sector provides 61% employment opportunities and enhances the gross domestic product between 52% and 57% (Muneer, Ahmad & Ali, 2017:23). Consequently, the South African government sees small and medium-sized enterprises as key drivers of job creation. In early 2014, a small business development ministry was created to assist in promoting and developing small business enterprises (SEDA, 2016:5). Mthabela (2015) states that SMEs have the ability to decrease unemployment rate of South Africa, while a survey conducted by Aigbavboa, Tshikhudo and Thwala, (2014:350) calculated that about 91% of recognised business

individuals in South Africa are SMEs, which contribute between 52% and 57% to gross domestic product and provide about 61% of employment.

With respect toward this research study, manufacturing companies are required to minimise resources available for efficient and effective production process by decreasing costs of production to the minimum. Akenbor and Agwor (2015) posit that empirical results revealed in many organisations that operating cost is excessively high which, in turn, affects profit that will be made by the organisation. In a bid to reduce costs to its simplest minimum, there is a need for efficient cost control is necessary.

Sanni and Durodola (2012) emphasise that cost control is a management tool that is important towards organisation's survival. Many SMEs are of the view that only large businesses use cost control system. Cost control system is vital towards the growth of SMEs not only in manufacturing companies, but also due to limited strength, labour, and material resources, they fail to develop effective cost management processes. Cost control is a necessary activity in relation to cost management (Dang, Hoang & Tran, 2017).

Sanni and Hashim (2013) posit that it is important to control cost in order to reduce excessive usage of resources for organisations or stakeholders to function on an active cost control in order to keep cost of the scheme or product within the budget. According to Akeem (2017), among others, profit maximisation is the focus of many business organisations to evaluate business performance, but the limitation the manufacturing sector faces is increased cost of production. Notably, Siyanbola and Mojeed (2013) states that when an organisation cost of operation increases, it leads to increment in cost of production and leads to rise in selling rate. Thus, organisations require efficient cost control to achieve maximum profit in competitive market.

Minimising production cost through relevant cost techniques is the focus of many managers as competition arises in the business environment with an unstable market system. In the manufacturing sector of SMEs, cost management is a significant administrative tool vital to the success and continuity of the sector. Vijay and Shetkar (2015) define cost control as the practice of carrying out comparison of the various costs involved in activities of a business to the initial cost to derive planned cost, hence the manufacturing sector economises resources available for efficient and effective production process by reducing costs of production to minimum. Siyanbola and Mojeed (2013:1) describe control cost "as the management and standard by executive action of the costs of operating an undertaking, particularly where such action is guided by cost accounting". Abass (2015), states that, if an organisation has the best means of reducing cost to the lowest, there will be positive outcome in terms of quality mass production, customer satisfaction, going concern, rating, corporate social responsibility and

welfare. Hence, organisation actually succeeds by minimising its cost using all techniques at its disposal. According to Abass (2015), the major function of cost control in any enterprise is to help reduce the amount of expenses incurred, minimise cost of production as well as maximise stakeholders' general interest.

According to Akeem (2017), there are several techniques various organisations use to manage cost, which include activity-based, standard costing, budgetary control, costing material control, to mention but a few. Budgeting plays a significant role in the performance of businesses (Pimpong & Laryea, 2016). Mutya (2018) believes cost control is an activity which starts with a proposed yearly cost estimate, which assists in organising and coordinating production, selling, distribution, service and managerial functions as well as taking maximum benefit of any readily available opportunity. In order to keep in line with the objectives of the organisation, the goal behind implementation of budget by many businesses is to achieve control and evaluation, planning, communication and motivation (Onduso, 2013).

1.2 PROBLEM STATEMENT

According to Deros, Rahman, Zainal, Rahman and Ismail (2013), SMEs commit errors in controlling cost through inefficient management process. The errors are a result of the absence of ideas related to the proper management of cost as well as the absence of the right technical knowhow relating to the proper monitoring of all production processes cost. By implication Jayeola, Olabisi, Sokefun and Oginni (2012:104) note that majority of manufacturing SME accumulate high costs due to the impact of harsh environment, and high production cost affects profits margin of SMEs.

Research indicates that firms often neglect cost accounting methods and use methods that are no longer relevant to the changing manufacturing environment. Although, considerable progress has been in place in implementing new cost accounting techniques (Drury, 2011).

Despite the relevance of SMEs to the South African economy, observations by SEDA (2016:5) and Olawale and Garwe (2010:731) indicate that manufacturing SMEs operate in an unstable environment as well as due to lack of management skills and experiences that bring forth minimal entrepreneurial ideas and a high degree of failure recorded by the new ventures. However, the main objective of an organisation is profit maximisation, but the notable constraint is the rise in operating cost. Because of the rise in operating cost, leads to the rise in production cost increases, thereby leading to the need for efficient cost control techniques.

The investigation in this study was to determine the usage of cost control measures on organisational performance in manufacturing SMEs. The proper usage of cost control

measures which leads to enhanced production, cost reduction and organisational performance.

1.3 RESEARCH OBJECTIVES

1.3.1 Aim of the research

The aim of the study is to establish the usage of cost control measures towards enhancement of organisational performance in manufacturing small and medium-sized enterprises sector in the Western Cape, South Africa.

1.3.2 Objectives of the study

The objectives of the study were to:

1. identify the types of cost control measures adopted by manufacturing SMEs;
2. ascertain the purpose of cost control technique used by manufacturing SMEs;
3. ascertain the challenges of cost control as it affects organisational performance;
4. determine the effectiveness of cost control measures adopted by manufacturing SMEs;
and
5. establish the requirement to ensure effective cost control system that will enhance organisational performance of manufacturing SMEs.

1.4 RESEARCH QUESTION AND SUB-QUESTIONS

1.4.1 Research question:

The research question for this study was: What is the effect of cost control on organisational performance in small and medium-sized manufacturing enterprises in the Western Cape, South Africa?

1.4.2 Research sub-questions

1. What are the types of cost control measures adopted by manufacturing SMEs?
2. What are the purposes of cost control techniques used by manufacturing SMEs?
3. What are the challenges of cost control as it affects the organisational performance of manufacturing SMEs?
4. What is the effectiveness of cost control measures adopted by manufacturing SMEs?
5. What requirements are necessary to ensure an effective cost control system to enhance the performance of manufacturing SMEs?

Table 1. 1: Relationship between research sub-questions, research objectives and research method

Research objective	Research sub-question	Research method
To identify the types of cost control measures adopted by manufacturing SMEs	What are the types of cost control measures adopted by manufacturing SMEs?	Review of relevant literature and questionnaire underpinned by descriptive analysis
To ascertain the purpose of cost control technique used by manufacturing SMEs.	What are the purpose of cost control techniques used by SMEs to aid performance?	Review of relevant literature and questionnaire underpinned by descriptive analysis
To ascertain the challenges of cost control as it affects organisational performance.	What are the challenges cost control as it affects organisational performance?	Review of relevant literature and questionnaire underpinned by descriptive analysis
To determine the effectiveness of cost control measures adopted by manufacturing SMEs.	What are the effectiveness of cost control measures adopted by manufacturing SMEs?	Review of relevant literature and questionnaire underpinned by descriptive analysis
To establish the requirement to ensure effective cost control system that will enhance organisational performance of manufacturing SMEs.	To establish the requirement to ensure effective cost control system that will enhance organisational performance of manufacturing SMEs	Review of relevant literature and questionnaire underpinned by descriptive analysis

Source: Researcher

1.5 SIGNIFICANCE OF THE STUDY

The survey aims to examine the usage of cost control measures to enhance the performance of manufacturing SMEs in Western Cape, South Africa. Significantly, it appraises the causes of financial failure of SMEs in relation to ineffective use of the cost control towards profit maximisation objectives. Cost control profit maximisation objectives. In addition, the findings of this study will fill the knowledge gap on how effective cost control techniques can benefit the output of various manufacturing SMEs in Cape Metropolis. Additionally, Western Cape government organs and manufacturing companies will see and note the knowledge linkages in manufacturing small and medium-sized manufacturing enterprises by employing effective cost techniques to maximise profit through enhanced organisational performance.

Policymaker will gain insight into how production cost and other macroeconomic variables affect effective implementation of management techniques among manufacturing SMEs and its implication aimed at profit maximisation.

The study will also enlighten SMEs manufacturing owners on the overall benefits of implementing effective management tools such as budgeting on the overall companies' performance. This study aim at how management practices can be efficiently executed on expenses for an increase in returns in terms of profitability.

Findings of the study could enlighten the South Africa Development Agency (SEDA) on the knowledge, attitudes, perception and skills needed by owners of manufacturing SMEs for effective implementation of recommended cost management strategies in other to maximise profits (financial performance). In short, it is expected that prospective owners of manufacturing SMEs, directors and other stakeholders could benefit from an actual cost control strategy that could boost the performance of manufacturing SMEs in the Western Cape. Further, results of this survey could aid a significant reference to financial consultants, professional bodies and researchers in addition to business entrepreneurs in general.

1.6 RESEARCH METHODOLOGY

This section summarises the procedures followed to meet the objectives of the study. It is categorised into research design, sample size and sampling techniques, population of the study, instrument for data collection, administration of instrument, techniques of data analysis and model information. Research methodology is by explaining an identified research problem. Research methodology is comprehended as a science of learning how research is done logically (Sekaran & Bougie, 2016; Padgett, 2016) and describes the methodology adopted in conducting the research.

1.6.1 Research method

The research method adopted is quantitative, which implies that the data collected is not qualitative. Kothari (2004:30) posits that the measurement of quantities, numbers and amounts is quantitative research. Thus, the research adopts primary and secondary systems of data collection. The collection of primary data comprised the administration of a structured questionnaire to study participants. The questionnaire for the study is structured in conformity with research objectives.

The secondary data for the research comprised readily available and accessible information obtained from research conducted by other researchers, involving a review of previous literature relevant to the study. This includes reviews of published conference papers, textbooks, published academic journals and articles. Statistical Package for Social Science (SPSS) Version 25 was used in analysing quantitative data.

1.6.2 Research design

Descriptive survey method is used for the survey since the research is quantitative based. Descriptive survey design allows data to be collected from a sample with the aim of discovering the relationship among variables (Singh, 2007; Rubin & Baddie, 2009). For this study the variable to be measures are cost control and organization performance.

1.6.3 Population of study

The target population explored for this research study is the Manufacturing industry in the Cape Metropolis, in Western Cape Province. The sample size is the manufacturing SMEs in cape metropolis, which consist of toilet paper, juice, aluminium and glass merchants, plastic pipes, soap, furniture and steel.

1.6.4 Sampling method

A non-probability sampling technique called 'purposive sampling technique' that falls under non-probabilistic sampling technique was used to explore selected manufacturing SME manufacturing enterprises in Cape Metropolis. This technique is deemed suitable for the study because the sampling involves the process of randomly selecting 100 manufacturing SMEs and the participants are purposely chosen, that is, sampling is done purposefully (Singh, 2007; Rubin & Baddie, 2009). This technique was used because it centres on a small sample and has been extensively used by other scholars (Ndwiga, 2011; Bruwer, 2010:30).

1.6.5 Data collection instrument

The data was objectively collected by means of an organised, self-administered questionnaire with closed-ended questions in conformity with the research aims to answer the research questions. This study investigated the extent to which owners/managers and accountant of SMEs manufacturing firms in the Cape Metropolis use cost control techniques.

1.6.6 Data analysis

For this study, the descriptive analysis was adopted. Analysis of data was done using Statistical Package for Social Sciences (SPSS 25). Data analysis depends on the mode data is collected. Quantitative analysis involves statistical operations to uncover and describe patterns of data as emphasised by Chambliss and Schutt, 2012:154), among other authors. Descriptive statistics, in the form of frequency tables and pie charts were used to present the findings in Chapter 4.

1.7 DELIMITATION OF THE STUDY

This study was limited to 120 manufacturing SMEs located in Cape Metropolis that employ between 6 and 250 employees. The researcher elicited the opinions of owners, managers and accountants who are decision-makers in the manufacturing SMEs.

1.8 ETHICAL CONSIDERATIONS

Complying with ethical standards and bearing in mind that human participants were involved in the study, consent was sought from the ethics committee of the Cape Peninsula University of Technology's before commencing data collection. The study complied with all relevant research ethics standards. Consent was sought from each participant. Their identities and other personal information was kept confidential and are not be divulged. Participation was voluntary in that participants were free to choose whether to participate and permitted to withdraw input at any time without obligation.

1.9 OUTLINE OF THE DISSERTATION

1.9.1 Thesis Structure

Chapter One (Introduction) provides the background to the study and outlines research problem statement, aim of the study, research objective and sub-objectives, research question and sub-questions, the significance of the study, scope and limitation of the study, definition of terms and ethical considerations for the study.

Chapter Two (Literature review) presents the review of relevant literature of past study on cost control measures and organisation performance of manufacturing SMEs. Among other issues discussed are the impact of cost control, steps involved in cost control and management instruments used for cost control measure to generate revenue; for the profitability of the business and reduce risks, to mention but few.

Chapter Three (Research methodology) focuses on the method adopted in the study towards achieving the aim and objectives and highlights the research design, population, sampling technique, instrument for data collection, administration of the instrument, technique for data analysis, model formation and validity and reliability assurance of the study.

Chapter Four (Data analysis and discussion of findings) provides the report on the data analysed and results obtained and presents a discussion on findings of the study, which are presented in graphic and tabular forms for simplicity and clarity.

Chapter Five (Conclusions and recommendations), the final chapter, is based on the analysis made and findings, the overall conclusions drawn and final recommendations made with reference to the aim of the research.

1.10 SUMMARY

This chapter serves as the introduction to the study. The background, problem statement, research aim, objectives, research questions, methodology, literature review, scope of the study and its significance are discussed. Following sections intricate on the literature review, which involves theoretical framework and empirical method, analysis, analysis of results, recommendations and conclusions derived from research sequentially.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

This section will define some key concepts, which relate to the study and present the view of some significant authors' previous study that relates to this research study, subject areas then utilization of cost control methods in improving organisation performance of various SMEs in Western Cape, South Africa.

This section will be structured thus: section 2.2 will give an overview of small and medium-size enterprises, section 2.3 focuses on SMEs in manufacturing Industry, while section 2.4 talks about the concept and types of cost. Section 2.5 defines two key concepts: cost control and organisational performance. Section 2.6 explains the purpose of using cost management practices in SMEs highlight previous studies, while section 2.7 explains cost control measures adopted by firms and section 2.8 explains the requirement, which helps to ensure an effective cost management system.

2.2 OVERVIEW OF SMALL AND MEDIUM-SIZED ENTERPRISES

To Ahmad (2017); Mhemed and Wahab (2016), the significance of manufacturing SMEs has attracted a lot of international attention because of their major contribution to both developed and developing countries. According to Uwonda and Okello (2015:1), in India, SMEs form over 90% of total enterprises generating the highest employment growth rate, while in Africa SMEs are effective in addition create jobs in the economy. However, a universal definition of SMEs is difficult and differs from country to country. In South Africa setting, SMEs are defined according to definitional framework provided by the 2003 and 2004 Amendment Act in relation to the National Small Business Act, which describes small businesses as independent and unique business institutions that include co-operative enterprises controlled by more than one owner and combine branches that may be present in any section of the economy.

The definitional framework of the South African SMEs is provided in 1996 National Small Business Act (South Africa, 1996). The framework was amended in 2003 and 2004. This framework categorises small and medium-sized enterprises into four broad areas:

- medium-sized enterprises, with 120 to 200 employees, subject to the industry.
- small-sized enterprises, with 50 employees;
- very small-sized enterprises, with 10 to 20 employees, depending on the industry; and
- micro-sized enterprises with 5 or fewer employees.

The classifications of SMEs based on various criteria of full-time staff, overall turnover as well as overall total value of assets in the manufacturing sector are presented in Table 2.1.

Table 2.1: Classification of small, medium-sized and micro enterprises

Size	Full-time equivalent of employees which are paid	Total turnover(R)	Total gross asset value (fixed property excluded) (R)
Medium	200	51M	19M
Small	50	13M	5M
Very small	20	5M	2M
Micro	5	0.20M	0.10M

Source: National Small Business Amendment Act 26 of 2003 and 2004

As depicted in the table, SMEs can be divided into four categories: micro, very small, small and medium. Micro, but formal enterprises, employ up to five people with a turnover of R1million per annum. A very small enterprise employs 20 people with a turnover of R5million per annum. A small company employs below 50 employees and still generates a turnover or total balance sheet up to R13 million, while a medium-sized organisation, in comparison, employs up to 250 workers and generates a turnover of up to R51 million. The current study focuses on manufacturing SMEs industry, defined according with the number of employees' criterion. The targeted manufacturing SMEs industry employ between 21 and 200 employees (Mwanza, 2017; Leboea, 2017).

2.2.1 The importance of SMEs to the South Africa economy

Geographical location and country-specific legislation play vital roles in influencing its interpretation and meaning. Muriithi (2017) defines a SMEs as any business that ranges from a very small micro-firmis operated by one or two persons to a medium-sized business that employs up to 250 workers.

The National Small Business Act 29 of 2004 in South Africa, categorises SMEs into four, namely, very small enterprises, survivalist enterprises, small enterprises and medium enterprises (Smit & Watkins, 2012). In addition, Muriithi (2017) stresses that common measures to define SMEs include the number of employees, numerical value of assets of assets, annual turnover and capital investments.

The role of SMEs in the national economy cannot be underestimated: their establishment has greatly assisted much with employment opportunity, poverty reduction and revenue generation (Fiseha & Oyelana, 2015). Additionally, Taiwo, Ayodele and Yusuf (2012) stress further that SMEs assist by providing links with bigger industries, provide avenues for self-

employment as well as promote equity in the spread of investment more evenly which, in turn, improves the economy of all countries globally, including South Africa.

The role of SMEs is very crucial in every economy, because they act as a driver towards achieving economic growth and development (Essays, 2018; James Obi, et al., 2018). Furthermore, Keskin, et al., (2010) states that SMEs may carry out certain services which some major companies or organizations may not be able to do. In addition, their flexible structure enables them to maintain a large-scale level of investment in the economy.

Furthermore, Neagu, (2016), stated that SMEs acts as a backbone towards socio-economic progress by promoting a healthy competitive environment, ensuring an efficient production of goods and services, as well as acting as a support system to bigger companies. Additionally, Karadag, (2016) stated that the dynamic nature of SMEs enables them to be innovative towards job creation and poverty elimination as well being able to survive in a rapidly changing environment which in turn helps to promote economic growth.

Deborah, et al., (2015), explained that SMEs promotes equal income distribution, and cuts across various boundaries serving as a source of subsistence for various families where the presence of government is not available. Akugri, et al., (2015) added that SMEs introduces entrepreneurial and business related skills to various communities, curbs de-industrialization and reduces ethnic related issues that occurs as a result of a weak economic prospect. While, Maduekwe, (2015) also stressed that SMEs provides local infrastructural facilities and minimises regional and sectorial imbalances which may occur in the economy.

2.2.2 Issues/challenges faced by SMEs in the Western Cape

There are various challenges identified that prevent the creation of new SMEs, which causes the high failure rate in South Africa (Olawale & Garwe, 2010). Choto, Tengeh and Iwu (2014) highlight some of the issues/challenges faced by SMEs:

2.2.2.1 Education and training

Education is regarded as a key towards entrepreneurship, because through this medium an educator can successfully transfer required qualities and skills to the learner. However, the lack of such education and training discourages entrepreneurship as a career, thereby becoming a major inhibitor towards the growth of SMEs within the economy.

2.2.2.2 Limited resources

Entrepreneurs face challenge of limited resources during their day-to-day activities. Limited resources are accessible to maintain entrepreneurs in openingof business, which always

determines the way they operate. Accesses to funding as well as information and communication infrastructure are some of the challenges affecting entrepreneurial operations.

2.2.2.3 Government regulations

Implementation of regulations by the South African government can result to major administrative inconveniences and high costs when trying to begin any venture. These greatly hinder entrepreneurs from beginning any sustainable business ventures. Due to the existence of these difficult regulatory prerequisites in South Africa, entrepreneurs find it challenging to register businesses.

2.2.2.4 Infrastructure

The required necessary infrastructural facilities and skills required for entrepreneurship development is in short supply. Infrastructure refers to the essential physical and organisational structures, which are required for the successful activity of an enterprise or administration, and facilities that enable the public to operate (Soji& Hannah, 2009). Infrastructure hastens the production of goods and services coupled with the flow of the goods and services from the producer to the final consumer (Soji& Hannah 2009).

2.2.2.5 Few income-generating activities

Because operations are carried out on a small scale, the operations of various SMEs consist of low-income generating activities; thus, they do not generate adequate income aimed at development. However, by building systems (Xesha, Iwu & Slabbert, 2014) and implementing government procedures that emphasis upon small businesses (Fatoki, 2014), it would significantly increase the performance of various SMEs.

2.2.3 Growth of SMEs in the Western Cape

According to Sarwoko and Frisdiantara (2016), the growth of various SMEs is influenced through individual, organisational and environmental factors as explained in the sub-sections that follow.

2.2.3.1 Individual factor

The growth of SMEs can be influenced by the personality traits of the owner. Some personality traits that are vital for the growth of SMEs are:

- 1. Attributes:** in this case, attributes refer to the characteristics of the owners and manager, which may include age, gender, religion and the influence of the family.
- 2. Level attained:** The level attained, in this case, refers to the educational level as well as the experience of the business owner.

2.2.3.2 Organisational factor

The growth of SMEs can be influenced by the effectiveness and capabilities of the resources of the business, which may include labour and capital. Zhou and Wit (2002) list some organisational factors that could be relevant towards the growth of SMEs, namely: firm attributes, firm strategies, firm-specific resources, organisational structure in addition to dynamic capability.

2.2.3.3 Environmental factor

Most SMEs start then grow, but easily fail due to competition. One major reason this occurs is most SMEs imitate mature industries that serve local market. However, through environmental factors such as competition, technology and product diversification, various SMEs can begin to grow.

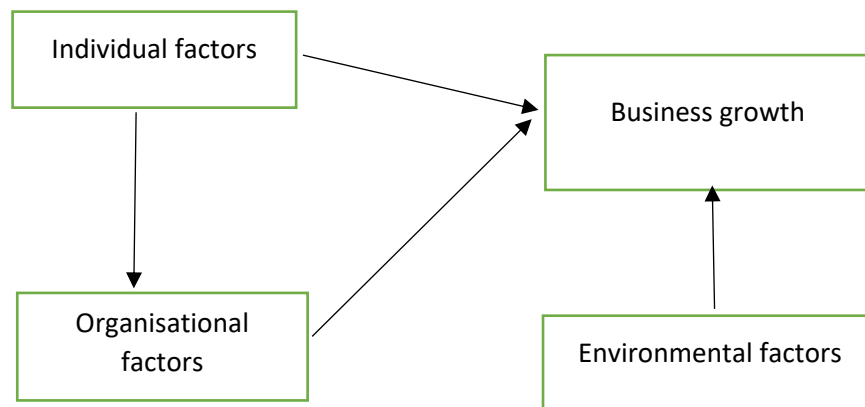


Figure 2. 1: Factors contributing to the growth of small and medium-sized enterprises

Source: Adapted from Sarwoko and Frisdiantara (2016).

2.2.4 Rationale for studying SMEs in the Western Cape

Williams (2013) and Muriithi (2017) highlight some reasons behind the study of SMEs, including:

1. The possibility of SMEs being able to drive the economy serves as a motivation towards their study. For instance, in the United Kingdom, small businesses provide about 60% of private sector jobs.
2. The desire to become an entrepreneur could also serve as a reason for the study of SMEs in the Western Cape because, through knowledge and skill acquired, courage required to venture into business could be highly developed.

3. Another reason behind the study of SMEs in Cape Town is the possibility of these businesses to provide opportunity for pre-incubating and incubating ideas as well as introducing and commercialising new products.

2.3 Small and Medium-Sized Enterprises in the Manufacturing Industry

2.3.1 Manufacturing enterprises in context

The term 'manufacturing' refers to the physical transformation of goods that includes activities such as moulding, cutting and assembly in order to meet consumers' expectations (Levinson, 2017). Furthermore, Mwanza (2017) explains that manufacturing involves the use of labour and tools to create either intermediate or finished goods to be used and sold locally or internationally to consumers.

According to a study by Walker (2016), the manufacturing industry would greatly benefit from SMEs' desire to invest towards the future growth of the industry that, in turn, helps to strengthen the economy. In addition to this, Pawitan (2012) and Mwanza (2017) state that SMEs would also support towards the national gross domestic product through goods produced as well as provide better employment opportunities, while also introducing activities such as agro-processing, metals and engineering, clothing and textiles production to the manufacturing industry.

2.3.2 Overview of manufacturing in small medium-sized enterprises in the Western Cape

Deros et al. (2012) explain that the lack of knowledge in cost control as well as an absence of the right techniques in production cost monitoring, coupled with a lack of financial control, poor production planning technique as well as poor financial management skills greatly contributes to inefficiency in the cost management process (Mwanza & Benedict, 2018). Furthermore, Jayeola et al. (2012) state that since the demand for high quality and better performance for products/services are constantly rising, it will be necessary for business to be able to manage the cost of products/service, quality and performance. In a bid to achieve this, Deros et al. (2012) stress that it is important for the manufacturing SMEs to carry out an efficient cost control technique to maintain profitability in sales as well as remain competitive in the global market. Manufacturing SMEs play a significant role towards growth in economic development of South Africa (Leboea, 2017). Additionally, Brijlal, Enow and Isaacs (2014) believe that SMEs are a great foundation of dynamism, innovation and are flexible enough to bring about future prosperity to the country.

For manufacturing SMEs to thrive, it is imperative to keep cost within reasonable limits as well comparing its cost or expenses against other industry to be able to remain competitive (Adebayo, Lawrence and Sola (2014). Furthermore, it is essential for manufacturing SMEs to practice cost management since it helps in regulating how much products to produce as well as the quantity of materials to be used in the production process, thereby boosting the company's performance (Mutya, 2018). Additionally, Amir, Amiruddin and Auzair(2016) stress that a cost control technique would enable SME manufacturing enterprises to be more prolific, thereby being able to make available job opportunities as well as becoming a source of suppliers to larger corporations, thereby making the Western Cape area of South Africa to be economically competitive.

2.4 Concept of Cost

Cost is the sum given up in conversation for some goods or services (Akenbor & Agwor, 2015). The resources given up are money or the equivalent of money expressed in monetary units. The term cost is used in different ways and by different entities. A manufacturing organisation is interested in determining the cost per unit of production, that is, expenditure incurred, while in an organisation rendering services will be interested in ascertaining the cost of services it renders. Akenbor & Agwor, (2015) without cost, no productive doing will yield profitability aim of the firm.

2.4.1 Types of cost in SMEs sector

Pettinger (2017) highlights of various types of costs.

2.4.1.1 Fixed cost

Fixed costs are costs that are continual within a certain variety of activity level. Therefore, when a maximum bound of an activity range is surpassed, fixed costs increases. These costs do not respond to an adjustment in the level of activity such as an increase in output. Asaolu and Nassar (2007) define fixed cost as the cost that are not influenced by increase or decrease in the volume of output. In contrast, changes in the cost driver level do not instantly affect a fixed cost.

2.4.1.2 Variable cost

According, to Asaolu and Nassar (2007) Variable cost does not vary with the volume of output. Variable costs changes as the quantity of the good or service that a business yields changes.

2.4.1.3 Common or unallocated cost

Unallocated costs are costs that identify no relationship to cost objective. They might include research or executive salaries Harmogen (2005). Common costs are overhead costs that cannot be map out to a given product or classified as direct or indirect. Several products usually share the resources that are associated with common costs. There is no simple mechanism to allocate these costs to those products.

2.5 The Concept of Cost Control

Prior to the Industrial Revolt in the sixteenth and seventeenth centuries, cost control was not necessary because companies which concentrated on high-profit margins, trade, production and indirect cost were small (Mutya, 2018). Moreover, there was no opposition and companies did not focus on controlling their costs. However, in the twentieth century, companies began to concentrate more at keeping costs as low as possible and continuity of business. To achieve this, use of cost control technique cannot be over emphasised because it is vital in the daily operations of various enterprises (Mutya, 2018). It also helps to fully utilise resources available as well as ensure that costs are properly managed (Olalekan & Tajudeen, 2015). According to Adeniyi (2007), cost control helps in regulating operating cost of business as well as keeping costs within acceptable limit. Ayodele (2005) defines cost control as amethod of establishing the cost of project developed and monitoring to completion. In addition, Tunji and Mojeed (2013) explain that cost control is the ability of management to observe and affect people that are liable for incurring costs, generating revenues and performing tasks.

As presented in Siyanbola and Mojeed, (2013:1), cost control is a guideline towards managerial act of costs of operating an undertaking. Abdurahman, Addinall, Chandler, Daniels, English, Green, Shade and Bruwer, (2012) also state that it is a measuring tool used by management administrators to legalise the working of manufacturing concern, where planning is not enough to scrutinise the result of the workings under a globalised economy. Siyanbola & Mojeed, (2013) explain cost control as a wide range of activities that ensure cost management using various accounting techniques to help to improve cost efficiency. Furthermore, cost control can be well ascertained by comparing business activity with original cost.

Cost control is important for maintaining and improving financial performance because it helps in providing a perfect grasp of the profit margins for the organisation's business objective (McDonald & Wilson, 2016; Camman, Fiore, Livolsi & Querro, 2017). Nowadays, organisations are prudent and persistently searching for different ways of controlling cost.

2.5.1 Concept of Organisational Performance

Jenatabadi (2015) stresses that performance of any organisation is always of keen interest to management because of the influence it has on actions of the company, while Jameadows (2017) adds that organisational performance is based generally upon the assessment of an organisation's goals and objectives against its actual performance in areas such as financial performance, shareholders' value and market performance.

According to Suhag, Kristen and Fourie,(2017), it is believed that firms could achieve their set objectives through efficient leadership and qualified individuals who are constantly dedicated to the accomplishment of the set business objectives.

2.5.2 Cost control technique importance to small and medium enterprises

It is widely agreed that operating any business could be quite expensive and to ensure its progress there has to be a measure of control towards costs incurred in its operations. According to Gartenstein (2017) manufacturing SMEs should place a measure of control on their material, labour and overhead costs to enable the business to remain afloat. Additionally, Tolhurst (2017) states that the use of technology as well as staff training on time management could be beneficial towards cost management.

However, Tunji and Mojeed (2013) believe that to ensure proper cost management, there should be constant flow of information concerning operations as well as the proper monitoring of business activities. Some cost control methods used toward improving the profitability of any manufacturing SMEs are;

- **Target/goals should be set:** it is essential for companies to set achievable goals or objectives to help ensure profitability at the long run. A study by Woodruff (2019a) highlights the importance of setting targets that are specific, measurable, attainable, relevant and timely. The highlight of some of the importance is defining productivity and direct behaviour, monitoring performance and provides feedback, facilitating planning, and control.
- **An actual measurement should be in place:** placing actual measurement could be essential in measuring and analysing individual level of productivity.
- **Comparison between actual outcome and set target:** comparing actual income and the target set within a business would aid control performance, judge managers' performance and improve next period budget.
- **Carrying out analysis on variances to determine the causes:** the rationale behind carrying out an analysis of variances within the business is reconciliation purposes,

quantification of losses, wastages, errors and gaining insight into the reasons for poor performance.

- **Taking corrective actions towards reducing any variances discovered:** this would provide an action plan and easily verify action effectiveness.

2.5.3 Use of cost control in organisational performance

Cost control concept is essential in every organisation because it helps to create a platform whereby the company management can control the production process (Chandra, 2017). Mutya (2018) states that the ability to control cost in every organisation goes a long way in making sure that the financial position of the business is maintained at a profitable level.

Furthermore, Alsoboa, Al-Ghazzawi and Joudeh, (2015) stress that cost control in an organisation would be vital in encouraging savings on expenditures as well as improving decision making, which in turn will improve organisational performance. Gliubicas and Kanapickiene (2015) state that cost management could also assist management in planning both short- and long- term decisions which, in turn, could help reduce cost as well as improve the value of products. Many SMEs face decrease in operation capabilities. Additionally, to rise the profits and to continue in market, it is significant to apply cost control. Cost control helps to show the budget profit maximization of an enterprise.

Direct investors, financial managers, debt owners and other stakeholders might be particular about the financial status of the company considering the intensive competition in the market. The cost control report is one statement containing cash flow and usage of cash. Its control results directly influence further decision-making, thus, biasing the results of debt cleaning up and the profit distribution

Nita and Stefea (2013) report in their study that in every organisation, cost control plays a vital role towards identifying variances that may exist between cost and revenue. Some of the ways cost control can be utilised within an organisation are highlighted here:

- **Waste reduction:** cost control can be used to boost organisational performance by ensuring that there is a decrease in any unnecessary consumption as well as promoting improvements in the efficiency of business activities. Additionally, it explains how the organisation's limited resources are being utilised.
- **Motivation and goal congruence:** cost control can also be used by the organisation in areas such as motivation of staff towards achieving set goals. This is done by encouraging organisational managers to work towards aligning their interest with the goals of the organisation.

- **Evaluating strategy:** through cost control, management can find other ways that profit or value can be generated in the organisation. This is necessary because using only cost reduction strategy would not be sufficient enough in the long run towards achieving value creation.

2.5.4 Prior studies on the use of cost control in organisational performance

According to Akeem (2017) conducted study on the effect of cost control and cost reduction techniques on organisational performance. The significance of the study was to examine the benefit of cost control and cost reduction techniques on organisational performance in a very competitive environment. The author found the major objective is to maximise profit, but the major constraint was an increase in cost of operations. Due to an increase in cost of operation, the cost of production increases and can lead to certain cost control and cost reduction, which make it complex for many organisations to function within the business environment. The study aimed to critically scrutinise and evaluate the application of cost reduction and cost control in organisational performance and also to review the budget as an effective tool of cost control and cost reduction. The descriptive survey research was adopted. A total number of 50 questionnaires were administered and used for the study. Analysis of data collected was undertaken by applying right statistical tools. The hypothesis was tested using regression analysis. Based on the findings, it was apparent that cost control has a positive impact on organisational performance. The result also showed a positive impact on the style of management on the organisational performance.

Oluwagbemiga, Olugbenga and Zaccheaus (2014) examined the linkage between cost management practices and performance in manufacturing organisations using data from 40 manufacturing companies listed on the Nigeria Stock Exchange between 2003 and 2012. The survey relied on data obtained from the examined financial reports of chosen firms. T-statistic was used for the study to test the four hypotheses formulated. In the study, the independent cost management variables were production overhead cost, direct labour cost, production overhead cost, direct material cost and administrative overhead costs, while profitability (operating profit) was taken as the dependent variable which represents the firm's performance. The outcomes showed a positive significant relationship between cost management practices and firms' performance in the manufacturing organisation. Consequently, the authors recommended a cost reduction policy with emphasis on production overhead cost and administrative overhead cost be embarked upon if profit maximisation and wealth are a firm's objective that must be achieved.

2.6 Types of Cost Control Measures Adopted by Firms

The following are the types of cost control measures adopted by manufacturing firms:

2.6.1 Budgeting tool as cost control measure in manufacturing enterprises

Budget refers to the valuation of income and expenditures within a specific time, which could also be re-assessed periodically (Kagan, 2018). Budgets could be used within an organisation to efficiently plan activities over a period of time (Isaac, Lawal & Okoli., 2015). A budget is used as a device to plan profit as well as set a performance standard that could be used by managers (Abdullahi, 2014). Budgets can also give information that is beneficial in assessing a firm's performance as well as informing the financial allocation strategies across various sections of the firm (Horngren, 2009). Similarly, budgets could be referred to as a financial plan that provide a way of directing, analysing performance profit planning and techniques of operating cost control of individuals or sections of organisations (Boussabaine, 2013; McDonald & Wilson, 2016). Hence, budgeting is widely adopted and the most common management tool for planning and controlling financial performance across sectors in every company (Taonana, 2017).

2.6.1.1 Budgeting as an instrument for cost control

The rapidly changing business environment requires managers to identify the various tools which could influence operational activities as well as properly monitoring and controlling organisational performance (Dolinayova & Loch, 2015). Furthermore, Bana and Sgardea(2009) state that cost management instrument assists in analysing and reporting various costs, which are not in line with the needs of the management.

Julia (2011) explains that management uses budgets as major instruments because of their ability to systematically plan towards the use of labour and material resources, which, in turn, helps in estimating future cost and revenues. Anulika (2012) adds that budgets are instruments beneficial to management because they help in coordinating and distributing responsibilities within the organisation that, in turn, improves organisational performance.

2.6.1.2 Types of budget

Shpak (2019) identifies different types of budgets that organisations could use in carrying out their activities. They include:

- **Master budget:** A master budget represents the total company sales, production cost, purchases and incomes while also assisting in controlling business activities Saeed, Qi and Jalloh (2016). Furthermore, Motley (2015) states that it gives a visual representation of a company's financial activity, which enables organisations in evaluating their individual and overall performance. Some examples of master budget include direct materials budget, direct labour budget and manufacturing overhead budget.
- **Cash flow budget:** A study by Bohannon and Edwards, (1993) indicate that firms, in controlling their limited resources, use a cash or cash flow budget. Additionally, Amoako, Asamoah, Marfo and Gyau, (2013) stress that a cash flow budget assists in identifying when a cash deficit or cash surplus exists within the organisation, thereby assisting managers in efficiently planning their financial activities in order to achieve their set objectives. An example of budgets that makes up cash flow budget includes cash receipts, cash expenditures that occur within a certain period.
- **Operating budget:** Operating budget refers to a plan that illustrates all short-term activities, the firm's financial position and the targets the business aims to achieve within a specific period of time (Sagdic & Celikturk, 2017). Furthermore, Gaffney (2018) explains that an operating budget includes an estimated revenue as well as the associated expenses to be incurred within a period of time, thereby enabling managers in projecting an estimated income and profit percentage. Examples of operating budget includes sales, production or manufacturing, labour and overhead expenses.
- **Financial budget:** Hartman (2017) explains that a financial budget provides information relating to an organisation's future long- and short-term incomes and expenditures. Anulika (2012) further states that financial budget includes all capital expenses, cash estimates, balance sheet as well as changes in the financial position. However, Motley (2015) stresses that the financial budget reveals a firm's financial position and it's spending in relation to its income from its major operations which, in turn, helps to properly manage the firm's assets, cash flows, income and expense, that is, cash and capital expenditures.

- **Sales budget:** Csiszar (2019) explains a sales budget as a crucial activity that needs to be undertaken while preparing the overall budget which any organisation will use. Furthermore, Bhasin (2018a) states that in addition to the sales budget forming part of the master budget, it also reveals any expense that has to be incurred to achieve sales as well as also helping to determine the average earning after a specified period of time.
- **Marketing budget:** Suttle (2017) explains that a marketing budget helps to provide funding towards all company efforts to connect with its customers, which could be in the form of television and radio advertisements. Furthermore, Sandra (2019) stresses that a marketing budget gives an estimate of the amount the business is able to allocate towards carrying out its promotional activities over a period of time. Additionally, Leeanne (2011) states that a marketing budget acts a guide towards ensuring that organisations do not exceed cost estimates given. Examples of budgets that makes up marketing budget include marketing communication expenses, salaries for marketing managers, office space expenses etc.
- **Budgeting method:** Based on the importance budgeting plays in an organisation, it is important to consider some budgeting methods, which includes; incremental budget method, activity-based budget method, zero-based budget method, fixed budget method and flexible budget method.

2.6.1.3 Prior studies of budgeting on organisation performance

Faith (2013) performed a research on impacts of budgeting process on financial performance of commercial and manufacturing parastatals in Kenya, which improves researchers' understanding regarding budgeting activities. However, the main findings suggest that in parastatals high growth in sales revenue could be achieved if a more formal budget planning is encouraged. Further, greater participation in budgets could also result in better managerial performance.

Mohamed and Ali (2013) studied the relationship between budgeting and performance of remittance companies in Somalia and agreed a correlation of 0.514 existed between budgeting and firm performance, which shows that a rise in budget control would increase firm performance by 0.514. The possibility of an occurrence of a correlation coefficient actually is 0.00. This reveals that a strong correlation exists between the output of a firm and the budget

2.6.2 Activity-based costing techniques in context to SMEs

According to Akyol, Tuncel and Bayhan (2005), activity-based costing is a method that measures the cost, performance of activities and cost objects. It refers to a system that assists managers in accurately determining the true cost of products (Kumar & Mahto, 2013). Additionally, it helps in avoiding any cost distortions through efficiently allocating and reallocating cost to various products (Soekardan, 2016) which, in turn, promotes the growth and development in organisations and enables them to remain competitive in a complex business environment (Mahal & Hossain, 2015; Al-Qudah & Al-Hroot, 2017). Similarly, Reeve, Warren and Duchan (2012) define activity-based costing as an accounting framework that is centred on involving the cost of activities to final cost objects such as customers' or products. It is used to help companies to apprehend the costs of meeting customer needs (Krumwiede & Charles, 2014).

Activity-based costing is regarded to be method that analyses performance of cost, cost objectives and resources. It could also assign the resources to various activities (Abass, 2012). Moreover, Zawawi and Hoque (2010) believe that ABC is a modern accounting system that measures the use of resources by activities while Horngren, Datar and Foster (2002) indicate that activity-based costing is an exercise that measures the cost of performing activities in order to generate the total costs of objects and information for decision-making. Activity-based costing could be used as a technique to help businesses gain a detailed costing for their products by preventing cost alteration. The function of activity-based costing includes avoidance of cost distortion and minimising including any activity which adds no value through the provision of a process view (Mahal ed Hossain, 2015).

Research related to activity-based costing within SMEs sector is very little. Ahmad, Teng and Zabri (2017) in a research, attempts to investigate the implementation of activity-based costing in SMEs, its success factors and barriers to adoption. The outcome of the research confirms that 17% of the respondent has implemented the technique. However, the success of activity-based costing is contributed to by the manufacturing environment complex nature as well as the solid contributions gotten from the top management. Meanwhile, lack of resources, expertise, and cost factor are the key reasons for the rejection of activity-based costing system in SMEs. The inherent difficulty of activity-based costing system has hindered its acceptance within SMEs. However, the main study objective is to explain how activity-based costing affects an organisational performance (Ezeagba, 2014) in achieving the study objectives, the research design was organised based on a quasi-experimental/ex-post research factor while secondary data was derived from two manufacturing organisations that was present in South East Nigeria. The analysis result shows that the profit output from the manufacturing

organisations are influenced by through the use of activity-based costing. The research reveals the product cost remains the strongest variable that determines how the profit from the manufactured product would be.

2.6.2.1 Activity-based costing as an instrument for cost control

The rapidly changing business environment requires firms to discover ways to achieve greater competitive advantage, (Slihat, Abbadi & Al-Halabi, 2015) as well as an efficient control cost method (Cardos & Pete, 2011). To achieve this, organisations use the activity-based costing technique because it helps to identify how resources are consumed as well as assigning cost to each product and services based on the activity's actual consumption level (Al-Hroot et al., 2015).

Furthermore, this method promotes cost reduction, efficient product pricing and performance measurement within the organisation which, in turn, provides a better governance towards maximising its resources (Anand, Sahay & Saha, 2005). Garg (2016) stresses that activity-based costing is a substitute method to the traditional method since it helps in monitoring the cost of activities, identifying best products distribution channels and assisting firms to determine the best way to position resources and maximise its outputs.

Mohan and George (2006) state that activity-based costing is a modern approach towards product costing since it creates better links between cost and products and easily identifies faults within a firm's operating activities. Additionally, Kosmas, (2014) stress that it assists managers in evaluating product mix and decisions relating to capital budgeting, thereby improving organisational performance.

2.6.2.2 Activity-based costing on organisational performance

Studies by Krumwiede and Charles (2011) reveal that activity-based costing provides managers with detailed cost information that could be used in making strategic decisions towards achieving higher profit margin as well as a better return on investment within the organisation. Warue and Wanjira (2013) explain that activity-based costing helps firms in analysing its business operations in order to properly classify its cost according to various activities as well as enables them to better understand their cost structure. Furthermore, Pokorna (2016) states that activity-based costing is a preferred cost management tool that is highly efficient in accounting for cost, thereby improving operational and strategic decision-making within the organisation.

Ezeagba (2014) posits that activity-based costing provides organisations with a properly defined strategy towards improving ways through which customers needs can be satisfied and

assists managers in identifying cost effective activities. Salim (2012) adds that activity-based costing provides well understanding of cost to be incurred during the production process as well as the various activities involved in the production process. Furthermore, Al-Halabi and Shaqqour (2018) stress that activity-based costing uses both quantitative and qualitative cost drivers that are spread across various high- and low-volume commodities. This, in turn, helps organisations that produces multiple products in reducing cost, thereby maximising its limited resources.

Al-Hroot et al. (2015) states that activity-based costing functions properly in assigning resources to activities and the activities to various cost object, while also frequently reporting of cost information and identifying accurate pricing strategies. Zaman (2009) stresses that activity based costing helps to analyse business activities, identify fixed and variable costs and assists various organisations to identify better ways which could be used to improve their performance. Additionally, Mahal and Hossain (2015) explain that activity-based costing helps organisation in minimising differences between the budgeted and actual cost estimate which, in turn, promotes growth and development, and enables the business to remain competitive in a complex business environment.

2.6.3 Standard costing as an Instrument for cost control and organisational performance

Standard costing is an accounting technique that ensures efficient management of all material, labour and overhead cost within an organisation; it also reports any deviations in cost and suggests likely actions that could be used to correct any deviations (Surbhi, 2015b).

According to Worku, (2018), in manufacturing companies, standard costing is relevant in the company because the procedures of carrying out operations are often repetitive in nature. Furthermore, it assists organisations in identifying faster ways to compute cost related to production activities (Khan et al., 2016), as well as assisting firms in controlling cost using a predetermined line of supervision which focuses on comparing between the set standard of operations and the actual performance (Abdullahj et al., 2015).

Badem, Ergin and Drury (2013) state that standard costing assists in budgets preparation, product pricing and management performance measurement. Attiea, et al., (2010) stressed that its use within an organisation would help promote proper decision making and quality management, while Akenbor and Agwor, (2015) add that it assists in motivating the workforce to become cost-conscious towards carrying out their tasks as well as identifying other ways which such tasks could be done.

Standard costing method is used for cost control. It estimates the data to be used for various activities by pre-determining it based on its level of operations. Akeem (2017) asserts that standard costing is useful while trying to overcome the barrier of cost that has been incurred. According to Mutya (2018), standard costs are mainly used in control, performance measurement and stock valuation. Lucey (2000) discusses that to indicate the trends, compare costs, performance between different periods, standards will be changed for day-to-day control, motivation purpose, and revisions would need to be made continually.

2.6.4 Effectiveness of budgeting on organisation performance of manufacturing company

For any organisation to succeed, the ability to maximise its limited resources, as well as the need to sustain its profit margin and effectively plan and control its activities becomes very important (Assey, 2014). To achieve this, all organisation regardless of the size or its complex nature requires the use of budgets or a budgetary system since it helps in meeting up with its set aims and objectives (Kamau et al., 2017), as well as equipping managers towards competing favourably within a fast changing business environment, thereby enabling the organisation to remain profitable (Oluwalope & Sunday, 2017).

Furthermore, budgets assist in regulating funds distribution and the avoidance of irrelevant spending within the organisation, as well as enabling managers to effectively monitor and control organisational performance (Onduso, 2013). Adebayo et al.(2014) further state that budgets enables organisations to plan ahead as well as being able to utilise its human and economic resources in the most efficient way, thereby achieving competitive advantage. Lidia (2015) also states that budgets assists in identifying when actual figures deviate from the estimated figures, as well as providing measures through which errors could be amended, thereby supporting organisational improvement. Additionally, Mohammed, Evans and Tirimba (2015) state that budgets assists organisations in identifying areas that require urgent attention which, in turn, promotes organisational performance.

2.7 PURPOSE OF USING COST CONTROL TECHNIQUES IN SMEs

A cost control technique is regarded to as a crucial management quality that greatly contributes towards the success of any business venture. Furthermore, SMEs assists towards achieving a competitive advantage (Amir et al., 2016).

A study by Kshatriya (2018) explains the ability of SMEs to become more cost conscious in their activities would greatly contribute towards the improvement of their overall growth rate and performance. To achieve profit goal, management must systematic plan and establish a

plan to ensure a proper plan of expenditure and need to put the plan into effect at all levels of management in the organisation (Kerzner, 2017).

Furthermore, Yu and Wang (2010), Ozyurek and Yilmaz (2015) state that cost management assists SMEs in managing its rising overhead expenses and direct cost, thereby enabling them to overcome any major difficulty in cost management and achieve a sustainable development. Ngoc and Dung (2017) stress the ability of small and medium-sized enterprises to manage cost, which would assist in critically assessing and identifying practical ways to use its capital resources in achieving both long- and short-term goals.

Tolhurst (2017) explains that SMEs use cost management technique to identify right technology to be used in its daily operations as well as deciding on the tasks, which could be outsourced to save time and money. Woodruff (2018) adds that an efficient cost control technique could help in various SMEs in improving its creditworthiness, acquiring more equipment and minimising its maintenance costs. Cost control, helps in reducing existing fixed costs and variable costs, similarly concentrate on decreasing total cost related to income generated that will directly or indirectly impact the performance of the organisation.

2.7.1 Prior studies on purpose of cost control techniques

Ngure (2008) investigated cost control practices at Kenya Utali College and found that the main reason of cost management is to assist in promoting operational effectiveness by ensuring resources of the establishment remain in their proper use. Control assists in implementing management policies by establishing controls necessary for the implementation of such policies. The study used personal interviews to collect data. The collected data was analysed and deduced in line with the objective using content analysis. The study found out that the Kenya Utalii College adopts various cost control practices such as following procurement procedures as laid down by the government, verifying the quality, quantity and price of products during receiving time, ensuring that no item is removed from stores without an authorised requisition and maintaining proper quality of products in the stores.

Siyanbola and Mojeed (2013) found that a good structure of cost control/management originates with the conduct of employees within the organisation. Cost control is important in every business to control cost and eliminate waste during the course of production. Siyanbola and Mojeed (2013) survey was piloted in Nigeria and concentrated focusing on West African Portland Cement Plc (WAPCO), which saw cost control strategy from a strategic point.

A study conducted in India by Barbole, Nalwade and Parakh (2013) using secondary information/data such as accessible articles, books and descriptive statistics entitled 'Impact of cost control and cost reduction techniques on manufacturing sector', found that for a

business enterprise to raise, subsist and flourish cost control and cost reduction are required to help ensure that the aims/objectives are achieved. The authors emphasised that, the liberalisation of the Indian globalisation and economy, there are excessive competition from several concerns of the world, which increased the significance of cost control as a survival strategy. The authors further explain various techniques and tools used for controlling cost, reducing cost, and analyse changes in component cost after implementing various techniques. The study was restricted to material cost and it did not include other overheads such as salary, marketing and distribution expenses. The authors recommend the quality control, budgetary control and value engineering be used for the aim of cost control and cost reduction in production plant.

In 'Cost control and accountability for effective budget implementation', Lawyer (2014) stressed that cost control method evaluates, monitor and, enforce the competence of specific business areas such as divisions or product lines. Likewise, budgeting is highly beneficial in managing operations proficiently and efficiently. Cost control assures that an organisation's limited resources and activities are aimed towards achieving planned objectives. Against this backdrop, Lawyer (2014) strongly recommends the establishment or reinforcement of cost control unit in all organisations both in the private and public sector.

Olalekan and Tajudeen (2015) analysed the benefits of using various cost management techniques, coupled with the effect, which it poses on the survival of Nigerian firms with a designed questionnaire which is given to about thirty randomly identified employees of Nigeria Bottling Company Plc. The researcher discovered that the number of respondents which believed that cost management techniques will assist in improving the company's profit level was about 70%, while about 13.3% of the respondents weren't of any opinion. However, about 16.7% of the respondents did not agree. The study discovered that high cost of overheads incurred in the company is the problem of a manufacturing company. The authors were of the opinion that companies utilizing cost management techniques will also require cost minimization strategies, which will also in achieving its desired objectives

Mutya (2018) employed the use of Mount Elgon Millers Limited as a case study towards analysing the impact at which cost management techniques can help boost organizational performance. The aims of the study were: to understand the impact of budgeting on the performance of organizations, examine the effect of standard costing on organizational performance and to determine the relationship between cost regulation and organizational performance. The study used both quantitative and qualitative approaches Primary and secondary data was collected using document review, interviews and questionnaires. The study involved a population of about 80 and a sample size of 67, determined through simple

and purposive sampling technique. Based on the outcome of the research, it was concluded that, the use of cost management has great impacts on organizational outcome and that the principles of cost control techniques such as budgeting and standard costing are being adopted and practiced in Mount Elgon Millers Limited to assist management decision-making processes.

In addition, Worku (2018) study focused on examining cost management practices in reducing and controlling of manufacturing costs of BGI Ethiopia Private Limited Company. The study found out that the importance of top management support, employee involvement and responsibility accounting in reducing and controlling manufacturing costs. It also found that firms involved in manufacturing could reduce costs and affirm quality commodities by the use of effective cost control and reduction tools and techniques, which includes budgetary control, standard costing, quality control, and target cost.

2.8 CHALLENGES AFFECTING COST CONTROL IN THE ORGANISATIONAL PERFORMANCE OF SMES

Cost control is a method used to understand decisions made for preparation, monitoring and developing competitive strategies, and it is significant to say that making a balance between this factor and other dimensions of competition such as quality and time is required.

It is the control of costs through the formal process of budget development, monitoring, and adjustment to achieve the maximum amount of work at a specified level of quality where unknowns and uncertainty may cause costs to increase beyond acceptable levels (Chigara, Moyo and Mudzengerere, 2013). Horngren et al, (2012) describe challenges in cost control as often result from no costing method under application to study costs appropriately and effectively.

However, based on the desire to ensure organizational performance, various SMEs are trying towards identifying various ways whereby cost could be controlled during their operation activities (Christen, 2012).

Cost control is associated with some problems in spite of all its effectiveness. Cost control measures are impeding by communication gap between the top management to the managers and the high rate of taxes and levies may distort the smooth running of cost control measures. Ineffective flow of information around the organization keeps some operational managers uncertain about the standard set (Maria, 2009). De Waal (2013) suggested it is important to educate all workers of the organisation about costing system for the organisation to yield preferred outcomes. Enlightening workers through conferences or workshops is vital and administration should be well experienced with the costing techniques implemented (Datar,

Rajan and Horngren, 2013). Poorly encouraged worker discourages cooperation, which causes difficulty in an entity (Laurie, 2013).

Adjei, et al., (2017) highlighted some issues that would be encountered while trying to carry out efficient cost control activities. Some of these challenges include;

1. **Lack of consistency in cost management:** In various situations, approaches to cost control activities may be based upon the background and approach of the individual doing the work (Bergerud, 2012). In order to carry out this activity, consistency may be lost, therefore business/organizations need to standardize their cost control activities.
2. **Lack of control of changes in cost:** Controlling changes within an organization may become very difficult especially in the aspect of cost control. This is seen in a situation whereby the budget has been set for a project and suddenly there is a variation. This could affect the progress or outcome of any project that needs to be embarked upon.
3. **Poor management decision making:** According to (Song, 2014; Adjei, et al 2015), it is agreed that poor decision making is an important factor which has greatly contributed towards the challenges faced while carrying out proper cost control. Through poor decision-making, organisations may be exposed to increasing cost, misappropriation of funds, which may be affected because of delayed decision-making. Hence, the failure in applicable decisions and helpful actions disturbs the administration leading to a high cost of project likewise, it depends on whether cost managers of the organisations are well-informed and skilful in the practice of cost control in decision-making (Adjei, Aigbavboa and Thwala, 2018). Decision failures, including mal-apportioning of funds caused by conclusion delays, will indirectly affect the organisational cost expenses (Song, 2014; Adjei et al., 2015).
4. **Poor monitoring of overhead cost:** According to (Charoenngam & Sripraset, 2001), it is agreed that poor monitoring of overhead cost, would contribute greatly towards inaccurate and unrealistic cost estimates which in turn could affect the activities of the organisation in the long run.

Other challenges are;

- **Lack of proper ICT facility:** With the emergence of Information and communications technology (ICT), the business environs as well as the manner through which business activities are managed has greatly been influenced. Therefore, it is necessary to advance the way through which information that relates to customers and suppliers are kept, to save cost and time.
- **Limited financial resources:** Rufaro, Chiware and Dick (2008), stressed that most SMEs are also faced with the challenge of financing their operations, as well as marketing their

products. Often times, they are faced with an inadequate budget which is to be used in training their staffs.

Based on the highlights of the various challenges faced by various SMEs while trying to carry out proper cost control in its organizational performance, Sallem, Nasir, Nori, and Kassim, (2017) highlighted some likely areas for improvements which includes;

- **Highten the awareness of accounting function:** Marriott & Marriott, (2000) stressed that proper awareness should be made towards ensuring that most SMEs are aware of the importance of utilizing a proper accounting system in conducting its business activities. This in turn would help the organization in evaluating its performance.
- **ICT adoption by various SMEs:** Afolayan, et al., (2015), explained that there is a need to for SMEs to employ the use of ICT in carrying out its activities. This is necessary since it saves time, reduces chances of errors. Additionally, it serves as a mechanism, through which proper accounting records can be maintained.

2.9 REQUIREMENT TO ENSURE EFFECTIVE COST CONTROL SYSTEM

According to Kinney and Raiborn (2011), cost control technique as a method planned to achieve and normalise organisational costs. Cost control technique functions efficiently where an effective cost control system exists (Kinney & Raiborn, 2011). Difficult businesses entail regular information on procedures in order to strategies' for future, control present activities and valuate the past performance of managers. To be successful, management guides the activities of people in the operations of the business according to pre-established goals and objectives (Lawyer, 2014).

Effective cost control involves participation and interaction of people at diverse levels having different parts and skills. In every firm, ability to minimise cost is very vital towards maximising its performance (Elliott, 2004). Assad (2019)highlights of the basic requirements for effective cost control are as follows:

2.9.1 Budgeting: a thorough budget greatly helps towards keeping cost at its minimum. With budget and project details set, everyone involved in the project canmake decisions that are essential to be included in the cost to be successful in carrying out the project.

2.9.2 Proper use of information and communication: proper information is essential for efficient cost control technique because through information made available, the efforts of individuals involved can be coordinated towards ensuring that costs are kept minimal.

2.9.3 Clearly stated expectations towards cost reductions: a project must be clear and have a specific definition, goals and requirement to individuals before a project can

commence. Additionally, the requirements, aims and objectives must be revised often to ensure that the project is on a right direction.

2.9.4 Variable evaluation and action: any unexpected variables in a budget where actual cost is exceeding the estimated cost by a significant percentage should be addressed immediately for cost control. An example of a factor that may cause variance is unexpected design flaw.

2.10 SUMMARY

This chapter which focuses on the literature review, is organised as follows: section 2.2 is an overview of SMEs, section 2.3 focuses on SMEs in manufacturing Industry, while section 2.4 discusses the concept and types of cost. Section 2.5 defines two key concepts: cost control and organisational performance. Section 2.6 explains purpose of using cost control techniques in SMEs highlight previous studies, while section 2.7 explains cost control measures adopted by firms and section 2.8 explains requirement to ensure an effective cost control system. Additionally, with a proper implementation of cost control measures within the organizations, SMEs within Western Cape South Africa can be greatly improved upon, thereby resulting in better outcomes

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This chapter begins with a general overview on various types of research methodology, followed by the specific research design adopted for this survey. In the process of applying the research design, research questions were developed from a determined research problem in validating the right methodology for the study. The methodology contains the design process, sampling techniques, data collection approach, process of analysis, rationale for these selections and, significantly, the test of reliability and validity of the research tool.

3.2 RESEARCH PHILOSOPHIES

Solanke (2015:95) opines that the philosophical stance of a research study guides and confirms the researcher's decisions. Thus, the pillars of the philosophical position of research that includes: interpretivism and positivism (realism).

3.2.1 Positivism

A positivism approach comprises empirical testing usually related with natural science. Positivist approach describes quantitative nature of a research (Biggam, 2015:136). The author further describes positivism as a quantitative type of research. As a positivist approach to research, it deals with the ability of a researcher to test hypothesis derived from existing theories and can be obtained by observations, experiments and measurements of social realities.

In addition, the main objective of the research study was to determine the extent to which SMEs decision-makers in manufacturing sector use cost control measure towards enhancement of organisational performance in the Cape Metropole. Furthermore, the positivist paradigm was adopted because it requires a well-defined structure that is consistent with the use of closed-ended questionnaires that are convenient for statistical analysis. Flick (2011) argues that positivism is often related with realism and presumes that social and natural sciences can and should apply the same philosophies to collecting and analysing data.

3.2.2 Interpretivism

Interpretivism, also known as interpretivist involves researchers to interpret elements of the study, thus interpretivism integrates human interest into a study. Accordingly, interpretive researchers assume that access to reality (given or socially constructed) is only through social constructions such as language consciousness, shared meanings and instruments Myers, 2008). Interpretivism is associated with the philosophical position of idealism, and is used to group together diverse approaches including social constructivism.

3.3 RESEARCH DESIGN

Research design implies the strategy structure or approach for conducting a study (Henn, Weinstein & Foard, 2009:47). The design of research entails explaining the processes to plan for data collection, analysis, and select empirical material (situation, cases and individuals) to provide answers to research questions within the time and resources available (Flick, 2011:27).

3.3.1 Research design for the study

This research adopted a quantitative method to determine the usage of cost control measure on organisational performance in manufacturing SMEs, as the quantitative technique aided a goal-oriented process of research that asserts intersubjective realities as a standard for quality assurance (Thomas, 2003:53) that best addresses project objectives. Most importantly, considering that this study is intended at determining the usage of cost control measure and the results towards enhancing SMEs for stakeholder satisfaction.

The quantitative method was used to gather information from SMEs in manufacturing company (accountants, managers and owners) to compare the use of cost control measures and the factors influencing the selection for organisational performance. The research data obtained with the aid of organised questionnaire survey (quantitative method). The researcher purposely adopted quantitative method with the intent of attaining reliable and generalisable conclusions.

The researcher used questionnaire to collect data and it was distributed to managers, accountants and owners of manufacturing SMEs. The distributed questionnaire contained closed questions and was easier for researcher to analyse data.

Furthermore, the survey method was chosen as it not expensive and easier to gather data within a short period. It was relevant for this study as it collected information involving a large sample of 120-targeted participants.

3.4 EXPLORATORY STUDY

An exploratory study is essential part of research questionnaire design to gain insight of the research problem and to provide solutions (Dahlberg & McCaig, 2010:51). The major purpose for conducting an exploratory survey determines the relevance of the study to the target population (Struwig, Struwig & Stead, 2001). The questionnaire was the major data collection technique used for the exploratory study. Prior to the exploratory study, the research tool (questionnaire) was piloted amongst owners/managers and accountant of SMEs in the manufacturing sector in the Cape Metropolis and research post graduate students' department of cost and management to certify the relevance of the tool to the research.

By using the survey method, the researcher assumed that all the respondents (owners/managers/accountants) in this study have information or experience that bears on the problem being investigated (Matsoso & Benedict, 2015). Neuman (2002:85) explains that the distribution of pre-test or pilot study questionnaire will improve the reliability of the research work.

A pilot study undertaken aided the researcher in justifying the relevance of the research subject and relevance of the variable encompassed in the research questionnaire. The questionnaire administered to the sample population during the exploratory study was examined using the Statistical Package for Social Science (SPSS) software version 25.

3.5 POPULATION AND SAMPLE SIZE

Bryman (2015:52) describes a population as an assembly of people, animals or items considered for a research survey, as the term 'population' does not out-rightly refer to a group of people being considered for the study, but vary depending on the nature and field of study. For the aim of this study, the populace comprises of owners, managers and accountant of manufacturing SMEs in the Cape Metropolis. It included manufacturing SMEs that produce toilet paper, juice, aluminium and glass merchants, plastic pipes, soap, furniture and steel. Considering the large population size, a target sample of 120 manufacturing SMEs was acknowledged from which respondents were selected for the study. Nonetheless, for the purpose of outcome authenticity and generalisation in qualitative research, it is considered that the broader the sample size, the higher the probability of achieving the purpose of the research impartial (O'Leary, 2013:120). The survey sample is, therefore, unarguably a suitable representation of manufacturing SMEs stakeholders in the Cape Metropole. Flick (2011:34) explains that population in research is a reduced by the delineation of the populace. Nonetheless, with the purpose of result authenticity and generalisation in qualitative research, it is considered that the greater the sample size, the higher the probability of accomplishing the purpose of the research neutral (O'Leary, 2013:120). The study sample is, therefore,

unarguably an appropriate depiction of manufacturing SMEs stakeholders in the Cape Metropole.

3.6 SAMPLING METHOD

The samples were chosen by the use of non-probabilistic method and purposive sampling technique. To select the 120 SMEs sampled, a purposeful sampling technique was employed. Non-probabilistic method is sampling that conducted with a specific purpose in mind, associated with answering the research questions (Tongco, 2007). This method was deemed appropriate for the following reasons: firstly, it involves identifying who are the major stakeholders involved in designing, giving, administering the programme and who might otherwise be affected by it (Palys, 2008: 697). Secondly, due to the absence of a complete list of all SMEs operating in the Cape Metropole, the use of probabilistic sampling was not an option. Thirdly, purposive sampling is a fast and inexpensive way of collecting data as it proposes that a unit drawn from a section of population that is readily accessible to the researcher (McMillan & Schumacher, 2014). Lastly, this method have extensively used by other scholars (Bruwer, 2010; Ndwiga, 2011).

3.7 SAMPLE SIZE

The targeted population comprised SMEs in the manufacturing firm operating within the Western Cape Province. A purposive sampling technique was deployed to distribute 120 questionnaires to selected participants in manufacturing SMEs. The sample of 120 was used for this study, since samples in this range have been successfully used in similar studies in the Western Cape (Mabesele, 2009; Bruwer, 2010; Maduekwe, 2015).

3.8 DATA COLLECTION TECHNIQUE

Data collection techniques entail exploring a range of data sources to gather information for a research study (Struwig et al., 2001:116). The choice of data collection technique adopted for a survey is directly dependent on the sample frame, nature sample, research topic and the facilities available for data collection (Leedy & Ormrod, 2010:210). It is noteworthy that there are two different types of data collected typically in research work: secondary data and primary data (Struwig et al., 2007; Biggam, 2015). Literature reviews and questionnaires were used to obtain data for this survey as subsets of primary data collection. For this survey questionnaire is used to collect the data from respondents. 61 questionnaires was completed and captured for analysis.

The following sections discuss reasons for selecting a questionnaire as the data collection instrument for this study, the way designed and the manner of way administration to respondents.

During the data collection process, questionnaires were delivered by hand to respondents who finished them at their own suitable time and the researcher went back on appointment to retrieve the completed questionnaire. The personal-delivery approach was considered appropriate as the researcher has an opportunity to clarify and familiarise respondents to the research topic, an aspect that certainly increased the willingness of potential respondents to participate in the study.

3.8.1 Secondary data collection

Secondary data are data available and attained from study achieved by other researchers (Struwig et al., 2007). Both quantitative and qualitative research adopts secondary sources as a method of data collection (Dahlberg & McCaig, 2010:53). The author further explains that literature reviews enables a researcher to have profound information on related studies that reveal areas that are under-researched. Secondary data collection for this survey was attained through journal of past and present literature. Goddard and Melville (2004) further stress secondary data is obtained in two distinct forms, that is, the introductory review and a broad review of other research works. Introductory review was adopted in Chapter 1 of the survey to develop a framework, while broad analysis of the literature was conducted in the Chapter 2 to assess and expand the opinions of other researchers on relatively appropriate topics. Kumar (2011:170) asserts that a review of literature serves to improve and combine the researcher's knowledge base and assists in integrating the findings with the existing body of knowledge.

3.8.2 Primary data collection

Primary data is the most authorised information obtained in a research (Leedy & Ormrod, 2010:211). Primary data requires gathering of data directly from a study sample by a scholar; hence, it is vital that researchers structure inquiries in a clear and comprehensible format to obtain suitable data from study respondents (Kumar & Phrommathed, 2005:175). The primary data collected for this survey was through administration of quantitative close-ended questionnaires to study respondents via hand delivery retrieved and through the same medium.

3.9 QUESTIONNAIRE DESIGN

The most important aspect of a survey research is questionnaire design that is vital in a data collection for quantitative research (Kumar & Phrommathed, 2005:156). Further, Kumar and Phrommathed (2005:156) explain that to guarantee the validity and reliability of the research questions in questionnaire design, researcher must ensure correlation between the research aim, research questions and research objectives of the study. Thus, the questionnaire designed around the three cost control techniques that were examined, namely: budgeting

tools, activity-based costing and standard costing. The research questionnaire for the study was designed using close-ended questions, with questions adopting the four-point Likert scale to restrict the answers allowed by survey respondents.

The questionnaire comprised ten pages, including the consent letter (cover page). The letter was used to emphasize purpose of the study and reassure respondents that any data provided would be used solely for the purpose of the study and would be kept confidential and anonymous, and that there were no risks associated with participating in the study.

The questionnaire began with Questions on respondents' profile and their businesses' profile and administrative management practices, types of cost control measures adopted regarding budget, activity-based costing and standard costing, to the purpose of cost control for organisational performance. The questionnaire also include issues on challenges of cost control as they affect organisational performance in SMEs, in addition to effectiveness of cost control measures regarding budgeting tool, activity-based costing and standard costing used in a firm and finally the requirements for ensuring effective cost control system and respondents' perception of the impact of cost control modalities used in the firm.

The researcher delivered the questionnaire personally to all participants based in Cape Town. Managers were chosen to participate in the study because they hold positions of authority in providing value added recommendations to management and accountants within the organisation and were selected to participate because they are in a better position to shed light on challenges they face when managing business finance. From the 120 questionnaire distributed, received 61 completed responses were received.

The questionnaire for this study was designed adhering to the following criteria (Adler & Clark, 2007:52) and among others:

- Avoid loaded words, that is, avoid words that trigger an emotional response.
- Avoid ambiguous words, that is, words that can be given more than one meaning.
- Avoid the use of double negative questions, that is, questions that require respondents to disagree with a negative statement.
- Avoid threatening questions - questions that make respondents feel frightened or embarrassed to give an honest answer.
- Avoid compound questions - those with more than two or more questions in a single question.
- Administer questions in the language of the respondents.

Table 3. 1: Questionnaire design structure

Section	Section title	Achieving the objective	Objective addressed
A	Respondent details		To define the details of respondents involved in the survey
B	Learning process		Information on organisation steps of each respondent's firm
C	To identify the types of cost control measures adopted by small and medium-sized enterprises	The objective is attained through review of relevant literature and questionnaire administration	Objective 1
D	To ascertain the purpose of cost control for organisation performance	The objective is attained through review of relevant literature and questionnaire administration	Objective 2
E	To ascertain the challenges of cost control as it affect organisation performance in SMEs	The objective is attained through review of relevant literature and questionnaire administration	Objective 3
F	To determine the effectiveness of cost control measures adopted by SMEs	The objective is attained through review of relevant literature and questionnaire administration	Objective 4
G	To establish the requirement to ensure effective cost control system in an organisation	The objective is attained through review of relevant literature and questionnaire administration	Objective 5

Source: Researcher

3.10 DATA ANALYSIS FOR THE STUDY

Data analysis includes tabulating, categorising, testing and examining the results to address the purpose of a study (Yin, 2003:103). The quantitative data obtained structured questionnaire, which were analysed using Statistical Package for the Social Sciences (SPSS) version 25 software and descriptive statistics. The quantitative data, which were obtained by questionnaires, were analysed with descriptive statistics. Frequency tables, bar charts and pie charts were drawn from analysed quantitative data and presented.

3.10.1 Descriptive statistics

Descriptive statistical analysis in an exploratory study defined as a procedure of clarifying or limiting a set of quantitative data in simple comprehensible formats (charts and tables) (Quartaroli & Lapan, 2009). The descriptive statistics presents a simple summary of each figures variable by using descriptive statistical tools (O'Leary, 2010). Struwig, Struwig and Stead (2007) explain that the use of statistical tools in data analysis is to show a straightforward and graphical representation of a large data set. This survey applied the use

of frequency distribution and central tendency measurement technique (mean and standard deviations) in analysing quantitative data obtained in the survey.

3.11 ETHICAL CONSIDERATIONS

Complying with ethical standards and bearing in mind that human participants were involved in this study, approval was sought from the Cape Peninsula University of Technology's Ethics Committee before commencing data collection. Participants' identities and other personal information was kept confidential and will not be divulged. Participation was voluntary whereby participants were free to indicate not to participate and free to withdraw participation at any time without obligation.

3.11.1 Informed consent

To comply with the requirements of the Ethics Committee, the researcher enlightened the respondents what the research entailed then emphasised that the respondents could withdraw from participating in the survey at any time without any negative repercussions. A consent letter was given to the participants who were requested to read and ask questions if they needed further clarity. Once the participants consent was obtained, the questionnaire was distributed to them.

3.11.2 Confidentiality and anonymity

The participants were guaranteed of anonymity, as their personal information will not to be linked to their individual responses. They were also assured that confidentiality of their personal details would not be compromised to a third party. In addition, participants were educated that their information and responses would be private and the results of the survey reported anonymously in a manner to protect the identities of the participants (Maree, 2007; Brynard & Hanekom 2006).

3.12 SUMMARY

The chapter presented the research methodology employed in the study in order to achieve the research objectives. Firstly, the chapter discussed the research paradigm adopted together with the research methodology. The research design outlined the research method, population, sampling method, sample size and sample. Thereafter, the data collection technique and questionnaire, as the collection instrument, are elaborated. Data-collection procedures and data analysis and techniques were discussed. Finally, a thorough discussion of ethical considerations that guided the researcher in carrying out the study closed the chapter. The next chapter covers data analysis and presentation of findings

CHAPTER FOUR

4.1 INTRODUCTION

This chapter presents analysis of data gathered using a questionnaire administered to owners, managers and accountants in SMEs manufacturing firms in the Western Cape. The chapter describes the response rate of the questionnaire, the biographical information of the respondents, learning process, pilot study undertaken for modification of research instruments and testing of research instruments for reliability and validity purposes.

The chapter presents the interpretation and discussion of findings in respect of learning process applicable to improve organisational performance, the types of cost control measures adopted by manufacturing SMEs, the purpose of cost control for organisational performance in terms of planning purpose, motive for cost control, organising purpose, decision-making and communication improvement, cost control measures with regard to budget, standard costing and activity-based costing the requirement to ensure effective cost control system.

4.2 RESTATEMENT OF RESEARCH OBJECTIVES

The main purpose of this study was to establish the modalities decision-makers of small and medium enterprises in the manufacturing sector in the Western Cape effectively use cost control measures to improve organisational performance. To achieve this purpose, five research objectives were explored, namely:

1. identify the types of cost control measures adopted by manufacturing SMEs;
2. ascertain the purpose of cost control technique used by manufacturing SMEs;
3. ascertain the challenges of cost control as it affects organisational performance;
4. determine the effectiveness of cost control measures adopted by manufacturing SMEs; and
5. establish the requirement to ensure effective cost control system that will enhance organisational performance of manufacturing SMEs

4.3 RESEARCH QUESTION AND SUB-QUESTIONS

4.3.1 Research question:

The research question for this study was: What effect could cost control positively have on organisational performance of small and medium-sized manufacturing enterprises (SMEs) in the Western Cape, South Africa?

4.3.1.2 Research sub-questions

1. What are the types of cost control measures adopted by manufacturing SMEs?
2. What are the purposes of cost control techniques used by manufacturing SMEs?
3. What are the challenges of cost control as it affects the organisational performance of manufacturing SMEs?
4. What is the effectiveness of cost control measures adopted manufacturing SMEs?
5. What requirements are necessary to ensure an effective cost control system to enhance the performance of manufacturing SMEs?

4.4 EXPLORATORY STUDY

The aim of this exploratory study, conducted in Cape Town, Western Cape Province of South Africa in the manufacturing industry. The target population for this study was owners, accountants and managers of SMEs. The sampling technique used was non-probability purposive sampling. It was required of the respondents to complete all sections of the questionnaire and make constructive comments, where applicable. To check the appropriateness and clarity of the questionnaire used, it was administered to managers, including others in manufacturing SMEs, in a pilot study. Successively, the inputs and comments of respondents (managers of the manufacturing firms) were considered and appropriate adjustments made in the design of the final questionnaire used for the main study.

4.5 QUESTIONNAIRE SURVEY RESPONSE RATE

Quantitative data for this survey was elicited through the administration of the questionnaire. One hundred and twenty (120) questionnaires were administered in person to managers, accountants and owners of manufacturing SMEs in the Western Cape Province. These respondents control costs in firms and could provide appropriate responses to the research questions. As such, findings of the study met the criteria of validity and reliability. However, only sixty-one (61) questionnaires were duly completed, retrieved and analysed, a response rate of 40%.

4.6 RESPONDENTS' INFORMATION AND BUSINESS PROFILE

4.6.1 Highest qualification of respondents

Analysis of the data indicated that 4.9% of the respondents hold matriculation certificates, 14.8% hold Diploma, 41.0% hold Postgraduate Diploma as their highest educational qualification, 34.4% hold Bachelor's degree, 3.3% hold Honours and 1.6% hold Master's degree. In short, most of the respondents have some form of academic qualification. However,

all were in positions within firms that qualified them to be able to provide relevant data on cost. Figure 4.1 shows data on respondents' highest qualification.

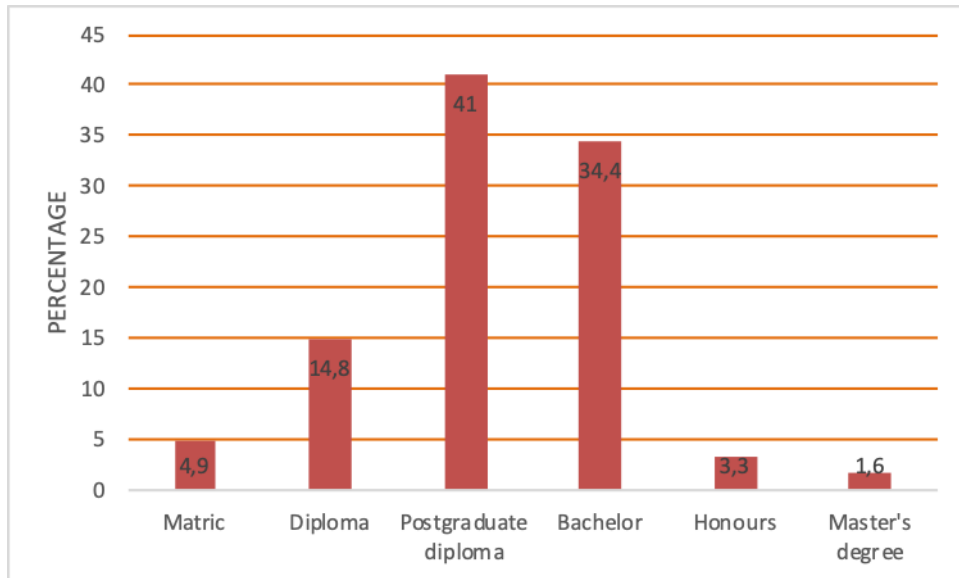


Figure 4. 1: Highest qualification

Source: Field survey (2019)

4.6.2 Respondents' positions in the firm

Regarding respondents' positions in their firms, as depicted in Figure 4.2, majority of the respondents (37.7%) were managers, 32.8% were owners of firms and 29.5% were accountants. The percentage distribution confirms that, in fact, the appropriate respondents had responded to the questionnaire as the survey purposely targeted managers, owners and accountants who were defined as decision-makers in manufacturing SMEs.

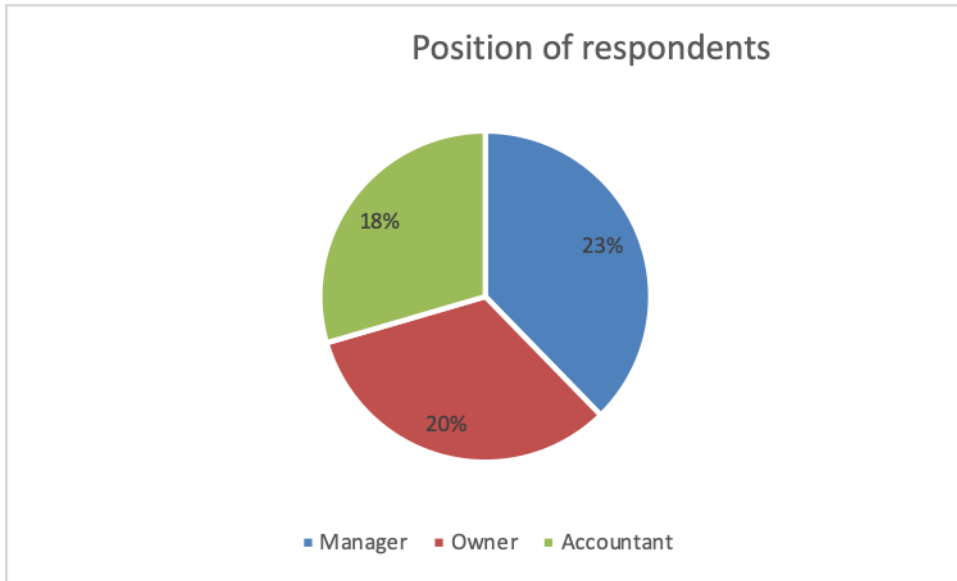


Figure 4. 2: Respondents' positions in the firm

Source: Field survey (2019)

4.6.3 Years of working experience

Table 4.1 shows years of work experience of respondents in the manufacturing firms who participated in the study. Almost half of them (47.5%) had between 1-5 years' experience in their positions, 26.2% between 6-10 years and 19.7% in between 11-15 years. One respondent (1.6%) had between 16-20 years working experience and two (3.3%) had between 21-25 experiences. The heavy collective distribution (73.7%) of respondents in the 1-5 years and 6-10 years and correspondingly low collective distribution (4.9%) in 16-20 year and 21-25 years do not, however, imply data provided by the 1-5 and 6-10 year-groups was any less reliable for the purpose of the study.

Table 4. 1: Years of respondents' working experience

Category	Frequency	Percentage (%)
1-5 years	29	47.5
6-10 years	16	26.2
11-15 years	12	19.7
16-20 years	1	1.6
21-25 years	2	3.3
Total	60	100

Source: Field survey (2019)

4.6.4 Number of employees in respondents' businesses

Figure 4.3 shows the number of employees employed in the respondents' business. 31.1% of the respondents indicated that their business had 21-40 employees, 29.5% said their businesses had 1-20 employees, 23.0% stated that their businesses had 41-60 employees; 8.2% had 61-80 and 101-120 employees, respectively. Thus, 72.1% of the respondents were from small enterprises with less than 50, but more than five employees, whereas 27.9% of the respondents were from medium enterprises with 51-120 employees. Figure 4.3 succinctly captures this information. Accordingly, all respondents who participated in the study were from small and medium-sized enterprises and correctly targeted for the study.

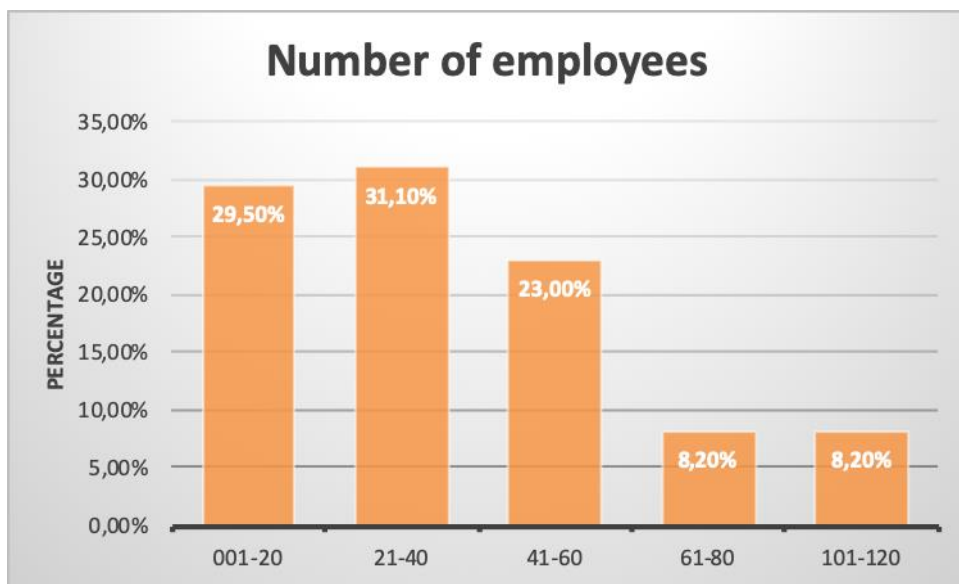


Figure 4. 3: Number of employees in respondents' businesses

Source: Field survey (2019)

4.6.5 Respondents' companies' products

Based on the results shown in Figure 4.4, as far as the areas of operations of respondents' businesses was concerned, the results indicated that 65.6% operated in 'Other', that is, unspecified areas of manufacturing and 8.2% manufacture toilet paper and plastic pipes, respectively, with 6.6% operating in aluminium glass, 4.9% in furniture and 3.3% in juice and soap businesses, respectively. This result indicates respondents' manufacture a wide variety of consumer goods/products.

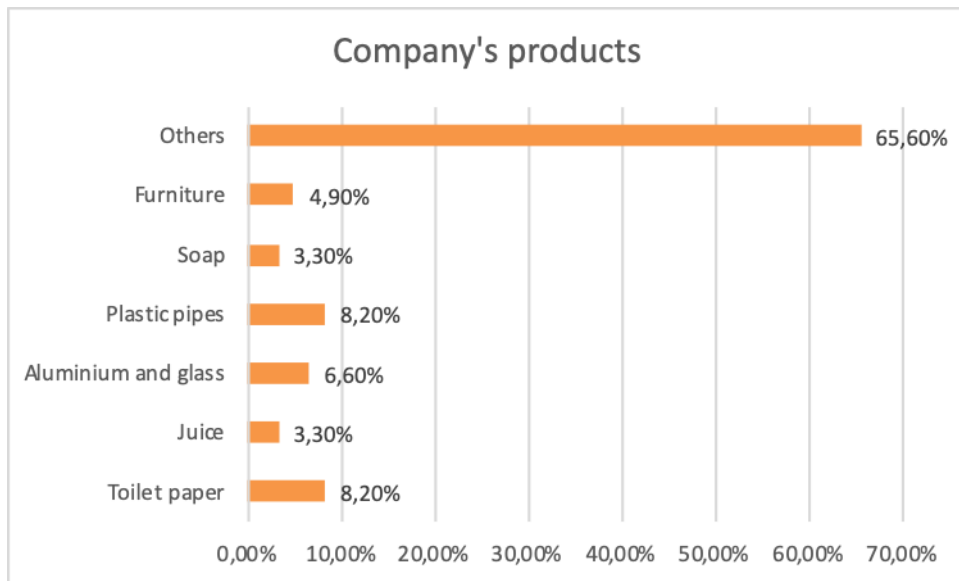


Figure 4. 4: Respondents company's products

Source: field survey (2019)

4.7 RELIABILITY OF RESEARCH INSTRUMENT

The scaled questions used in the study were tested with Cronbach's Alpha coefficient, using Statistical Package for the Social Sciences (version 25) to determine the reliability of the research questions. Cronbach's alpha reliability test is an estimate of the internal consistency associated with the scores that can be derived from a scale or composite score (Tavakol & Dennick, 2011:53).

Table 4.2 presents a summary of reliability tests conducted on the Likert-scale questions. From the table, it is clear that the Cronbach's alpha coefficient values are greater than 0.70 (>0.70). Tavakol and Dennick (2011:53) agree that score values between 0.70-0.95 are standardised values for the reliability of a test to be proven. Hence, the results of the Cronbach's alpha coefficient tests were satisfactory in terms of reliability test requirements.

Table 4. 2: Reliability of research instrument

Question No	Headings	Number of items	Cronbach's alpha coefficient
Section B	Learning process	9	0.8
Section C1	Types of budget	5	0.6
Section C2	The level of usage of budget method	6	0.8

Section F3	Significance of budget in the organisation	7	0.7
Section F Part B	Activity-based costing as a control measure	10	0.7
Section F Part C	Standard costing as a control measure	8	0.9
Section D1	Determine cost control for planning purpose	5	0.6
Section D2	To determine the motive for cost control	5	0.6
Section D3	Determine cost control for organising purpose	6	0.7
Section D4	To ascertain cost control in relation to decision-making	6	0.8
Section D5	Impact of cost control on communication improvement	4	0.7
Section E	To evaluate the challenges of cost control as it affect organisation performance in small and medium-sized enterprises	11	0.7
Section H1	Requirement to ensure effective cost control system in an organisation	10	0.8
Section H2	Effect of resources management on cost towards productivity	10	0.7

Note: Average Cronbach Alpha Coefficient: Total Cronbach Alpha/Number of questions.
Source: Field survey (2019)

4.8 ADMINISTRATIVE MANAGEMENT PRACTICES

4.8.1 Learning process

Table 4.3 presents the learning process of the respondents using a five-point Likert scale: 1- extremely not applicable, 2- not applicable, 3- moderately applicable, 4-applicable, 5- extremely applicable. Responses were ranked by a mean score. Learning through training ranked first with a $mv=4.37$; Knowledge transfer from past experience ranked second with $mv=4.34$, learning through feedback ranked third with $mv=4.31$; learning through previous job done ranked fourth with $mv=4.29$; learning through shared visions ranked fifth with $mv=3.69$; learning through group-work ranked sixth, $mv=3.43$; learning through research programmes ranked seventh with $mv=2.93$; competitive learning ranked eight with $mv=2.85$ and learning through conferences organised for skills development ranked ninth with a mean of $mv=2.59$. After assessing the means obtained, the range at which respondents learn through the learning process was found to range from 1-6.

Table 4. 3: Learning process applicable to improve organisational performance

Significant Factor	N	Mean value (mv)	Rank
Learning through training	61	4.38	1
Knowledge transfer from past experience	61	4.34	2
Learning through feedback	61	4.31	3
Learning through previous job done	61	4.29	4
Learning through shared visions	61	3.69	5
Learning through group work	61	3.43	6
Learning through research programmes	61	2.93	7
Competitive learning	61	2.85	8
Conferences organised for skills development	61	2.59	9

Source: Field survey (2019)

4.9 TYPES OF COST CONTROL MEASURES ADOPTED BY SMALL AND MEDIUM-SIZED ENTERPRISES

Below are some of the types of cost control measures adopted by small and medium-sized enterprises:

4.9.1 Budget as a control measure

Budgets as instruments are beneficial to management because they help in coordinating and distributing responsibilities within the organisation which, in turn, improve organisational performance.

4.9.1.1 How often various types of budget were used by SMEs

Table 4.4 presents the various types of budgets that can be used by manufacturing small and medium-sized enterprises. To identify the most frequently used type of budget in an organisation, respondents were asked to assess the list of budget types using a four-point Likert scaling system: 4-highly used, 3-used, 2-rarely used and 1-not used. The most frequently used types of budget assessed include sales budget (77%), purchase budget (60.7%), inventory budget (59%), capital expenditure budget (50.8%), personal budget (44.3%) and marketing budget (44.3%).

Table 4.4 shows the types of budgets that were frequently used by summing up the percentages obtained from the responses for 'used' and 'highly used'. A small number of respondents was totally against the use of personal and marketing budget, indicated by the

fact that their mean score fell below 2.5. These results are consistent with the findings of Ahmad (2014) and Joshi (2001) in Malaysia and India, respectively, note that the sales budget and cash flow budget are the most frequently used types of budgets by small and medium-sized enterprises.

Table 4. 4: Various types of budget used by SMEs

Significant	N	Not Used (%)	Rarely used (%)	Used (%)	Highly used (%)	Mean value (mv)	Std.D	Rank
Sales budget	61	9.8	13.1	<u>39.3</u>	<u>37.7</u>	3.04	0.95	1
Inventory budget	61	8.2	32.8	<u>41.0</u>	<u>18.0</u>	2.71	0.87	2
Capital expenditure budget	61	8.2	41.0	<u>31.1</u>	<u>19.7</u>	2.62	0.89	3
Purchase budget	61	16.4	23.0	<u>45.9</u>	<u>14.8</u>	2.59	0.94	4
Personal budget	59	1.6	50.8	<u>41.0</u>	<u>3.3</u>	2.47	0.59	5
Marketing budget	61	19.7	36.1	<u>29.5</u>	<u>14.8</u>	2.39	0.97	6

Scale: 1= Not used; 4= highly used

Source: Field survey (2019)

4.9.1.2 Level of usage of various budget method by small and medium enterprises

Table 4.5 shows the level each budgeting method can be used. To achieve this, a Likert scaling method that consists of 1-highly used, 2-used, 3-rarely used, 4-not used, was utilised to help arrive at a better conclusion. In other to achieve this, respondents were asked to identify the level of usage of budget method in various small and medium-sized enterprises. Findings obtained indicate that activity-based budgeting method (68.9%) was the most used with a mean score of mv=2.93, fixed budgeting method (mv=54.1%) was ranked next with a mean score of mv=2.67, followed by a flexible budgeting method (41%), which has a mean score of mv=2.4. The next to be identified was incremental budgeting method (22.9%), which has a mean score of mv=2.11 and, finally, the zero-based budgeting method (19.7%), with a mean score of mv=1.95. The results in Table 4.5 show that some respondents agreed that activity-based and fixed budgeting methods were highly preferred budgeting methods used since their mean score fell above 2.5, while other respondents were of the opinion that flexible, incremental and zero-based budgeting methods were the least preferred used since their mean score fell below mv=2.1. The results of the current study are consistent with the findings of prior studies (Ahmad, 2012; Abdel-Kader & Luther, 2006; Joshi, 2001), method in Malaysia, UK and India, respectively, revealed that zero-based budgeting was the least used budgeting.

Table 4. 5: Level of usage of various budget method used by SMEs

Significant	N	Not Used (%)	Rarely used (%)	Used (%)	Highly used (%)	Mean value (mv)	Std.D	Rank
Activity-based budgeting	61	3.3	27.9	41.0	27.9	2.93	0.83	1
Fixed budgeting	61	6.6	39.3	34.4	19.7	2.67	0.87	2
Flexible budgeting	61	6.6	52.5	34.4	6.6	2.40	0.72	3
Incremental budgeting	61	14.8	62.3	21.3	1.6	2.11	0.65	4
Zero-based budgeting	61	36.1	44.3	8.2	11.5	1.95	0.95	5

Scale: 1= Not used; 4= highly used

Source: field survey (2019)

4.9.1.3 Budget significantly used as a type of cost control measure

Table 4.6 shows significance attached to use of the budget in the organisation among respondents. Factors regarded as significant for its use in the organisation were assessed using a four-point Likert scaling system, which includes: 4-strongly agree, 3-agree, 2-disagree and 1-strongly disagree. Respondents stated that the budget helped in the following ways: it can be seen that 100% of the respondents stated that the budget helps in the execution of the organisation's strategies by properly delegating tasks (mv=3.30); budget symbolises good governance in an era of transparency by ensuring that costs are allocated efficiently to various tasks (mv=3.30); assists the organisation in executing its policies by allocating penalties (mv=3.08), assist organisation in the execution on its objectives by identifying key areas (mv=2.95); symbolises competency of capacity in an organisation through proper financial planning (mv=2.95); symbolises competency of management in an organisation (mv=2.92) as well as enabling the organisation in deviating from the budget later in the course of the year (mv=2.74).

Table 4. 6: Budget significantly used as a type of cost control measure

Significance	N	Strongly disagree (%)	Disagree (%)	Agree (%)	Strongly agree (%)	Mean value (%)	Std.D	Rank
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Budget helps organisation in execution on its strategies by properly delegating tasks	61	0.0	0.0	<u>70.5</u>	<u>29.5</u>	3.30	0.46	1
Budget symbolise good governance in an era of transparency in organisation by ensuring that cost are allocated efficiently to various tasks	61	0.0	0.0	<u>70.5</u>	<u>29.5</u>	3.30	0.46	2
Budgeting helps organisation in execution on its policies by allocating penalties	61	0.0	23.0	<u>45.9</u>	<u>31.1</u>	3.08	0.74	3
Budgeting helps organisation in execution on its objectives by identifying key areas	61	0.0	26.2	<u>49.2</u>	<u>24.6</u>	2.98	0.72	4
Budgeting symbolises competency of capacity in an organisation through proper financial planning	61	0.0	27.9	<u>49.2</u>	<u>23.0</u>	2.95	0.72	5
Budgeting symbolises competency of management in an organisation	61	0.0	31.1	<u>45.9</u>	<u>23.0</u>	2.92	0.74	6
The organisation deviates from budget later in the course of the year	61	6.6	21.3	<u>63.9</u>	<u>8.2</u>	2.74	0.70	7

Scale: 1= strongly disagree; 4= strongly agree

Source: field survey (2019)

4.9.2 Activity-based costing used as a type of cost control measure

Table 4.7 presents the benefits of using activity-based costing used as a cost control measure in small and medium-sized enterprises. Respondents used a four-point Likert scaling method (4 - strongly agree, 3 - agree, 2 - disagree, 1 - strongly disagree) that included various assessed factors. The frequency statistics analysis of these factors relating to the benefits of using activity-based costing as a control measure in an organisation are presented in Table 4.7. To carry out this analysis, a survey was conducted among various respondents who were directly related to small and medium-sized enterprises. The analysis used four sub-headings. Under the first subheading, results show that about 86.9% of the respondents agree that activity-based costing can be used to reduce cost by identifying better ways to increase resource utilisation (mv=3.21), while 11.5% did not agree. However, the results in the table show that most of the respondent (98.3%) agreed that activity-based costing can be used to provide information to help identify areas where process and improvement is needed in an organisation (mv=3.20), while about 1.6% were not in agreement. About 85.3% of the respondents agreed that activity based costing can be used to help ascertain accurate information about cost of resources demands by individual in an organisation (mv=3.13), while

about (14.8%) disagreed. About ninety per cent (90.2%) of the respondents believe that activity- based costing can be used by managers to carry out better decision-making and control within the organisation (mv=3.13), while about 9.8% were in disagreement. From the results obtained, respondents agreed with the factors identified. In summary, it was observed that all respondents were in agreement with the factors listed as the benefits of using activity-based costing to serve as an important control measure within the organisation. The results of the current study are consistent with the findings of prior studies (Anand et al., 2005; Garg, 2016; Ezeagba, 2014) method in India and Nigeria revealed that activity-based costing provides a better governance towards maximising its resources.

Table 4. 7: Activity-based costing used as a type of cost control measure

Significance	N	Strongly disagree (%)	Disagree (%)	Agree (%)	Strongly agree (%)	Mean value (mv)	Std.D	Rank
Organisation uses ABC to reduce cost by identifying better ways to increase resource utilisation	61	0.0	11.5	<u>54.1</u>	<u>32.8</u>	3.21	0.64	1
ABC provides information to identify areas where process and improvement is needed in an organisation	61	0.0	1.6	<u>77.0</u>	<u>21.3</u>	3.20	0.44	2
ABC helps to ascertain accurate information about cost of resources demands by individual in an organisation	61	0.0	14.8	<u>57.4</u>	<u>27.9</u>	3.13	0.64	3
Managers utilises ABC to carry out better decision-making and control within the organisation	61	0.0	9.8	<u>67.2</u>	<u>23.0</u>	3.13	0.56	4
ABC helps in improvement in shareholders' value	61	0.0	11.5	73.8	14.8	3.03	0.66	5
ABC helps organisation in control of cost towards profitability	61	0.0	11.5	73.8	14.8	3.03	0.52	6
Organisation uses ABC to reduce effort required to perform activity within the organisations through proper activity delegation	61	0.0	24.6	47.5	27.9	3.03	0.73	7
ABC is used to assist employees in learning and continuous improvement of decision-making in an organisation	61	1.6	27.9	42.6	27.9	2.97	0.79	8
ABC is used to reduce time required to perform an activity for	61	0.0	23.0	67.2	9.8	2.89	0.56	9

continuous improvement in the organisation								
Organisation uses ABC to help in analysis of financial information	61	0.0	32.8	50.8	16.4	2.84	0.69	10

Scale: 1= strongly disagree; 4= strongly agree

Source: Field survey (2019)

4.9.3 Standard costing used as a type of cost control measure

Table 4.8 shows the benefits of using standard costing as a control measure in manufacturing organisation. The factors were assessed by various respondents via the use of a four-point Likert scaling: 1 - strongly disagree, 2 - disagree, 3 - agree and 4 - strongly agree. The frequency statistics analysis of the benefits of using standard costing as a control measure are presented in Table 4.8, where 93.4% of the respondents strongly agreed to using standard costing as a control method, while 6.6% were not in agreement. 93.4% respondents agreed that standard costing helps managers to analyse where variances arises in an operation in an organisation, while 6.6% were not in agreement. Further, 86.9% of the respondents agreed that standard costing is used to provide information for the effective managerial performance in an organisation, while 13.1% did not agree.

From the findings shown in Table 4.8 respondents agreed that the factors mentioned can be derived if standard costing is used as a control measure in small and medium-sized enterprises. Also, each of the identified factors recorded high frequencies of agreement. The results are consistent with the findings of Gubenje (2015) in Zimbabwe, who noted that effective implementation of standard costing system resulted successful cost control in other companies.

Table 4. 8: Standard costing used as a type of cost control measure for small and medium-sized enterprises

Significance	N	Strongly disagree (%)	Disagree (%)	Agree (%)	Strongly agree (%)	Mean (%)	Std.D	Rank
Organisation uses standard costing as a control method	61	0.0	6.6	<u>50.8</u>	<u>42.6</u>	3.36	0.61	1

Standard costing helps managers to analyse where variances arises in an operation in an organisation	61	0.00	6.6	<u>55.7</u>	<u>37.7</u>	3.31	0.59	2
Standard costing provides information for effective managerial performance in an organisation	61	0.00	13.1	<u>49.2</u>	<u>37.7</u>	3.24	0.67	3
Standard costing help organisations to provide forecast of future cost which can be used for decision making	61	0.0	4.9	68.9	26.2	3.21	0.52	4
Organisation uses standard costing to be able to measure quantity, quality, weight and values	61	0.0	9.8	59.0	31.1	3.21	0.61	5
Organisation uses standard costing to facilitate in setting out budget	61	0.0	18.0	45.9	36.1	3.18	0.72	6
Organisation uses standard costing to help in the planning and pricing structure of financial information	61	0.0	6.6	73.8	19.7	3.13	0.41	7
Standard costing helps decision makers in a firm to be alerted in situations that may be out of control in the organisation	61	0.0	16.4	60.7	23.0	3.10	0.63	8

Scale: 1= strongly disagree; 4= strongly agree

Source: Field survey (2019)

4.10 PURPOSE OF USING COST CONTROL TECHNIQUE WITHIN SMALL AND MEDIUM-SIZED ENTERPRISES

Table 4.9 presents factors that help to determine how cost control techniques can be used for planning purposes within small and medium-sized enterprises. This survey was carried out using a four-point Likert scale: 1-strongly agree, 2-agree, 3-disagree, 4-strongly disagree among respondents to determine the level to which they were in agreement with the use of cost control techniques to achieve proper planning. To achieve this, respondents were asked how they felt about the use of cost control to achieve adequate control of cost at the initial stage through to close out stage to reduce cost and increase productivity (mv=3.62). In response to this, 98.3% of the respondents were in agreement, while 1.6% disagreed. Ninety-eight per cent (98.3%) also agreed that adequate planning of cost control will help enhance organisational objectives towards productivity, while 1.6% of the respondents disagreed (mv=3.61). A greater percentage of the respondents (98.4%) also agreed that regular meeting among production team will significantly enhance organisational growth and profit-making, while 1.6% of the respondents strongly disagreed (mv=3.59). To sum up, all respondents were in agreement with the factors identified as ways through cost control can be used for planning purposes in small and medium-sized enterprises.

The findings in Table 4.9 show that all the mean scores are above 3.3, suggesting that most of the respondents accepted the factors as significant enough to determine cost control for

planning purpose. The results of the current study are consistent with findings of prior Ngunjiri's study (2008) in Kenya, which revealed the purpose of cost control.

Table 4. 9: Determine cost control for planning purpose

Significant factor	N	Strongly disagree (%)	Disagree (%)	Agree (%)	Strongly agree (%)	Mean value (mv)	Std.D	Rank
Adequate control of cost at initial stage through to close out stage will reduce cost and increase productivity	61	1.6	0	36.1	62.3	3.62	0.52	1
Adequate planning of cost control will enhance organisation objectives towards productivity	61	1.6	0	34.4	63.9	3.61	0.59	2
Regular meeting among production team will significantly enhance organisation growth and profit making	61	1.6	0	36.1	62.3	3.59	0.59	3
Adequate planning for cost control at initial stage through to design stage will reduce cost of production significantly	61	0	3.3	52.5	44.3	3.41	0.56	4
Proper planning and implementation of cost control at each phases of production during production process	61	0	0	67.2	32.8	3.33	0.47	5

Scale: 1= strongly disagree; 4= strongly agree

Source: field survey 2019)

4.10.1 Motives for cost control

Table 4.10 presents motives behind the use of cost control within small and medium-sized enterprises based on a four-point Likert scale survey: 4-strongly agree, 3-agree, 2-disagree and 1-strongly disagree. Factors that stood out as motives behind the use of cost control within small and medium-sized enterprises are as follows: all respondents (100%) agreed that control process helps organisations to avoid mistakes when selling to customers with (mv=3.36). Majority (88.5%) of the respondents agreed, while 11.5% disagreed that establishment of financial control team helps the organisation to make decisions in protecting organisational resources with (mv=3.36). All respondents (100%) also agreed that proper control during acquisition of resources, which had a mean score of mv=3.29. Finally, all respondents (100%) agreed with the need for proper monitoring of budget at the stage of acquisition of resources (mv=3.19). Based on the results displayed in the table, it is clear that the mean scores are above 3.1. This indicates that all respondents accepted the factors identified as important motives behind the use of cost control within the small and medium-sized enterprises.

Table 4. 10: To determine the motive for cost control

Significant factor	N	Strongly disagree (%)	Disagree (%)	Agree (%)	Strongly agree (%)	Mean value (mv)	Std.D	Rank
Control process help organisations to avoid mistakes during selling to customers	61	0.0	0.0	<u>65.6</u>	<u>34.4</u>	3.36	0.58	1
Establishment of financial control team helps our organisation to make decisions in protecting organisation resources	61	0.0	11.5	<u>41.0</u>	<u>47.5</u>	3.36	0.68	2
Proper control during acquisition of resources	61	0.0	0.0	<u>70.5</u>	<u>29.5</u>	3.29	0.46	3
Proper monitoring of budget at the stage of acquisition of resources	61	0.0	0.0	<u>80.3</u>	<u>19.7</u>	3.19	0.40	4

Scale: 1= strongly disagree; 4= strongly agree

Source: Field survey (2019)

4.10.2 Cost control for organising purpose

Table 4.11 shows significant factors that help to determine the use of cost control for organising in the small and medium enterprises. To carry out this survey, a four-point Likert scaling system was used, which consisted of 1-strongly agree, 2-agree, 3 – disagree and 4-strongly disagree. Responses were ranked using their mean scores. Ninety-eight (98.4%) ranked the establishment of team work in helping to build and maintain high-performance team throughout the organisation as number 1 with mv=3.48, followed by all respondents (100%) agreeing that organising helps in maintaining a quality environment in the firm, which was ranked second with a mean score of mv=3.41. The third factor, sorting helps in eliminating unnecessary items from the work environment, with mv=3.39, had 98.4% of the respondents agreeing, while 1.6% disagreed. The fourth factor, with mv=3.37, was adequate preparation of client's goods, which leads customers through the buying decision and facilitates a satisfying transaction, majority (98.4%) agreed, while 1.6% disagreed. The fifth factor with (mv=3.33) organised work act as a motivation factor to employees and customers in the work with 93.4% respondents agreeing and 6.6% of respondents disagreed. The sixth factor, with mv=3.31, had to do with helping to draw out programme of works to achieve during delivery of raw materials, majority (98.4%) agreed while 1.6% disagreed. The mean scores identified ranged between 3.3 and 3.4. This means that respondents accepted the factors to as

significant enough to enable cost control to be used for organising purposes in small and medium enterprises.

Table 4. 11: Determine cost control for organising purpose

Significant	N	Strongly disagree (%)	Disagree (%)	Agree (%)	Strongly agree (%)	Mean value (mv)	Std.D	Rank
Establishment of team work helps to build and maintain high-performance team throughout in the organisation	61	0.0	1.6	<u>49.2</u>	<u>49.2</u>	3.48	0.54	1
Organising helps in maintaining a quality environment in the firm	61	0.0	0.0	<u>59.0</u>	<u>41.0</u>	3.41	0.49	2
Sorting helps to eliminate unnecessary items from the work environment	61	0.0	1.6	<u>57.4</u>	<u>41.0</u>	3.39	0.53	3
Adequate preparation of clients goods lead customer through the buying decision and facilitate a satisfying transaction	61	0.0	1.6	<u>36.1</u>	<u>62.3</u>	3.37	0.49	4
Organised work act as a motivation factor to employees and customers in the work	61	0.0	6.6	<u>54.1</u>	<u>39.3</u>	3.33	0.59	5
Helps to draw out programme of works to achieve during delivery of raw materials	61	0.0	1.6	<u>65.6</u>	<u>32.8</u>	3.31	0.50	6

Scale: 1= strongly disagree; 4= strongly agree

Source: Field survey (2019)

4.10.3 To ascertain cost control in relation to decision-making

Table 4.12 shows significant factors that help to ascertain the use of cost control in ensuring proper decision-making in small and medium enterprises. This survey was conducted using a Likert scaling system: 4- strongly agree, 3-agree, 2-disagree, 1-strongly disagree. Respondents were asked to indicate their level of agreement with each of the factors listed regarding its significance to be used to arrive at proper decisions in small and medium-sized enterprises. With 91.7% and mv=3.6, adequate decision-making during production to improve profitability was ranked as number 1, a minority of the respondents (1.6%), however, disagreed. About 92% of the respondents agreed, while 8.2% disagreed that the firm's proper decision-making improves cost efficiency on the quality on goods, which was ranked second with a mean score of mv=3.5. The third reason that could determine the use of cost control in decision-making was its ability to enable managers to arrive at prompt decision during the production process with mv=3.30.

The fourth factor with $mv=3.30$ proper decision making improves flexibility on quality of goods in the organisation, with 91.8% of the respondents agreeing and 8.2% disagreeing. The fifth factor, with $mv=3.30$, to which majority of the respondents (96.7%) agreed, while 3.3% disagreed, decision-making improves productivity on quality of goods in a firm. With respect to the sixth factor, the impact of adequate decision-making on market demands, with $mv=2.90$, 70.5% of respondents agreed, while 29.5% disagreed. From the mean scores recorded from each of the factors used to carry out the survey, it is obvious that all respondents agreed with the factors listed as being significant enough to ascertain cost control in relation to decision-making.

Table 4. 12: To ascertain cost control in relation to decision-making

Significant	N	Strongly disagree (%)	Disagree (%)	Agree (%)	Strongly agree (%)	Mean value (mv)	Std.D	Rank
Adequate decision making during production improve profitability	61	0.0	1.6	<u>36.1</u>	<u>62.3</u>	3.61	0.56	1
A firm's proper decision making improves cost efficiency on the quality on goods	61	0.0	0.0	<u>54.1</u>	<u>45.9</u>	3.50	0.50	2
Managers make prompt decisions during production improve financial performance in the organisation	61	0.0	3.3	<u>54.1</u>	<u>42.6</u>	3.40	0.60	3
Proper decision making improves flexibility on quality of goods in the organisation	61	0.0	8.2	<u>57.4</u>	<u>34.4</u>	3.30	0.60	4
Decision making improves productivity on quality of goods in a firm	61	0.0	3.3	<u>67.2</u>	<u>29.5</u>	3.30	0.51	5
Adequate decision-making has impact on markets demands	61	0.0	29.5	<u>52.5</u>	<u>18.0</u>	2.90	0.69	6

Scale: 1= strongly disagree; 4= strongly agree

Source: Field survey (2019)

4.10.4 The impact of cost control on communication improvement

Table 4.13 depicts factors that result from the use of cost control techniques towards improving communication within small and medium-sized enterprises. To achieve this, the respondents used a four-point Likert scaling system to rank the responses. The scaling system consists of 4- strongly agree, 3-agree, 2-disagree, 1- strongly disagree. From the table, all respondents (100%) believed that cost control in organisation in channelling proper communication towards improving targets ($mv=3.40$) and 100% affirmed that effective communication helps to optimise the use of organisation resources ($mv= 3.36$). Also, all respondents believed that

organisations can establish effective communication system during production process (mv=3.18). Additionally, the mean score of respondents who believed that in an organisation a proper communication channel can help align a company's target also had mv=3.16. The mean score identified from each of the respondents was seen to be above 3.1, which signifies that all respondents accepted the factors to be benefits of using cost control on communication improvement.

Table 4. 13: Impact of cost control on communication improvement

Significant	N	Strongly disagree (%)	Disagree (%)	Agree (%)	Strongly agree (%)	Mean value (mv)	Std.D	Rank
In an organisation proper communication channel improve targets	61	0.0	0.0	60.7	39.3	3.40	0.49	1
Effective communication helps to optimise the use of organisation resources	61	0.0	0.0	63.9	36.1	3.36	0.48	2
Organisation establish effective communication system during production process	61	0.0	0.0	82.0	18.0	3.18	0.39	3
In an organisation proper communication channel align company's target	61	0.0	18.0	47.5	34.4	3.16	0.71	4

Scale: 1= strongly disagree; 4= strongly agree

Source: Field survey (2019)

4.11 THE CHALLENGES OF COST CONTROL AS IT AFFECTS ORGANISATIONAL PERFORMANCE IN SMALL AND MEDIUM-SIZED ENTERPRISES

Table 4.14 shows the challenges faced while using cost control techniques to improve performance in various small and medium enterprises. To carry out this survey, respondents were approached and asked through the use of Likert scaling system to identify from among the challenges mentioned which they felt was most significant. The Likert system was structured as follows: 4- strongly agree, 3- agree, 2 – disagree and 1-strongly disagree. A survey was carried out among respondents, and the results obtained are illustrated as follows: under the cost of raw materials fluctuate which is difficult to control, 86.9% of the respondents were found to be in strong agreement (mv=3.54), while about 13.1% were in disagreement. Under the poor management decision-making will indirectly affect organisational cost expenses, all respondents agreed (mv=3.39). Concerning the impacts of cost control in the organisation from lack of training for employees, 93.5% of respondents were strongly in agreement, while 6.6% disagreed (mv=3.37). The category about the impact of employees'

negligence on cost control in the organisation showed that all respondents (100%) were in agreement (mv=3.34).

In summary, it is clear from Table 4.14 that most respondents were in agreement about the factors mentioned as challenges faced by small and medium-sized enterprises, while trying to use cost control techniques to improve organisational performance. The results of the current study are consistent with the findings of prior studies conducted in Zimbabwe (Chimucheka & Mandipaka, 2015), Nigeria (Sanni & Hashim, 2013) and South Africa (Chigara, Moyo & Mudzengerere, 2013; Adjei, Aigbavboa & Thwala, 2017) revealed the challenges of cost control practices.

Table 4. 14: Challenges of cost control as it affects organisation performance in small and medium-sized enterprises

Significant	N	Strongly disagree (%)	Disagree (%)	Agree (%)	Strongly agree (%)	Mean value (mv)	Std.D	Rank
The cost of raw materials fluctuate which is difficult to control	61	0.0	13.1	<u>19.7</u>	<u>67.2</u>	3.54	0.72	1
Poor management decision making will indirectly affect the organisational cost expenses	61	0.0	0.0	<u>60.7</u>	<u>39.3</u>	3.39	0.49	2
Lack of training for employees' impacts cost control in the organisation	61	0.0	6.6	<u>49.2</u>	<u>44.3</u>	3.37	0.61	3
Negligence by employees impacts cost control in the organisation	61	0.0	0.0	<u>65.6</u>	<u>34.4</u>	3.34	0.47	4
Poor scheduling of task to workers causes chaos in the company's operations	61	0.0	3.3	60.7	36.1	3.32	0.54	5
Lack of supervision impacts cost control in the organisation	61	0.0	3.3	73.8	23.0	3.21	0.48	6
Poor monitoring of overhead cost	61	0.0	0.0	80.3	19.7	3.21	0.40	7
Lack of knowledge on the use of available tools and technology affect the organisation project	61	0.0	6.6	70.5	21.3	3.15	0.52	8
Failure to get all necessary information impacts cost control effort in the organisation	61	0.0	21.3	42.6	34.4	3.14	0.75	9
Poor scheduling of task to workers	61	1.6	16.4	62.3	19.7	3.00	0.66	10
Advances in information technology impacts in an organisation	61	0.0	32.8	57.4	9.8	2.77	0.62	11

Scale: 1= strongly disagree; 4= strongly agree

Source: Field survey (2019)

4.12 EFFECTIVENESS OF COST CONTROL MEASURES ADOPTED BY SMALL AND MEDIUM-SIZED ENTERPRISES

4.12.1 Budgeting tool

The frequency statistics analysis on the use of budget tools towards controlling cost in the firm is presented on Table 4.15. To assess the response of specialised respondents, a survey was conducted and the results obtained were as follows: 4.9% believed that using budgeting tools in a firm will be very ineffective, while 11.8% believed budgeting tools will be ineffective.

About 62% believed that budgeting tools will be effective if used in the firm, while 13.1% of the respondents believed that budgeting tools, if used, will be very effective. The missing variable accounted for less than 4.9%. Considering the responses from the respondents, a majority of the respondents (75.4%) believed that if budgeting tools is used in the firm, it will be very effective towards boosting performance of the firm.

Table 4. 15: Budgeting tool

	Frequency	Percentage	Cumulative percentage
Very ineffective	3	4.9	5.2
Ineffective	9	14.8	20.7
Effective	38	62.3	86.2
Very effective	8	13.1	100.00
Total	58	95.1	
Missing system	3	4.9	
Total	61	100.0	

Scale: 1= very ineffective; 4= very effective

Source: Field survey (2019)

4.12.2 Activity-based costing

The frequency statistics analysis of using activity-based costing to help control cost within the firm is presented on Table 4.16. The result obtained are: 1.6% believed that activity-based costing would be very ineffective if used in the firm and about 18% of the respondents also agreed that activity-based costing will be ineffective. About 66% of the respondents held the view that activity-based costing will be effective, while 14.8% believed it would be very effective if used in the firm. Based on the results depicted in Table 4.16, it is obvious that if activity-based costing is used in the firm, it will be very effective. Additionally, respondents who believed that using activity-based costing will be effective had the highest frequency (40) with a percentage of 65.6%. This further helps to strengthen the use of activity-based costing in firms.

Table 4. 16: Activity-based costing

	Frequency	Percentage	Cumulative percentage
Very ineffective	1	1.6	1.6
Ineffective	11	18.0	19.7
Effective	40	65.6	85.2
Very effective	9	14.8	100.00
Total	61	100.0	

Scale: 1= very ineffective; 4= very effective

Source: Field survey (2019)

4.12.3 Standard costing

The frequency statistics analysis of the result obtained is displayed in Table 4.21, where 8.2% of the respondents believed that standard costing will be ineffective if used in the firm, while 59.0% believed it will be effective if used in the firm and 32.8% believed that if standard costing is used in the firm effectively. Majority of the respondents believed that standard costing would be quite effective in controlling cost if used in the firm. In addition, respondents with the highest frequency (36) were those who believed that using standard costing would be effective within the firm. This further helps to strengthen its effectiveness if used in the firm to control cost.

Table 4. 17: Standard costing

	Frequency	Percentage	Cumulative percentage
Ineffective	5	8.2	8.2
Effective	36	59.0	67.2
Very effective	20	32.8	100.00
Total	61	100.0	

Scale: 1= very ineffective; 4= very effective

Source: Field survey (2019)

4.13 REQUIREMENT TO ENSURE EFFECTIVE COST CONTROL SYSTEM IN AN ORGANISATION

Perceptions of respondents were explored on requirement to ensure effective control of cost in the organisation using a five-point Likert scaling system: 1-ineffective, 2-slightly ineffective, 3-slightly effective, 4-effective, 5-perfectly effective. Ninety per cent (90.1%) of the respondents agreed that schedule and timetable for production (mv=4.25) maximise the efficiency of the operation and reduce cost. Team work during production to balance demand requirement in an organisation (mv=4.22), Proper design and co-ordination helps to ensure cost are controlled and kept within initial expectation in an organisation (mv=4.13) and Prompt payment of goods by clients (mv=4.03) were also identified as significant required factors that will help ensure an effective cost control system in an organisation. These results are depicted in Table 4.18.

Table 4. 18: Requirement to ensure effective cost control system in an organisation

Significance	N	Ineffective (%)	Slightly effective (%)	Effective (%)	Perfectly effective (%)	Mean value (mv)	Std.D	Rank
Schedule and time table for production to maximise the efficiency of the operation and reduce cost	61	0.00	9.8	55.7	34.4	4.25	0.62	1
Team work during production to balance demand requirement in an organisation	61	0.0	14.8	47.5	37.7	4.22	0.69	2
Proper design and co-ordination helps to ensure cost are controlled and kept within initial expectation in an organisation	61	0.0	11.5	63.9	24.6	4.13	0.59	3
Prompt payment of goods by clients	61	0.0	21.3	54.1	24.6	4.03	0.68	4
Proper cost estimate	61	0.0	13.1	86.9	0.0	3.86	0.34	5
Cost control plan for production process to achieve optimum performance out of the production system	60	0.0	23.3	68.3	8.3	3.85	0.54	6
Progress report by reviewing project progress and make corrective action to stop project from failing	61	0.0	37.7	50.8	11.5	3.73	0.66	7
Establishment of cost control base for activities	61	0.0	54.1	27.9	18.0	3.63	0.77	8
Allowing free flow of information among team	61	0.0	37.7	62.3	0.0	3.62	0.49	9
Human resource's usage plan during production process	58	8.6	6.9	56.9	27.6	3.03	0.84	10

Scale: 1= very ineffective; 4= very effective

Source: Field survey (2019)

4.13.1 Effectiveness of resources management on cost towards productivity

Table 4.19 shows the effects of resource management on cost towards productivity. The respondents were asked to rank the strategies based on their level of agreement towards resources usage during productivity. A four-point Likert scaling system was used that ranged from 4-strongly agree, 3-agree, 2 – disagree to 1-strongly disagree. The findings reveal that the 98.3% of respondents agreed, while 1.6% disagree that effective resource management during the procurement of appropriate machine (mv=3.39) helps productivity. All respondents (100%) also agreed that setting targets for various task (mv=3.36) is a necessary factor towards achieving productivity. Also, all respondents (100%) agreed that wrong planning for machine usage (mv=3.36) can affect productivity within organisations, while 86.9% agreed and 13.1% disagreed that training on the right procedures (mv=3.27) can also be beneficial towards achieving productivity. Considering all available facts obtained from the frequency analysis, it is very clear that all of respondents agreed to the factors mentioned as necessary to consider while trying to manage resources and achieve productivity in the organisation.

Table 4. 19: Effectiveness of resource management on cost towards productivity

Significance	N	Strongly disagree (%)	Disagree (%)	Agree (%)	Strongly agree (%)	Mean value (mv)	Std.D	Rank
Procurement of appropriate machine	61	1.6	0.0	55.7	42.6	3.39	0.59	1
Setting target for various tasks	61	0.0	0.0	63.9	36.1	3.36	0.48	2
Wrong planning for machine usage	61	0.0	0.0	63.9	36.1	3.36	0.48	3
Training on the right procedures	61	0.0	13.1	45.9	41.0	3.27	0.68	4
Inefficient management of machinery	61	0.0	1.6	73.8	24.6	3.22	0.46	5
Motivating staff through incentives	61	0.0	3.3	77.0	19.7	3.16	0.45	6
Assigning tasks based on individual ability	61	0.0	6.6	72.1	21.3	3.14	0.51	7
Faulty equipment during production	61	1.6	14.8	54.1	29.5	3.11	0.70	8
High cost of machinery maintenance	61	1.6	19.7	54.1	24.6	3.01	0.71	9
Increase in price of machinery	61	6.6	16.4	50.8	26.2	2.96	0.83	10

Scale: 1= strongly disagree; 4= strongly agree

Source: Field survey (2019)

4.14 Discussion on types of cost control measures adopted by small and medium-sized enterprises

4.14.1 Budget method

The literature has left a gap in measuring the perception of activity-based costing (and its impact on the overall performance of organisations. Findings from the survey in Table 4.12 show that some respondents accepted activity-based and fixed budgeting methods as the highly preferred budgeting methods used with mean scores mv=2.93 and mv=2.67, respectively, while other respondents were of the opinion that flexible, incremental and zero-based budgeting methods were the least preferred to use since their mean score fell below (2.5). According to Maduekwe (2015), researchers found that budgets were both 'often' or 'very often' used for planning and for controlling costs by 84% and 73% of the companies surveyed, respectively.

4.14.2 Types of budget

From the sample result on Table 4.4, it can be observed that majority of the respondents were of the opinion that sales budget is the most common form of budget prepared by an organisation. A sales budget shows the quantities of each product that the company plans to sell and the intended selling price. This budget is very important because it is an estimate of the revenue to be generated by the organisation from its operations. It provides the prediction of the total revenue from which cash receipts from customers will be estimated and it also supplies the basic data for constructing budgets for production cost and for selling, distribution and administrative expenses. The sales budget is the foundation of all other budgets since all expenditure is ultimately dependent on the volume of sales. This budget also serves as a tool for inventory management.

4.14.3 Level of usage of budget method

Findings displayed in Table 4.5 show that some respondents agreed that activity-based and fixed budgeting methods are most preferred budgeting methods to use with mean scores $mv=2.93$ and $mv=2.67$, respectively. However, others were of the view that flexible, incremental and zero-based budgeting methods were least preferred to be used, with their mean scores falling below 2.5.

4.14.4 Budget significantly used as a type of cost control measure

It can be concluded from Table 4.6 that budgeting helped in various ways: execution of an organisation's strategies by properly delegating tasks, symbolising good governance in an era of transparency by ensuring that costs are allocated efficiently to various tasks, assisting an organisation in executing its policies through allocating penalties, assisting in the execution on organisational objectives by identifying key areas, symbolising competency of capacity an organisation through proper financial planning, symbolising competency of management in an organisation and enabling an organisation to deviate from the budget later in the course of the year.

According to John and Ngoasong (2008), the practice of integrating strategic management and budgeting enables competitiveness and increases organisational performance. Budgeting facilitates creation and sustenance of competitive advantage in the following management functions: forecasting and planning; communication and coordination; motivational development. Budgets project future financial performance that enables evaluating the financial viability of a chosen strategy. In most organisations, this process is formalised by preparing annual budgets and monitoring performance against budgets. Budgets are,

therefore, not merely a collection of plans and forecasts (Silva & Jayamaha, 2012). The establishment of short- to medium-term objectives serves the purpose of providing estimates of future sales revenues and expenses to provide short- and long-term objectives for a coordinated management policy.

However, it is very clear that majority of the respondents believed the choice by various small and medium-sized enterprises to use a budget system in the organisation will greatly help in boosting organisational performance.

4.14.5 Discussion on activity-based costing as type of cost control measure

Cooper and Dart (2009) in the areas of budgetary control, activity-based costing, target costing and value analysis. All of these techniques are geared toward controlling a firm's cost to improve corporate performance. The processes, when systematised, become an integrated cost control system. Corporate performance reflects the accumulated outcome of efforts of a firm. It is the summary of attainment of set goals and objectives of the firm. Table 4.7 shows the analysis carried out using four sub-headings. Under the first subheading, results show that 86.9% of the respondents agreed that activity-based costing can be used to reduce cost by identifying better ways to increase resource utilisation, while 11.5% did not agree. However, under the second subheading, about 98.3% of the respondents agreed that activity-based costing can be used to provide information to help identify areas where process and improvement is needed in an organisation, while 1.6% were not in agreement. Under the third subheading, 85.3% of the respondents agreed that activity-based costing can be used to help ascertain accurate information about cost of demand for resources by individual in an organisation, while 14.8% disagreed. Under the fourth category, 90.2% of the respondents believed that activity-based costing can be used by managers to carry out better decision-making and control in the organisation, while 9.8% disagreed. From the results derived, majority of respondents agreed with the factors identified. In summary, it may be observed that a fewer of the respondents, having high frequencies attached to them were in agreement with the factors listed as the benefits of using activity-based costing to serve as a control measure in the organisation. In the area of budgetary control, Cooper and Dart (2009) support activity-based costing, target costing and value analysis. All of these techniques are geared towards controlling a firm's cost to improve corporate performance.

Studies support the view that managers are enthusiastic about the benefits of activity-based costing due to its high level of quality (Innes, 1999). It is also argued that the behavioural issues of relevant staff play a vital role in successful implementation of activity-based costing (Shields, 1995).

Traditional costing systems have worked well for many decades and may continue to be useful today to value inventory and measure the cost of goods sold. However, practitioners are facing various challenges using the traditional costing systems in today's competitive environment. Cost and Management Accountants, in a globalised world, are now expected to be team players in such areas as product development, profitability analyses, quality process and improvements, and evaluation of overall company performance (Welfle & Keltyka, 2000). As a strategic cost management tool, activity-based costing plays a vital role. This model has revolutionised costing systems (Johnson & Kaplan, 1987). It is a method of analysing business operations that leads to cost identification (for example, direct cost and indirect cost) and cost classifications based on activities (Johnson & Kaplan, 1987). Implementation of activity-based costing reduces costs and improves resource allocation. It may result in improving resource allocation consistent with strategic objectives and budget surplus (Zaman, 2009). The author further discussed that activity based-costing has reportedly helped many organisations to manage their business activities when combined with total quality management and business process re-engineering.

4.14.6 Discussion on standard costing as a type of cost control measure

From Table 4.8 the technique of standard costing is applied in order to overcome various limitations of historical costing. A survey was conducted among various respondents who were specialists in small and medium-sized enterprises. Results obtained suggest that under the first category, 93.4% of the respondents strongly agreed to using standard costing as a control method, while 6.6% were not in agreement. Under the second category, 93.4% of the respondents agreed that managers use standard costing to analyse where variances arise in an operation within an organisation, while 6.6% did not agree. Further, 86.9% agreed that standard costing can be used to provide information for effective managerial performance in an organisation, while 13.1% did not agree.

This in line with Ama (2001), who states that standard costs are predetermined costs and target costs or carefully pre-planned costs that management endeavours to achieve with a view to establishing or attaining maximum efficiency in the production process. According to the author, standard costs are cost plans relating to a single cost unit.

Badem et al. (2013) conducted a study in the Turkish automotive industry as to whether standard costing is used or not. The study was conducted among all the 13 primary and 300 supply companies in the automotive industry. The findings show that, on average, 77% of the companies still use standard costing. Thus, it is clear standard costing is still an important tool in the hands of management.

4.15 Discussion on the purpose of cost control technique used by small and medium enterprises

These purposes of cost control techniques include planning, motive, organising, decision-making, communication improvement for the improvement of their business processes.

4.15.1 Discussion on cost control for planning purpose

The survey was conducted among various respondents to determine the level to which they were in agreement with the use of cost control techniques towards achieving proper planning. The respondents were asked how they felt about the use of cost control to achieve adequate control of cost from the initial stage through to close out stage will reduce cost and increase productivity. In response to this, 98.3% of the respondents also agreed that adequate planning of cost control will help enhance organisation objectives towards productivity, while 1.6% disagreed. About 98% also agreed that regular meetings among production team members will significantly enhance organisational growth and profit, while 1.6% strongly disagreed. Regular meetings promote efficient productivity to enhance growth and profit-making. The production team must have a meeting place to resolve issues affecting production. Feedback must be reported and discussed, conflict that causes rework, cost increase must be resolved at the meeting, and progress report and welfare of the workforce are reasons for regular meetings. Sikka (2003) is of the opinion that a cost control system consists of methods and procedures that help to regulate the cost of operating an undertaking and ensures that costs do not go beyond a certain level. Adeniji (2009) equally argues that predetermined costs can be of great benefit to cost planning, coordination and control. Guidance and regulation of the executive and actions on cost of operating and undertaking ensures that a target plan is achieved most effectively and efficiently.

4.15.2 The motive for cost control

From Table 4.8 shows factors that stood out as motives for the use of cost control within small and medium-sized manufacturing enterprises. As far as motive is concerned, cost control guides owners/managers to contemplate on the control process towards the success of the firm.

4.15.3 Organising

Table 4.10 shows cost control for organising purpose. Matsoso and Benedict (2015) state that employees perform better and make greater attempts to achieve goals if they have been consulted on setting the goals. In pursuit of the research objectives, the study identified organising for the purpose of cost control.

Establishment of teamwork that helps to build and maintain high-performance teams throughout in the organisation is one of the major findings. Teamwork can be achieved by efficient utilisation of cost during production process and should involve people who have trust, respect and common principles and ideas during the production process in order to achieve effective productivity. Teamwork will promote efficient production and delivery of project at budgeted cost and satisfy client interest, if properly administered. Cohn and Ralston (2005) describe teamwork as effective team-sharing commonalities, purposes, goals, leadership, ground rules for interactions, meetings, trust and openness to achieve efficient utilisation of cost without negatively affecting delivery time and quality expected during production processes.

4.15.4 Decision-making

Small and medium-sized enterprises owners/managers should use control measures. Benefits from the purposes of cost control measures include decision-making tools of cost-volume-profit and variance analysis, which are the main stay of financial control (Kaplan & Atkinson, 2015) in a success-driven business. The results correlate with that of Kanthana's (2017) study on the consequences of cost management quality on effectiveness of internal control and reliable decision-making in Thai industrial firms using ordinary least square regression. The study revealed that the cost of managing quality was positively related to internal control effectiveness and decision-making reliability. In addition, internal control effectiveness and decision-making reliability also have positive effects on firm performance.

4.15.5 Communication improvement

By using cost control techniques to manage the business, owners/managers of small and medium-sized enterprises will draw input from employees in preparing the techniques, resulting in goal commitment, job satisfaction and increased productivity.

4.16 Discussion on challenges of cost as it affects organisation performance in small and medium-sized enterprises

To determine challenges faced by small and medium-sized enterprises in the manufacturing industry when using control measures, respondents who faced challenges were filtered from those who did not face any challenges when using control measures.

One of the major cost factors in an organisation is the price of raw materials. The finding from the study shows the cost of raw materials fluctuate, which is difficult to control. About 87% of the respondents were in agreement, while about 13.1% were disagreed. Under the poor management, decision-making will indirectly affect organisational cost expenses, all

respondents (100%) disagreed. Concerning lack of training for employees, which impacts on cost control in the organisation, 93.5% of the respondents agreed, while 6.6% of the respondents disagreed. As cited by Lockey (2002), managers will put in their best in coordinating the exercise of workers or staff so that departmental objectives can be a success. Improving organisational competence is achieved through the control system. Evidently, the performance of managers is constantly examined; hence, the performance will be better than before. The performance of the manager is linked to the advantages and disadvantages. Workers are continually pressurised in order to improve on their performance. One of the important tools of control is performance measurements that ascertain individuals maximise their contribution. The final category that talked about negligence the impact of employees' negligence on cost control in the organisation showed that all respondents (100%) were in agreement.

Lucey (1996) opines that management by objectives is a modern and effective method of cost control. It is used in a positive and constructive way to provide a cost system related to cost performance evaluation and cost progression analysis. Thus, all forms of cost control methods are designed and implemented in such a way as to complement the behaviour of people in the organisation. Only then, will the cost control system improve performance and lead to organisation effectiveness. Cokins (2002) states that companies need to be equipped with accurate cost modeling procedures so as to manage their cost and ascertain an acceptable profit margin. However, as competition increases, new products must replace product becoming old or out of fashion. Producing products can be accomplished through reduction of unfavorable cost differences from the product's standard cost and applying advancement process and managing the cost.

4.17 The effectiveness of the cost control measures adopted by small and medium-sized enterprises

4.17.1 Discussion on effectiveness of the use of budget in small and medium-sized enterprises

Budgetary control is a system whereby the budgets are used as a means of planning and controlling costs. Budgeting is laid down as to what is attained and how it is to be attained while control ensures that the objectives are realised and actual results do not deviate from the planned course more than necessary. Budgetary control system is a system of controlling costs which include the preparation of budgets, co-coordinating the department and establishing responsibilities, comparing actual performance with the budgeted and acting upon results to achieve maximum profitability. From Table 4.15 the survey carried out among various respondents who were regarded as being owners or managers in various small and

medium sized enterprises, and the results were illustrated as follows; 4.9% believed that using budgeting tools in a firm will be very ineffective, while 11.8% believed that budgeting tools will be ineffective. 62.3% respondents believed that budgeting tools will be effective if used in the firm. 13.1% of the respondents believed that budgeting tools if used will be very effective. In summary, it is very clear that a majority of the respondents 75.4% believed that budgeting tool is effective in small and medium-sized enterprises organisation it will greatly help in boosting organisational performance.

Hornigren et al. (2006) notes that budgeting represents the quantitative expression of a future action plan by the management for a given period. It may cover financial and non-financial aspects of these plans, and works as a project for the company to follow in the coming period. In the strategic field, Sobanski (2000) believes that budgets allow for the establishment of a managerial link between the company's short-term performance and its strategies. Actions are quantified and the results are measured, ensuring that objectives are achieved efficiently. Leite, Silva, Cherobim and Bufrem (2008) corroborate this, arguing that budgets should not be seen as a limiting and controlling expenditure instrument, but as a way of focusing attention on the operations and finances of the company, anticipating problems, signaling targets and priority objectives for managers, contributing to decision making in the fulfillment of the mission and the carrying out of corporate strategies.

Just as Sobanski (2000) and Frezatti (2008) explain that budgets represent the financial plan to implement the strategy of the company for a certain period. "In general terms, it is considered a mainstay of management and one of the fundamental tools for accountability, the obligation your account for, can be found". In this context, regarding the operational aspects of a private company, budgeting is the transformation of strategies into an operational plan, which provides an organised set of information that gives effective support to the formulation of strategies and actions in the short, medium and long term,

The frequency statistics analysis on how efficient a budget system is within small and medium sized enterprises is well depicted that about 42.6% of the respondents agreed that the use of budget system within the organisation was slightly efficient towards achieving organisational performance. A greater percentage of the respondents (85.2%) believed that the use of budget within the organisation was efficient, while about 100% of the respondents believed that the use of budget within the organisation would promote a perfect degree of efficiency within the small and medium sized enterprises. In summary, it is very clear that a majority of the respondents believed that the choice by various small and medium-sized enterprises to use a budget system within the organisation would greatly help in boosting organisational performance.

Hirst (1987) explains that an effective budgetary control solves an organisation's need to plan and consider how to confront future potential risks and opportunities by establishing an efficient system of control. It is a detector of variances between organisational objectives and performance (Shields & Young, 1993). Budgets are considered the essential element of an efficient control process and consequently vital part to the umbrella concept of an effective budgetary control.

4.17.2 Discussion on effectiveness of the use of activity-based costing in small and medium enterprises

From Table 4.16, the survey carried out among various respondents who were regarded as being owners or managers in various small and medium sized enterprises to know the effectiveness of ABC in the firm; 1.6% believed that activity based costing would be very ineffective if used in the firm, about 18% of the respondents also agreed that activity based costing will be ineffective. About sixty-six per cent (65.6%) of the respondents thought activity-based costing will be effective; while 14.8% believed that activity based costing would be very effective if used in the firm. Hughes (2005) mentions in his study that activity-based costing enables firms to focus on its activities and products; it traces cost-to-cost drivers. Stapleton et al (2004) said that how activity-based costing can be used as a tool for determining true costs of marketing and logistics activities and help firms make better decisions based on more accurate costing information.

Activity-based costing has enabled companies to identify the true costs of processes and products and to make sound decisions related to the profitability and expense of the products they produce, as well as the effectiveness of their manufacturing and business processes. Kocakulah, Foroughi, Stott and Manyoky (2017) state that ABC was conceptualised as an effective costing method for manufacturers and also used by numerous other industries to assist companies in more accurately costing their products. Eighty percent (80.4%), representing 49 respondents believed activity-based costing is very effective in the organisation.

4.17.3 Discussion on effectiveness of the use of standard costing in small and medium enterprises

From Table 4.17, the survey carried out among various respondents who were regarded as being owners or managers in various small and medium sized enterprises to know the effectiveness of standard costing in the firm, 8.2% of the respondents believed that standard costing will be ineffective if used in the firm. While the total percentage of 91.8% of the respondents believed that standard costing will be effective if used in the firm. Majority of the

respondents believed that standard costing will be quite effective in controlling cost if used in the firm. In addition, the respondents with the highest frequency (56) were those who believed that using standard costing will be effective within the firm. Iliemena and Amedu (2019) investigated the effect of standard costing on profitability of selected manufacturing companies in Edo state Nigeria. This was achieved through a review of the effect of standard costing system on cost reduction, normal loss and gross profit from production. Findings generated in this study revealed that there is significant positive effect of standard costing on cost reduction. It was further observed that the more a firm practices standard costing, the more its profit increases.

4.18 Requirements to ensure effective cost control system in an organisation

The major findings in this study from Table 4.18 are schedule and timetable for production, teamwork during production, proper design and coordination, prompt payment for goods by clients and proper cost estimate. All other factors identified as requirements to ensure effective cost control system in an organisation ranked above a mean score of 3. This implies that respondents agreed that the factors are very important during the production process.

Schedule and timetable at the production stage is a modality for ensuring an effective cost control system to maximise efficiency of the operation and reduce cost. This suggests that a schedule and timetable must be established at the initiating and planning phases and implemented, which is quite significant. During teamwork during production, individuals infuse their professional knowledge, skillful ideas and originality to balance demands requirement in the organisation. Involvement of skilled professionals will assist in proper planning needed to achieve an effective control system and satisfy client's requirements.

4.18 Discussion on resource management on cost towards productivity

From Table 4.19, considering all the available facts obtained from the findings analysis, it is clear that majority of respondents agreed that procurement of appropriate machines, setting targets for various tasks, wrong planning for machine usage, training on right procedures, inefficient management of machinery, motivating staff through incentives, assigning tasks based on individual ability, faulty equipment during production, high cost of machinery maintenance and increase in price of machinery are necessary things to consider while trying to manage resources and achieve productivity within the organisation.

The major findings indicate that procurement of appropriate machines in manufacturing firms promotes efficient production towards resource management. The cost of this factor starts at the initiation stage of the project when a work programme actually identifies types of equipment needed for production. Procurement of machines is assigned to a particular

manager starting from the initial stage to managing the machine and to maintenance. Machines at wrong places of work result from lack of proper planning, which causes wastage and cost of maintenance will increase and resources wasted. Management and usage of machines must be well planned to avoid redundancy and increased cost.

Stakeholders should have a well-developed plan that sets target for various tasks. The problem of production is when there is no actual person responsible for the work. An increase in the output of a workforce through efficient management during production process will enhance efficient cost towards productivity.

CHAPTER FIVE

5 CONCLUSION AND RECOMMENDATION

5.1 INTRODUCTION

The previous chapter analysed and presented the data collected by means of a questionnaire from the owners/managers/accountants in a sample of small and medium-sized enterprises in the manufacturing industry in Cape Town, South Africa. This chapter presents summaries of key findings and draws conclusions on the use of cost control measures, challenges and purposes for using cost control measures by respondents in the study.

5.2 SUMMARY

5.2.1 Types of cost control measures adopted by small and medium-sized enterprises

Budgets and budgeting methods used by small and medium-sized enterprises

One of the objectives to achieve the aim of the study was to identify types of cost control measures adopted by small and medium-sized enterprises. This objective was achieved through review of the literature and administration of survey questionnaire to owners, managers and accountants. The findings indicate that the types of cost control are primarily used by organisations for improved performance in the Western Cape. Small and medium-sized enterprises that use budgets most frequently use sales budgets (77%) and purchase budgets (60.7%). Other budgets used in order of frequency included: inventory budgets (59.3%), capital expenditure budgets (50%), personnel budgets (44.3%) and marketing budgets (44.3%). The results also revealed that of the small and medium-sized enterprises that prepared budgets, they most frequently used activity-based budgeting (68.9%), fixed budgeting (54.1%) and flexible budgeting (41%), followed by incremental budgeting (22.9%) and zero-based budgeting (19.4%).

5.2.2 Budget significantly used as a type of cost control measure

Another objective to achieve the aim of the study was to identify budgets significantly used as types of cost control measures by small and medium-sized enterprises. The findings revealed that execution of budget helps organizations to strategise by properly delegating tasks; it also assists organisations in executing policies, identifying key areas and instituting proper financial planning.

5.2.3 Purpose of using cost control technique within small and medium enterprises

The second objective of the study was to ascertain the purpose of using cost control techniques in an organisation, which was achieved through the review of literature and administration of the survey questionnaire to owners, managers and accountants. Related factors are planning, motive, organising, decision-making and communication. The findings of this study shows that when the principles and techniques of cost control are consistently applied in a company, it helps in the management decision-making process, achieving greater profits, elimination of unprofitable products and strengthens the relationship between cost control and profitability, market share and sales volume in manufacturing companies.

5.2.4 Challenges of cost control as its affect organizational performance

This objective sought to ascertain challenges of cost control as they affect organisatioal performance, which was achieved through review of the literature and administration of survey questionnaires to owners, managers and accountants. Findings from the study indicate that challenges are faced while trying to use cost control techniques. Another major finding is that the cost of raw materials fluctuates, which is difficult to control. Cost control has greater effects on organisational performance in small and medium-sized enterprises in the Western Cape Province.

Another finding is that poor management decision-making will indirectly affect organisational cost expenses. This suggests that proper decision-making and control must be established at the initiating and planning phases. Cost control method must be designed and implemented in such a way as to complement the behavior of people in an organisation.

5.2.5 The effectiveness of cost control measures adopted bysmall and medium-sized enterprises

This objective was to determine the cost control measures adopted by small and medium-sized manufacturing enterprises and achieved through review of the literature, administration of survey questionnaire to owners, managers and accountants. Findings suggested that the principles of cost control and its techniques are being adopted and practiced effectively in small and medium-sized enterprises in the Western Cape Province. Majority of respondents concluded that budgeting, activity-based costing and standard costing are effective and satisfactory. With respect to the perceived effectiveness of cost control measures adopted by the sampled small and medium-sized enterprises, results indicated that standard costing was perceived as the most effective of the three cost control techniques (91.8%), followed by activity-based costing (80.40%) and budgetary tools (75.4%).

5.2.6 Requirements to ensure effective cost control system to enhance organizational performance

This objective established requirements to ensure an effective cost control system that will enhance organisational performance and was achieved through review of the literature and administering of a survey questionnaire to owners, managers and accountants. Findings indicated that a schedule and timetable for production helps to maximise efficiency of the operation and reduce cost in the organisation, suggesting that all stakeholders must schedule timetable to deliberate on work completion, achievement, and completion of time and the programme events. These identified issues, if properly addressed during general progress report meetings among stakeholders, will improve achievement of efficient utilisation of cost without affecting delivery time and quality expected during the production process.

Another major finding identified is that teamwork during production to balance demand requirement in an organisation. Teamwork among workers indicates a positive group for achieving common goals and objectives during the production process. It involves a group of people coming together from different cultures, orientations, languages and educational backgrounds to carry out production processes in the company. Teamwork should involve people who have trust, respect, common principles and ideas during the production process in order to achieve effective productivity. Teamwork will promote efficient production and delivery of the project at budgeted cost with satisfaction of the client.

It is evident that cost control has a positive effect on organisational performance and those elements of cost such as materials, labor and overhead costs and workers' behavior could be strategically controlled with measures like proper budgeting, standard costing and responsibility accounting. Findings also suggested that stakeholders should have a concrete plan for various tasks.

5.3 CONCLUSION

The study specifically determines the extent to which decision makers of small and medium-sized enterprises in the manufacturing sector in the Western Cape Province use cost control measures to improve organisational performance. As the case may be, having identified the control measures used by the small and medium-sized enterprises as budgeting, activity-based costing and standard costing, it can be concluded that budgeting, activity based costing and standard costing are all effectively adopted by small and medium-sized enterprises for better organizational performance. It is also believed that without cost control measures, small and medium-sized enterprises tend to mismanage cost, which eventually leads to low

performance. If a small and medium-sized enterprise adopts cost control measures, it would aid better performance for the organisation.

5.4 LIMITATIONS

The study was conducted in the Western Cape Province of South Africa. Data collection from owners, managers and accountants of manufacturing firms was a challenging and hectic task in the course of the study because of busy schedules of study participants. Majority of the respondents complained about tight time schedules, meetings to be attended and pressure to meet certain completion timelines and milestones. As a result, they were unable to complete the questionnaire as promised. As a result of time constraints, a significant number of the questionnaire was returned incomplete and discarded, hence the findings of the study applicable to cost control measures cannot be generalised.

5.5 RECOMMENDATIONS

From the findings, the following critical steps should be taken by stakeholders to make the cost of doing business within small and medium-sized manufacturing firms bearable in the Western Cape Province, South Africa which will, in effect, stimulate economic growth and stability in the productive sector of the economy:

- Cost control should be in place in all the departments, especially the production department, in order to ensure units of finished goods are properly accounted for;
- Budgets established should not remain fixed, but should be revised when conditions change. This means there should be attainable targets, not targets that are beyond workers' capability, given the resources at their disposal;
- Collection of costs should be made by each area of responsibility and reports thereof, which should indicate, in monetary terms, the effect of efficiency or inefficiency, given section by section and department by department;
- To achieve effective cost control, there should be proper data collection, analysis and administration at all level of the business;
- Teamwork among the site workers involves groups working to achieve common goals and objectives during the production process.

5.6 Limitation of the Study

Targeted respondents were reluctant to answer the questionnaires due to their busy schedules. As a result, to increase the response rate, the respondents were visited several times and contacted through phone calls to encourage participation in the survey and to

respond to questions on the survey questionnaire. The major constraint of the study is that the results can only be applicable to SME manufacturing in Cape Metropolis since the study set out to determine the use of cost control to enhance organisational performance of manufacturing SMEs in Western Cape, South Africa and data was collected from the main stakeholders of such firms. The geographical location of the study was limited to the Cape Metropolis.

5.7 Implications of the Study

The study filled a gap in research on the usage of cost control measures used by manufacturing SMEs in South Africa. However, a preliminary literature review revealed limited academic research on cost control measures by SMEs in South Africa. The findings of this research contributed to the debate on the usage of cost control measures and the application in the unique context of SMEs. The study specifically determines the extent to which decision makers of small and medium-sized enterprises in the manufacturing sector in the Western Cape Province use cost control measures to improve organizational performance.

5.8 SUGGESTIONS FOR FUTURE STUDIES

There is a need to for research to be conducted in the area of accountability accounting to bridge the gap in cost control measures. In addition, effective cost control should be established by business organisations. Likewise, for effective cost control to be achieved there should be proper data collection, analysis and administration at all levels of the business. Other available techniques should be adopted to further cost control measures in small and medium-sized manufacturing firms. Finally, workers should be carried along at all stages of cost control strategies to ensure full compliance.

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APPENDICES

APPENDIX A: SURVEY QUESTIONNAIRE



THE USAGE OF COST CONTROL MEASURES TO IMPROVE ORGANISATION PERFORMANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES IN WESTERN CAPE, SOUTH AFRICA

Dear participant

You are invited to participate in a research study titled 'The usage of cost control measure to improve organisational performance of small and medium-sized enterprises in Western Cape, South Africa'. This study is being conducted by Racheal TemidayoFapohunda, a Master's student at the Cape Peninsula University of Technology (CPUT). The study seeks to determine the usage of cost control measure to improve organisational performance in manufacturing small and medium-sized enterprises in Western Cape; South Africa using some management modalities such as budget, activity-based costing and standard costing. These cost control modalities are important because they assist business in planning, controlling, coordinating decision-making, profit maximisation and strategising their performance.

The study is for academic purposes and the result will be presented at conferences and published in journals. While individual responses are obtained and recorded anonymously and kept in the strictest confidence, aggregate data will be presented representing averages or generalisation about responses as a whole. No identifiable responses will be presented in the final form of this study. The information provided will be professional confidence and all data will be stored in a secure location accessible to only the researcher.

Carefully examine all questions and answer appropriately because your opinion is valuable for this study. Your participation is voluntary likewise; you are free to choose not to participate. You will not receive any compensation for participating.

Data collected in this study will, hopefully, contribute to the sustainability of the small and medium-sized enterprises in South Africa.

For further enquiries, you may contact me via email rachealfapo@yahoo.com

Thank you for your time.

Signature.....

SECTION A: RESPONDENTS AND BUSINESS PROFILE

Kindly answer all questions, as you are implored to tick (x) in the CORRECT box

1. Please indicate the highest formal qualification you obtained:

Matriculation certificate	
Diploma	
Postgraduate diploma	
Bachelor degree	
Honours degree	
Master's degree	
Others (please specify)	

2. Kindly indicate your present position in your firm

- a. Manager []
- b. Owner []
- c. Accountant []

3. How long have you been working in this position?

- a. 1-5 { }
- b. 6-10 { }
- c. 11-15 { }
- d. 16-20 { }
- e. 21-25 { }

4. The year of working experience of the respondent in the present position

- a. 1-20 { }
- b. 21-40 { }
- c. 41-60 { }
- d. 61-80 { }
- e. 81-100 { }
- f. 101-120 { }

5. What does your company deal in?

- a) Toilet paper
- b) Juice

- c) Aluminium and glass merchants
 - d) Plastic pipes
 - e) Soap
 - f) Furniture
 - g) Others, please specify
7. What are the functional activities performed in your organisation?
- a) Production [] b) Machining [] c) Branding & Packing []
 - d) Sales [] e) Any other _____

SECTION B: LEARNING PROCESS APPLICABLE TO IMPROVE ORGANISATIONAL PERFORMANCE

Kindly indicate which of these learning processes is used to improve organisational performance, **where 1- Extremely not applicable, 2-Not applicable, 3-Moderately applicable, 4- Applicable, 5-Extremely applicable.**

Significant factors	Extremely not applicable	Not applicable	Moderately applicable	Applicable	Extremely applicable
Learning through training	1	2	3	4	5
Learning through research programmes	1	2	3	4	5
Conferences organised for skill development	1	2	3	4	5
Learning through previous job done	1	2	3	4	5
Knowledge transfer from past projects	1	2	3	4	5
Learning through group work	1	2	3	4	5
Learning through shared visions	1	2	3	4	5
Competitive learning	1	2	3	4	5
Learning through feedback	1	2	3	4	5

SECTION C: TO IDENTIFY THE TYPES OF COST CONTROL MEASURES ADOPTED REGARDING BUDGET, ACTIVITY-BASED COSTING AND STANDARD COSTING

PART A: Budgeting as a type of cost control measure (Tick "X" in the appropriate box)

1. How often those your business use the following type of budget?

	Not used	Rarely used	Used	Highly used
Sales budget	1	2	3	4
Purchases budget	1	2	3	4
Capital expenditure budget	1	2	3	4
Inventory budget	1	2	3	4
Personnel budget	1	2	3	4
Marketing budget	1	2	3	4

1. Kindly specify the level of usage of budget method with the following using the below scale where **1=Not used, 2=rarely used, 3=Used, 4=highly used.**

Using the below scale where **1=Not used, 2=rarely used, 3=Used, 4= highly used.**

	Not used	Rarely used	Used	Highly used
Fixed budget method	1	2	3	4
Activity-based budget method				
Incremental budget method	1	2	3	4
Flexible budget method	1	2	3	4
Zero-based budget method	1	2	3	4

2. Budget significantly used as a type of cost control measure

Please, confirm the level to which you agree with the following statements using the scale below scale, where **1=strongly disagree, 2=Disagree, 3=Agree, 4=strongly Agree.**

	Strongly disagree	Disagree	Agree	Strongly agree
Budget symbolise good governance in an era of transparency in organisation by	1	2	3	4

ensuring that cost are allocated efficiently to various tasks				
Budget helps organisation in execution on its strategies by properly delegating tasks	1	2	3	4
Budgeting helps organisation in execution on its policies by allocating penalties	1	2	3	4
Budgeting helps organisation in execution on its objectives by identifying key areas	1	2	3	4
Budgeting symbolises competency of management in an organisation	1	2	3	4
Budgeting symbolises competency of capacity in an organisation through proper financial planning	1	2	3	4
The organisation deviates from budget later in the course of the year	1	2	3	4

PART B: Activity-based costing as a type of control measure (Mark "X" in the appropriate box)

4. Kindly indicate the level to which you agree with activity-based costing used to control cost in an organisation, **where 1= Strongly disagree, 2=Disagree, 3=Agree, 4= Strongly Agree.**

	Strongly disagree	Disagree	Agree	Strongly agree
Activity-based costing is used to assist employees in learning and continuous improvement of decision making in an organisation	1	2	3	4
Activity-based costing provides information to identify areas where process and improvement is needed in an organisation	1	2	3	4
Activity-based costing helps to ascertain accurate information about cost of resources demands by individual in an organisation	1	2	3	4
Activity-based costing is used to reduce time required to perform an activity for continuous improvement in the organisation	1	2	3	4

Organisation uses activity-based costing to reduce effort required to perform activity within the organisations through proper activity delegation	1	2	3	4
Organisation uses activity-based costing to reduce cost by identifying better ways to increase resource utilisation	1	2	3	4
Organisation uses activity-based costing to help in analysis of financial information	1	2	3	4
Managers utilises activity-based costing to carry out better decision-making and control within the organisation	1	2	3	4
Activity-based costing helps in cost control improvement the organisation	1	2	3	4
Activity-based costing helps in improvement in shareholders' value	1	2	3	4

PART C: Standard costing as a type of cost control measure (Mark "X" in the appropriate box)

1. Kindly indicate the level to which you agree with standard costing used as a technique for cost control in an organisation, **where 1= Strongly disagree, 2=Disagree, 3=Agree, 4= Strongly agree.**

	Strongly disagree	Disagree	Agree	Strongly agree
Organisation uses standard costing to facilitate in setting out budget	1	2	3	4
Standard costing provides information for effective managerial performance in an organisation	1	2	3	4
Organisation uses standard costing as a control method	1	2	3	4
Standard costing helps decision makers in a firm to be alerted in situations that may be out of control in the organisation	1	2	3	4
Standard costing help organisations to provide forecast of future cost which can be used for decision making	1	2	3	4

Organisation uses standard costing to help in the planning and pricing structure of financial information	1	2	3	4
Organisation uses standard costing to be able to measure quantity, quality, weight and values	1	2	3	4
Standard costing helps managers to analyse where variances arises in an operation in an organisation	1	2	3	4

SECTION D: TO ASCERTAIN THE PURPOSE OF COST CONTROL FOR ORGANISATIONAL PERFORMANCE.

The following are the typical purpose of cost control for organisation performance. Please, write in the level which you agree with the following under statement (in numeric between 1 - 4) for each of the listed management principles, **where: 1= Strongly disagree, 2= Disagree, 3=Agree, 4= Strongly agree.**

	Strongly disagree	Disagree	Agree	Strongly agree
Determine cost control for planning purposes				
Proper planning and implementation of cost at each phases of production during production process	1	2	3	4
Adequate planning for cost at initial stage through to design stage will reduce cost of production	1	2	3	4
Adequate planning of cost will enhance organisation objectives towards productivity	1	2	3	4
Adequate control of cost at initial stage through to close out stage will reduce cost and increase productivity	1	2	3	4
Regular meetings among production team will significantly enhance organisation growth and profit	1	2	3	4
Determine the motive for cost control				
Proper monitoring of budget at the stage of acquisition of resources	1	2	3	4
Proper control during acquisition of resources	1	2	3	4

Control process help to avoid mistakes during production in organisations	1	2	3	4
Control process help organisations to avoid mistakes during selling to customers	1	2	3	4
Establishment of financial control team helps our organisation to make decisions in protecting organisation resources	1	2	3	4
	Strongly disagree	Disagree	Agree	Strongly agree
Determine cost control for organising purpose				
Adequate procurement of material for storage will enhance effective delivery of raw materials	1	2	3	4
Adequate preparation of clients goods lead customer through the buying decision and facilitate a satisfying transaction	1	2	3	4
Establishment of team work helps to build and maintain high-performance team throughout in the organisation	1	2	3	4
Organising helps in maintaining a quality environment in the firm	1	2	3	4
Sorting helps to eliminate unnecessary items from the work environment	1	2	3	4
Organised work act as a motivation factor to employees and customers in the work	1	2	3	4
Ascertain cost control in relation to decision-making				
Adequate decision-making during production improve profitability	1	2	3	4
Managers make prompt decisions during production improve financial performance in the organisation	1	2	3	4
Adequate decision-making has impact on markets demands	1	2	3	4
Proper decision making improves flexibility on quality of goods in the organisation	1	2	3	4
Decision-making improves productivity on quality of goods in a firm	1	2	3	4
A firm's proper decision-making improves cost efficiency on the quality on goods	1	2	3	4

Impact of cost control on communication improvement				
Organisation establish effective communication system during production process	1	2	3	4
Effective communication helps to optimise the use of organisation resources	1	2	3	4
In an organisation proper communication channel improve targets	1	2	3	4
In an organisation proper communication channel align company's target	1	2	3	4

SECTION E: TO ASCERTAIN THE CHALLENGES OF COST CONTROL AS IT AFFECTS ORGANISATIONAL PERFORMANCE IN SMALL AND MEDIUM-SIZED ENTERPRISES

1. What are the challenges of cost control as it affects organisational performance?

Please, confirm the level which you agree with the following under statement (in numeric 'between' 1 - 4) for each of the listed cost control strategies **where: 1= Strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree.**

	Strongly disagree	Disagree	Agree	Strongly agree
The cost of raw materials fluctuate which is difficult to control	1	2	3	4
Poor scheduling of task to workers	1	2	3	4
Failure to get all necessary information impacts cost control effort in the organisation	1	2	3	4
Advances in information technology impacts in an organisation	1	2	3	4
Lack of knowledge on the use of available tools and technology affect the organisation project	1	2	3	4
Poor management decision making will indirectly affect the organisational cost expenses	1	2	3	4
Poor monitoring of overhead cost	1	2	3	4
Lack of supervision impacts cost control in the organisation	1	2	3	4
Lack of training for employees' impacts cost control in the organisation	1	2	3	4
Negligence by employees impacts cost control in the organisation	1	2	3	4
Poor scheduling of task to workers causes chaos in the company's operations	1	2	3	4

SECTION F: TO DETERMINE THE EFFECTIVENESS OF COST CONTROL MEASURES REGARDING BUDGETING TOOL, ACTIVITY-BASED COSTING AND STANDARD COSTING USED IN A FIRM

Use the following scale to answer question 9

Where 1= Very ineffective 2= Ineffective 3 = Effective 4= Very Effective

2. What are your perceptions regarding the impact of the following cost control methods?

	Very ineffective	Ineffective	Effective	Very Effective
a. Budgeting tool	1	2	3	4
b. Activity-based costing	1	2	3	4
c. Standard costing	1	2	3	4

SECTION H: ESTABLISH THE REQUIREMENT TO ENSURE EFFECTIVE COST CONTROL SYSTEM THAT WILL ENHANCE ORGANISATIONAL PERFORMANCE

1. Effective utilisation of cost without negatively affecting delivery time and quality expected during production process.

Kindly indicate the level to which you agree with the below requirement for ensure effective cost control using the scale, **where 1-Ineffective, 2-Slightly ineffective, 3-Slightly effective, 4-Effective, 5-Perfectly effective**

	Ineffective	Slightly ineffective	Slightly effective	Effective	Perfectly effective
Proper cost estimation	1	2	3	4	5
Prompt client payment	1	2	3	4	5
Allowing free flow of information among team	1	2	3	4	5
Cost control plan for production process to achieve optimum performance out of the production system	1	2	3	4	5
Human resource's usage plan during production process	1	2	3	4	5
Schedule and time table for production to maximise the	1	2	3	4	5

efficiency of the operation and reduce cost					
Proper design and co-ordination helps to ensure cost are controlled and kept within initial expectation in an organisation	1	2	3	4	5
Team work during production to balance demand requirement in an organisation	1	2	3	4	5
Progress report by reviewing project progress and make corrective action to stop project from failing	1	2	3	4	5
Establishment of cost control base for activities	1	2	3	4	5

2. EFFECT OF RESOURCES MANAGEMENT ON COST TOWARDS PRODUCTIVITY

Indicate the level to which you agree using the below scale, **where 1=strongly disagree, 2=Disagree, 3=Agree, 4=strongly agree.**

	Strongly disagree	Disagree	Agree	Strongly agree
Inefficient management of machinery	1	2	3	4
Wrong planning for machine usage	1	2	3	4
Procurement of appropriate machine	1	2	3	4
Faulty equipment during production	1	2	3	4
Increase in price of machinery	1	2	3	4
High cost of machinery maintenance	1	2	3	4
Motivating staffs through incentives	1	2	3	4
Setting targets for various tasks	1	2	3	4
Training on the right procedures	1	2	3	4
Assigning tasks based on individual ability	1	2	3	4

APPENDIX B:

Frequency distribution

Section A

Q1. Highest qualification of the respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Matric certificate	3	4.9	4.9	4.9
	Diploma	9	14.8	14.8	19.7
	Post graduate diploma	25	41.0	41.0	60.7
	Bachelor degree	21	34.4	34.4	95.1
	Honours degree	2	3.3	3.3	98.4
	Master's degree	1	1.6	1.6	100.0
	Total	61	100.0	100.0	

Q2. Present position of the respondent in their various firm

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Manager	23	37.7	37.7	37.7
	Owner	20	32.8	32.8	70.5
	Accountant	18	29.5	29.5	100.0
	Total	61	100.0	100.0	

Q3. Year of working experience of the respondent in the present position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5	29	47.5	48.3	48.3
	6-10	16	26.2	26.7	75.0
	11-15	12	19.7	20.0	95.0
	16-20	1	1.6	1.7	96.7
	21-25	2	3.3	3.3	100.0
	Total	60	98.4	100.0	
Missing	System	1	1.6		
Total		61	100.0		

Q4. Number of employee currently in the respondent company

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	1-20	18	29.5	29.5	29.5
	21-40	19	31.1	31.1	60.7
	41-60	14	23.0	23.0	83.6
	61-80	5	8.2	8.2	91.8
	81-100	5	8.2	8.2	100.0
	Total	61	100.0	100.0	

Q5. Company's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Toilet paper	5	8.2	8.2	8.2
	Juice	2	3.3	3.3	11.5
	Aluminium and glass merchants	4	6.6	6.6	18.0
	Plastic pipes	5	8.2	8.2	26.2
	Soap	2	3.3	3.3	29.5
	Furniture	3	4.9	4.9	34.4
	Others	40	65.6	65.6	100.0
	Total	61	100.0	100.0	

Section B

Q6. Learning processes used to improve organisational performance,

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Learning through training	61	1.00	5.00	4.3770	.68712
Knowledge transfer from past experiences	61	1.00	5.00	4.3443	.87341
Learning through feedback	61	3.00	5.00	4.3115	.67184
Learning through previous job done	61	1.00	5.00	4.2951	.78197
Learning through shared visions	61	1.00	5.00	3.6885	.86681
Learning through group work	61	1.00	5.00	3.4262	1.07174
Learning through research programmes	61	1.00	5.00	2.9344	1.19539
Competitive learning	61	1.00	5.00	2.8525	.85315
Conferences organised for skills development	61	1.00	5.00	2.5902	.98956
Valid N (listwise)	61				

C1. Budgeting as a type of cost control measure

C1a. How often does your business use the following type of budget: Sales budget

	Frequency	Percent	Valid Percent	Cumulative Percent
Not used	6	9.8	9.8	9.8
Rarely used	8	13.1	13.1	23.0
Used	24	39.3	39.3	62.3
Highly used	23	37.7	37.7	100.0
Total	61	100.0	100.0	

C1b. How often does your business use the following type of budget: purchase budget

	Frequency	Percent	Valid Percent	Cumulative Percent
Not used	10	16.4	16.4	16.4
Rarely used	14	23.0	23.0	39.3
Used	28	45.9	45.9	85.2
Highly used	9	14.8	14.8	100.0
Total	61	100.0	100.0	

C1c. How often does your business use the following type of budget: Capital expenditure budget

	Frequency	Percent	Valid Percent	Cumulative Percent
Not used	5	8.2	8.2	8.2
Rarely used	25	41.0	41.0	49.2
Used	19	31.1	31.1	80.3
Highly used	12	19.7	19.7	100.0
Total	61	100.0	100.0	

C1d. How often does your business use the following type of budget: Inventory budget

	Frequency	Percent	Valid Percent	Cumulative Percent
Not used	5	8.2	8.2	8.2
Rarely used	20	32.8	32.8	41.0

Used	25	41.0	41.0	82.0
Highly used	11	18.0	18.0	100.0
Total	61	100.0	100.0	

C1e. How often does your business use the following type of budget: Personal budget

	Frequency	Percent	Valid Percent	Cumulative Percent
Not used	1	1.6	1.7	1.7
Rarely used	31	50.8	52.5	54.2
Used	25	41.0	42.4	96.6
Highly used	2	3.3	3.4	100.0
Total	59	96.7	100.0	
Missing System	2	3.3		
Total	61	100.0		

C1f. How often does your business use the following type of budget: Marketing budget

	Frequency	Percent	Valid Percent	Cumulative Percent
Not used	12	19.7	19.7	19.7
Rarely used	22	36.1	36.1	55.7
Used	18	29.5	29.5	85.2
Highly used	9	14.8	14.8	100.0
Total	61	100.0	100.0	

C2. Kindly specify the level of usage of budget method used in your organization

C2a. Fixed budgeting

	Frequency	Percent	Valid Percent	Cumulative Percent
Not used	4	6.6	6.6	6.6
Rarely used	24	39.3	39.3	45.9
Used	21	34.4	34.4	80.3
Highly used	12	19.7	19.7	100.0
Total	61	100.0	100.0	

Activity-based budgeting

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not used	2	3.3	3.3	3.3
	Rarely used	17	27.9	27.9	31.1
	Used	25	41.0	41.0	72.1
	Highly used	17	27.9	27.9	100.0
	Total	61	100.0	100.0	

Incremental budgeting

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not used	9	14.8	14.8	14.8
	Rarely used	38	62.3	62.3	77.0
	Used	13	21.3	21.3	98.4
	Highly used	1	1.6	1.6	100.0
	Total	61	100.0	100.0	

Flexible budgeting

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not used	4	6.6	6.6	6.6
	Rarely used	32	52.5	52.5	59.0
	Used	21	34.4	34.4	93.4
	Highly used	4	6.6	6.6	100.0
	Total	61	100.0	100.0	

Zero-based budgeting

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not used	22	36.1	36.1	36.1
	Rarely used	27	44.3	44.3	80.3
	Used	5	8.2	8.2	88.5
	Highly used	7	11.5	11.5	100.0
	Total	61	100.0	100.0	

C3. Budget significantly used as a type of cost control measure:

Budget symbolize good governance in an era of transparency in organization by ensuring that cost are allocated efficiently to various tasks

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	43	70.5	70.5	70.5
	Strongly agree	18	29.5	29.5	100.0
	Total	61	100.0	100.0	

Budgeting helps organization in execution on its policies by allocating penalties

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	14	23.0	23.0	23.0
	Agree	28	45.9	45.9	68.9
	Strongly agree	19	31.1	31.1	100.0
	Total	61	100.0	100.0	

Budget helps organization in execution on its strategies by properly delegating tasks

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	43	70.5	70.5	70.5
	Strongly agree	18	29.5	29.5	100.0
	Total	61	100.0	100.0	

Budgeting helps organization in execution on its policies by allocating penalties

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	14	23.0	23.0	23.0
	Agree	28	45.9	45.9	68.9
	Strongly agree	19	31.1	31.1	100.0
	Total	61	100.0	100.0	

Budgeting helps organization in execution on its objectives by identifying key areas

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	16	26.2	26.2	26.2
	Agree	30	49.2	49.2	75.4

	Strongly agree	15	24.6	24.6	100.0
	Total	61	100.0	100.0	

Budgeting symbolizes competency of management in an organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	19	31.1	31.1	31.1
	Agree	28	45.9	45.9	77.0
	Strongly agree	14	23.0	23.0	100.0
	Total	61	100.0	100.0	

Budgeting symbolizes competency of capacity in an organization through proper financial planning

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	17	27.9	27.9	27.9
	Agree	30	49.2	49.2	77.0
	Strongly agree	14	23.0	23.0	100.0
	Total	61	100.0	100.0	

The organization deviates from budget later in the course of the year

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	6.6	6.6	6.6
	Disagree	13	21.3	21.3	27.9
	Agree	39	63.9	63.9	91.8
	Strongly agree	5	8.2	8.2	100.0
	Total	61	100.0	100.0	

Part B.

Q4. Kindly indicate the level to which you agree with activity-based costing used as a type of cost control measure in your organisation.

ABC is used to assist employees in learning and continuous improvement of decision making in an organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.6	1.6	1.6
	Disagree	17	27.9	27.9	29.5

	Agree	26	42.6	42.6	72.1
	Strongly agree	17	27.9	27.9	100.0
	Total	61	100.0	100.0	

ABC provides information to identify areas where process and improvement is needed in an organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.6	1.6	1.6
	Agree	47	77.0	77.0	78.7
	Strongly agree	13	21.3	21.3	100.0
	Total	61	100.0	100.0	

ABC helps to ascertain accurate information about cost of resources demands by individual in an organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	9	14.8	14.8	14.8
	Agree	35	57.4	57.4	72.1
	Strongly agree	17	27.9	27.9	100.0
	Total	61	100.0	100.0	

ABC is used to reduce time required to perform an activity for continuous improvement in the organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	14	23.0	23.0	23.0
	Agree	41	67.2	67.2	90.2
	Strongly agree	6	9.8	9.8	100.0
	Total	61	100.0	100.0	

Organisation uses ABC to reduce effort required to perform activity within the organizations through proper activity delegation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	15	24.6	24.6	24.6
	Agree	29	47.5	47.5	72.1
	Strongly agree	17	27.9	27.9	100.0
	Total	61	100.0	100.0	

Organisation uses ABC to reduce cost by identifying better ways to increase resource utilization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	11.5	11.7	11.7
	Agree	33	54.1	55.0	66.7
	Strongly agree	20	32.8	33.3	100.0
	Total	60	98.4	100.0	
Missing	System	1	1.6		
Total		61	100.0		

Organisation uses ABC to help in analysis of financial information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	20	32.8	32.8	32.8
	Agree	31	50.8	50.8	83.6
	Strongly agree	10	16.4	16.4	100.0
	Total	61	100.0	100.0	

Managers utilizes ABC to carry out better decision-making and control within the organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	9.8	9.8	9.8
	Agree	41	67.2	67.2	77.0
	Strongly agree	14	23.0	23.0	100.0
	Total	61	100.0	100.0	

ABC helps in cost control improvement the organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	11.5	11.5	11.5
	Agree	45	73.8	73.8	85.2
	Strongly agree	9	14.8	14.8	100.0
	Total	61	100.0	100.0	

ABC helps in improvement in shareholders' value

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	12	19.7	19.7	19.7
	Agree	35	57.4	57.4	77.0
	Strongly agree	14	23.0	23.0	100.0
	Total	61	100.0	100.0	

Part C. Standard costing as a type of cost control measure

Q5 Kindly indicate the level to which you agree with standard costing used as a type for cost control in an organisation

Organisation uses standard costing to facilitate in setting out budget

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	18.0	18.0	18.0
	Agree	28	45.9	45.9	63.9
	Strongly agree	22	36.1	36.1	100.0
	Total	61	100.0	100.0	

Standard costing provides information for effective managerial performance in an organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	8	13.1	13.1	13.1
	Agree	30	49.2	49.2	62.3
	Strongly agree	23	37.7	37.7	100.0
	Total	61	100.0	100.0	

Organisation uses standard costing as a control method

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	6.6	6.6	6.6
	Agree	31	50.8	50.8	57.4
	Strongly agree	26	42.6	42.6	100.0
	Total	61	100.0	100.0	

Standard costing helps decision makers in a firm to be alerted in situations that may be out of control in the organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	10	16.4	16.4	16.4
	Agree	37	60.7	60.7	77.0
	Strongly agree	14	23.0	23.0	100.0
	Total	61	100.0	100.0	

Standard costing help organisations to provide forecast of future cost which can be used for decision making

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	4.9	4.9	4.9

	Agree	42	68.9	68.9	73.8
	Strongly agree	16	26.2	26.2	100.0
	Total	61	100.0	100.0	

Organisation uses standard costing to help in the planning and pricing structure of financial information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	6.6	6.6	6.6
	Agree	45	73.8	73.8	80.3
	Strongly agree	12	19.7	19.7	100.0
	Total	61	100.0	100.0	

Organisation uses standard costing to be able to measure quantity, quality, weight and values

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	9.8	9.8	9.8
	Agree	36	59.0	59.0	68.9
	Strongly agree	19	31.1	31.1	100.0
	Total	61	100.0	100.0	

Standard costing helps managers to analyse where variances arises in an operation in an organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	6.6	6.6	6.6
	Agree	34	55.7	55.7	62.3
	Strongly agree	23	37.7	37.7	100.0
	Total	61	100.0	100.0	

Section D: To ascertain the purpose of cost control for organisational performance.

Q1. Determine cost control for planning purposes

Proper planning and implementation of cost control at each phases of production during production process

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	41	67.2	67.2	67.2
	Strongly agree	20	32.8	32.8	100.0

Total	61	100.0	100.0	
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Adequate planning for cost control at initial stage through to design stage will reduce cost of production.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	3.3	3.3	3.3
	Agree	32	52.5	52.5	55.7
	Strongly agree	27	44.3	44.3	100.0
	Total	61	100.0	100.0	

Adequate planning of cost will enhance organisation objectives towards productivity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.6	1.6	1.6
	Agree	21	34.4	34.4	36.1
	Strongly agree	39	63.9	63.9	100.0
	Total	61	100.0	100.0	

Adequate control of cost at initial stage through to close out stage will reduce cost and increase productivity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.6	1.6	1.6
	Agree	21	34.4	34.4	36.1
	Strongly agree	39	63.9	63.9	100.0
	Total	61	100.0	100.0	

Regular meeting among production team will significantly enhance organization growth and profit making

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.6	1.6	1.6
	Agree	22	36.1	36.1	37.7
	Strongly agree	38	62.3	62.3	100.0
	Total	61	100.0	100.0	

Q2: Determine the motive for cost control

Proper monitoring of budget at the stage of acquisition of resources

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Agree	49	80.3	80.3	80.3
	Strongly agree	12	19.7	19.7	100.0
	Total	61	100.0	100.0	

Proper control during acquisition of resources

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	43	70.5	70.5	70.5
	Strongly agree	18	29.5	29.5	100.0
	Total	61	100.0	100.0	

Control process help to avoid mistakes during production in organisations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	40	65.6	65.6	65.6
	Strongly agree	21	34.4	34.4	100.0
	Total	61	100.0	100.0	

Establishment of financial control team helps our organisation to make decisions in protecting organization resources

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	11.5	11.5	11.5
	Agree	25	41.0	41.0	52.5
	Strongly agree	29	47.5	47.5	100.0
	Total	61	100.0	100.0	

Q3. Determine cost control for organising purpose

Adequate procurement of material for storage will enhance delivery of raw materials

		Frequency	Percents	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.6	1.6	1.6
	Agree	40	65.6	65.6	67.2
	Strongly agree	20	32.8	32.8	100.0
	Total	61	100.0	100.0	

Establishment of team work helps to build and maintain high-performance team throughout in the organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.6	1.6	1.6
	Agree	30	49.2	49.2	50.8
	Strongly agree	30	49.2	49.2	100.0

Total	61	100.0	100.0	
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Organizing helps in maintaining a quality environment in the firm

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	36	59.0	59.0	59.0
	Strongly agree	25	41.0	41.0	100.0
	Total	61	100.0	100.0	

Sorting helps to eliminate unnecessary items from the work environment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.6	1.6	1.6
	Agree	35	57.4	57.4	59.0
	Strongly agree	25	41.0	41.0	100.0
	Total	61	100.0	100.0	

Organized work act as a motivation factor to employees and customers in the work

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	6.6	6.6	6.6
	Agree	33	54.1	54.1	60.7
	Strongly agree	24	39.3	39.3	100.0
	Total	61	100.0	100.0	

Q4. Ascertain cost control in relation to decision-making

Adequate decision making during production improve profitability

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.6	1.6	1.6
	Agree	22	36.1	36.1	37.7
	Strongly agree	38	62.3	62.3	100.0
	Total	61	100.0	100.0	

Managers make prompt decisions during production improve financial performance in the organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	3.3	3.3	3.3
	Agree	33	54.1	54.1	57.4
	Strongly agree	26	42.6	42.6	100.0
	Total	61	100.0	100.0	

Adequate decision-making has impact on markets demands

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	18	29.5	29.5	29.5
	Agree	32	52.5	52.5	82.0
	Strongly agree	11	18.0	18.0	100.0
	Total	61	100.0	100.0	

Proper decision making improves flexibility on quality of goods in the organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	5	8.2	8.2	8.2
	Agree	35	57.4	57.4	65.6
	Strongly agree	21	34.4	34.4	100.0
	Total	61	100.0	100.0	

Proper decision making improves cost efficiency on the quality on goods in a firm

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	33	54.1	54.1	54.1
	Strongly agree	28	45.9	45.9	100.0
	Total	61	100.0	100.0	

Q5. Impact of cost control on communication improvement

Organisation establish effective communication system during production process

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	50	82.0	82.0	82.0
	Strongly agree	11	18.0	18.0	100.0
	Total	61	100.0	100.0	

Effective communication helps to optimize the use of organisation resources

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	39	63.9	63.9	63.9
	Strongly agree	22	36.1	36.1	100.0
	Total	61	100.0	100.0	

In an organization proper communication channel improve targets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	37	60.7	60.7	60.7
	Strongly agree	24	39.3	39.3	100.0
	Total	61	100.0	100.0	

In an organisation proper communication channel align company's target

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	18.0	18.0	18.0
	Agree	29	47.5	47.5	65.6
	Strongly agree	21	34.4	34.4	100.0
	Total	61	100.0	100.0	

Section E: To ascertain the challenges of cost control as it affects organisational performance in small and medium-sized enterprises

The cost of raw materials fluctuate which is difficult to control

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	8	13.1	13.1	13.1
	Agree	12	19.7	19.7	32.8
	Strongly agree	41	67.2	67.2	100.0
	Total	61	100.0	100.0	

Poor scheduling of task to workers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.6	1.6	1.6
	Disagree	10	16.4	16.4	18.0
	Agree	38	62.3	62.3	80.3
	Strongly agree	12	19.7	19.7	100.0
	Total	61	100.0	100.0	

Failure to get all necessary information impacts cost control effort in the organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	13	21.3	21.3	21.3
	Agree	26	42.6	42.6	63.9
	Strongly agree	21	34.4	34.4	98.4
	22.00	1	1.6	1.6	100.0
	Total	61	100.0	100.0	

Advances in information technology impacts in an organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	20	32.8	32.8	32.8
	Agree	35	57.4	57.4	90.2
	Strongly agree	6	9.8	9.8	100.0
Total		61	100.0	100.0	

Lack of knowledge on the use of available tools and technology affect the organization project

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	6.6	6.7	6.7
	Agree	43	70.5	71.7	78.3
	Strongly agree	13	21.3	21.7	100.0
	Total	60	98.4	100.0	
Missing	System	1	1.6		
Total		61	100.0		

Poor management decision making will indirectly affect the organisational cost expenses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	37	60.7	60.7	60.7
	Strongly agree	24	39.3	39.3	100.0
Total		61	100.0	100.0	

Poor monitoring of overhead cost

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	49	80.3	80.3	80.3
	Strongly agree	12	19.7	19.7	100.0
Total		61	100.0	100.0	

Lack of supervision impacts cost control in the organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	3.3	3.3	3.3
	Agree	45	73.8	73.8	77.0
	Strongly agree	14	23.0	23.0	100.0
Total		61	100.0	100.0	

Lack of training for employees' impacts cost control in the organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	6.6	6.6	6.6
	Agree	30	49.2	49.2	55.7
	Strongly agree	27	44.3	44.3	100.0
	Total	61	100.0	100.0	

Negligence by employees impacts cost control in the organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	40	65.6	65.6	65.6
	Strongly agree	21	34.4	34.4	100.0
	Total	61	100.0	100.0	

Poor scheduling of task to workers causes chaos in the company's operations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	3.3	3.3	3.3
	Agree	37	60.7	60.7	63.9
	Strongly agree	22	36.1	36.1	100.0
	Total	61	100.0	100.0	

Section F: To determine the effectiveness of cost control measures regarding budgeting tool, activity-based costing and standard costing used in a firm

Budgeting tool

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	3	4.9	5.2	5.2
	Ineffective	9	14.8	15.5	20.7
	Effective	38	62.3	65.5	86.2
	Very effective	8	13.1	13.8	100.0
	Total	58	95.1	100.0	
Missing	System	3	4.9		
Total		61	100.0		

Activity based costing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	1	1.6	1.6	1.6
	Ineffective	11	18.0	18.0	19.7
	Effective	40	65.6	65.6	85.2

	Very effective	9	14.8	14.8	100.0
	Total	61	100.0	100.0	

Standard costing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ineffective	5	8.2	8.2	8.2
	Effective	36	59.0	59.0	67.2
	Very effective	20	32.8	32.8	100.0
	Total	61	100.0	100.0	

Section G: ESTABLISH THE REQUIREMENT TO ENSURE EFFECTIVE COST CONTROL SYSTEM THAT WILL ENHANCE ORGANISATIONAL PERFORMANCE

Q9. Requirement for ensure effective cost control

Proper cost estimate

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Slightly effective	8	13.1	13.1	13.1
	Effective	53	86.9	86.9	100.0
	Total	61	100.0	100.0	

Prompt payment of goods by clients

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Slightly effective	13	21.3	21.3	21.3
	Effective	33	54.1	54.1	75.4
	Perfectly effective	15	24.6	24.6	100.0
	Total	61	100.0	100.0	

Allowing free flow of information among team

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Slightly effective	23	37.7	37.7	37.7
	Effective	38	62.3	62.3	100.0
	Total	61	100.0	100.0	

Cost control plan for production process to achieve optimum performance out of the production system

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Slightly effective	14	23.0	23.3	23.3
	Effective	41	67.2	68.3	91.7
	Perfectly effective	5	8.2	8.3	100.0
	Total	60	98.4	100.0	
Missing	System	1	1.6		
Total		61	100.0		

Human resource's usage plan during production process

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ineffective	5	8.2	8.6	8.6
	Slightly Ineffective	4	6.6	6.9	15.5
	Slightly effective	33	54.1	56.9	72.4
	Effective	16	26.2	27.6	100.0
	Total	58	95.1	100.0	
Missing	System	3	4.9		
Total		61	100.0		

Schedule and time table for production to maximize the efficiency of the operation and reduce cost

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Slightly effective	6	9.8	9.8	9.8
	Effective	34	55.7	55.7	65.6
	Perfectly effective	21	34.4	34.4	100.0
	Total	61	100.0	100.0	

Proper design and co-ordination helps to ensure cost are controlled and kept within initial expectation in an organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Slightly effective	7	11.5	11.5	11.5
	Effective	39	63.9	63.9	75.4
	Perfectly effective	15	24.6	24.6	100.0
	Total	61	100.0	100.0	

Team work during production to balance demand requirement in an organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Slightly effective	9	14.8	14.8	14.8
	Effective	29	47.5	47.5	62.3
	Perfectly effective	23	37.7	37.7	100.0
	Total	61	100.0	100.0	

Progress report by reviewing project progress and make corrective action to stop project from failing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Slightly effective	23	37.7	37.7	37.7
	Effective	31	50.8	50.8	88.5
	Perfectly effective	7	11.5	11.5	100.0
	Total	61	100.0	100.0	

Establishment of cost control base for activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Slightly effective	33	54.1	54.1	54.1
	Effective	17	27.9	27.9	82.0
	Perfectly effective	11	18.0	18.0	100.0
	Total	61	100.0	100.0	

Q10. Effect of resources management on cost towards productivity

Inefficient management of machinery

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.6	1.6	1.6
	Agree	45	73.8	73.8	75.4
	Strongly agree	15	24.6	24.6	100.0
	Total	61	100.0	100.0	

Wrong planning for machine usage

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	39	63.9	63.9	63.9
	Strongly agree	22	36.1	36.1	100.0

Total	61	100.0	100.0	
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Procurement of appropriate machine

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.6	1.6	1.6
	Agree	34	55.7	55.7	57.4
	Strongly agree	26	42.6	42.6	100.0
	Total	61	100.0	100.0	

Faulty equipment during production

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.6	1.6	1.6
	Disagree	9	14.8	14.8	16.4
	Agree	33	54.1	54.1	70.5
	Strongly agree	18	29.5	29.5	100.0
	Total	61	100.0	100.0	

Increase in price of machinery

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	6.6	6.6	6.6
	Disagree	10	16.4	16.4	23.0
	Agree	31	50.8	50.8	73.8
	Strongly agree	16	26.2	26.2	100.0
	Total	61	100.0	100.0	

High cost of machinery maintenance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.6	1.6	1.6
	Disagree	12	19.7	19.7	21.3
	Agree	33	54.1	54.1	75.4
	Strongly agree	15	24.6	24.6	100.0
	Total	61	100.0	100.0	

Motivating staffs through incentives

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	3.3	3.3	3.3
	Agree	47	77.0	77.0	80.3
	Strongly agree	12	19.7	19.7	100.0

Total	61	100.0	100.0	
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Setting target for various tasks

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	39	63.9	63.9	63.9
	Strongly agree	22	36.1	36.1	100.0
	Total	61	100.0	100.0	

Training on the right procedures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	8	13.1	13.1	13.1
	Agree	28	45.9	45.9	59.0
	Strongly agree	25	41.0	41.0	100.0
	Total	61	100.0	100.0	

Assigning tasks based on individual ability

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	6.6	6.6	6.6
	Agree	44	72.1	72.1	78.7
	Strongly agree	13	21.3	21.3	100.0
	Total	61	100.0	100.0	

Adequate decision making during production improve profitability

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.6	1.6	1.6
	Agree	22	36.1	36.1	37.7
	Strongly agree	38	62.3	62.3	100.0
	Total	61	100.0	100.0	

Managers make prompt decisions during production improve financial performance in the organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	3.3	3.3	3.3
	Agree	33	54.1	54.1	57.4
	Strongly agree	26	42.6	42.6	100.0
	Total	61	100.0	100.0	