IMPACT OF COST CONTROL ON THE PROFITABILITY OF BUSINESS ORGANIZATION.

(A Case study of International Tobacco Company, Ilorin.)

BY

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BEING A RESEARCH PROJECT SUBMITTED TO DEPARTMENT OF ACCOUNTANCY, INSTITUTE OF FINANCE AND MANAGEMENT STUDIES, KWARA STATE POLYTECHNIC, ILORIN.

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CERTIFICATION

This is to certify that this research work conducted by OLAWUYI IFEOLUWA VICTRIA with matric number HND/23/ACC/FT/074 has been read and approved as meeting the requirements of the Department of Accountancy, Institute of Finance and management Studies, Kwara State Polytechnic, Ilorin for the award of Higher National Diploma (HND).

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DEDICATION

This research work is dedicated to Almighty God, for making it possible for me from the inception to the completion of this program, the Author and Finisher, the Alpha and Omega, the most merciful.

ACKNOWLEDGEMENT

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CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Control in whatever direction is aimed at ensuring the operation and performance conforms to plans. Since, the aim and plan for any profit making organization is directed towards minimizing cost and maximizing profit at any point in time. It follows therefore that, meaningful control is not possible without control and planning without a complementary control system is pointless. In the same vein, cost control system various activities of a project required first and second control.

In the case of cost reduction with evaluated performance in an organization in order to make sure that necessary corporation are made on time where needed. The control process includes the steps of establishing the standard and taking correctives actions. Cost control can now be said to mean the comparison between the budgeted cost and actual cost incurred after the production as to succeed in the search for value of money in business organization must be a corporation goal.

Studies dealing with potential cost control and cost reduction are essenti al for improving the efficiency with which the conduct of any business ar e performed and increasing the profitability of organization resultant impr ovement can be immense benefit to both marketers and ultimate consu mer of the business.

1.2 STATEMENT OF THE PROBLEM

Manufacturing organizations have some common problems in all countri es. This project is set out to examine the problems of increasing profitab ility in production of consumable product of a business organization.

The survival and success of any enterprise depends mostly on the calibe r and efficiency of the administration units. These units from a great part in controlling cost of a particular cost center, Drum and Broad sheet (197 3) observed that 93% of cause of failure of enterprise estimated termed f rom managerial inexperience, competitive weakness heavy operation ex penditure, excessive fixed asset to mention but a few.

Inflation is the continuous and persistent rise in general level of price i.e. continuous and persistent fall in the value of money saving by reducing t he quality of goods and services produced and purchased.

Political problems like the current political impasses in the country is an example of political problems that lead to uncertainty in financial houses, works strike e.t.c hence, the increment in the cost of financial or producti on, the cost of material increase abruptly and mighty not even be availab le when needed.

Lack of adequate cost accounting has been the principal deterrent to eff ective cost control, this inadequate can be attributed to time factor, time at disposal of accountant to prepare cost estimate and make them avail able to responsibility.

Channel of distribution and packaging of the product may be another set of problem in that debars the effectiveness of cost control and cost redu ction in any organization.

1.3 RESEARCH QUESTIONS

The following research questions are raised in order to provide focus and guide for this research work;

1. Does manufacturing industry see the need for adopting control sch

emes as a starting point for achieving organization goals?

2. Does effective motivation on the part of management and surbordinate improve the firm towards their goal and achievement?
3. Does cost control serve as a tool for effective management control in manufacturing industry?
4. Does social accounting have position impact on cost control scheme?

1.4 OBJECTIVES OF THE STUDY

The aims and objective of the study largely is find out the modes of operation of manufacturing company in Nigeria with emphases on cost control and reduction of Nigeria tobacco company especially to find out.

1. The production process of the company.
2. The benefit of the company in terms of their production.
3. The problems facing production company and the remedy them.
4. How companies could improve their productivity and efficiency with effective cost control and cost reduction techniques.

1.5 RESEARCH POTHESIS

For the purpose of analyzing the data the following hypothesis were tested:

H_o: Manufacturing industry does not see the need for adopting control schemes as a starting point for achieving organization goal.

H_1: Manufacturing industry see the need for adopting control scheme as a stating point for achieving organization goal.

H_o: Effective motivation on the part of management and surbordinate d oes not improve the firms towards their goals and achievement.

H_1: Effective motivation on the part of management and surbordinate i mprove the firms towards their goals and achievement.

H_o: Cost control does not serve as tool for effective management contro l in manufacturing industry.

H_1: Cost control serve as tool for effective management control in manuf acturing industry.

Ho: Social accounting does not have position impact on cost control sch emes.

H1: Social accounting have position impact on cost control schemes.

1.6 SIGNIFICANCE OF THE STUDY

It remains an uncontroversial fact that anything done for a specific purpo se has it importance. This could be advantageous or disadvantageous. This significance of this research lays the fact that the author is now bett er armed to face such challenges squarely in future, should be find himse lf in an establishment that needs her services.

Again it enables any organization to know the cost control techniques an d the result of the application of such techniques.

Lastly it also serves any interested researcher into cost control measure as a good background for insight into this study.

1.7 SCOPE AND LIMITATION OF THE STUDY

It is hope that the investigation into this area of study would enhan ce knowledge of the importance of cost control on the profit of an organi zation.

The effect of cost control on the production schedule of each product lin e and other line issues and the profit target from each product. In this stu dy, emphasis is placed on more promising schemed in Nigerian manufac turing companies that will enable them embrace the positive idea of cost control in the bid to achieve desired targets. It is intended to aid resource s utilization.

However, sound the logic of flow of such as this might seem, the fact is t hat, it is fraught with the limitation inherent in study process itself which cannot be disputed.

Cost accounting in itself is a wide topic, which cannot be elaborated fully in a single research work. It will not be studied in deep because of some constraints like time, financial problem and proper planning.

The Scope of this research work will be limited to International Tobacco Company, Ilorin due to limited time available for the completion of the pr oject work.

The study will focus on cost control and cost reduction techniques that a re being by the management to improve the level of profit.

1.8 DEFINITION OF TERMS

The following terms are defined so as to bring out their ordinary us age:

A. BUDGET AND BUDGETARY CONTROL: The institute of cost and mana gement accountants gives the following definition.

A budget: a financial or quantitative statement prepared and approved p rior to a defined period of time to the policy to be pursued during that peri od for the purpose of attaining a given objectives. This may include inco me, expenditure and the employment of capital.

Budgetary Control: the establishment of budget relating the responsibilities of executions to the requirement of a policy and the continuous of actual with budget results.

Budget Control is also defined as the prediction of the level of expenditure to be expected in a business within a period of time.

B. CONTROLLABLE AND UNCONTROLLABLE COST:

Controllable cost is defined as a cost which is reasonably subject to regulation by the manager with whose responsibility of that cost is being identified.

Uncontrollable cost on the other hand are cost that cannot be influence by given time spend.

C. LIMITATION FACTORS: This is the floor in which the extent of use influence must first be assessed in order to ensure that the functional budgets are reasonably capable of fulfillment.

D. RESPONSIBILITY OF ACCOUNTING: This is defined on the recognition of individual areas of responsibility as specified in a firm's organization structure.

E. COST CONTROL: is referring to as the guidance and regulation of operating cost by management action, it can also be said to be the regulation, limitation or confinement of costs.

F. COST REDUCTION: is a planned and positive approach to reducing expenditure that is a deliberate decrease of an existing standard level of cost.

G. COST ACCOUNTING: This is a system which finds out the cost in useful detail and reports them intelligible and timely statements or reports.

CHAPTER TWO

2.0 LITERATURE REVIEW

INTRODUCTION

This chapter presents a review of literature on cost management. Strate gies and their financial implications on manufacturing companies. The re lationship between cost management strategies and their impact on fina ncial performance of manufacturing companies is elaborately investigate d. This chapter will look into the various theoretical frameworks advance d, empirical studies conducted as well as summary of the research gap.

2.1 CONCEPTUAL FRAMEWORK

Cost Control is the regulation of the cost of operating a business a nd is concerned with keeping expenditure within acceptable limits; the pr evailing assumption in cost is that unless cost exceed budget or standar d by an excessive amount, the Control Cost is satisfactory.

Cost reduction is a planned and positive approach to reducing expenditu re or a deliberate decrease of an existing standard of level of costs. It be ing with an assumption that current cost levels are too high, even though cost control might be good efficiency level high

Cooper and Kaplan (2000) posited that a complex business requires freq uent information about operations in order to plan for the future, to contr ol present activities and to evaluate the past performance of managers, employees and related business segments. Lucey argues that to show t he trends and be able to compare performance and costs between differ ent periods, standards would be rarely changed. On the other hand, for d ay to day control and motivation purposes, standards which reflect the m ost up to date positions are required and most consequently revisions wo uld need to be made continually.

Therefore, Organizational performance in terms of profitability, market s hare and sales volume are being driven by proper budgeting, and standar d costing. However, the result of the relationship between cost control an d organization performance is being affected by capital levels, technologi cal advancement and employee motivation.

As the fiscal year progresses, management compares actual results wit h those projected in the budget and incorporates into the new plan the le ssons learnt from its evaluation of current operations. Horngren et al., 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 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 et al., 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, Frezatti explains 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 t he 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 organized set of information that gives effective support to the formulation of strategies and actions in the short, medium and long term, encompassing business units and managers' performance.

2.1.1 Effect of Standard Costing on Organization Performance

Ama states that standard costs are predetermined costs, target costs or carefully pre planned costs which management endeavors to achieve with a view to establishing or attaining maximum efficiency in the production process. Miller presents that standard costs are cost plans relating to a single cost unit. Because standard cost purports to be what cost should be, any deviation represent a measure of performance.

Drury defines standard costs as predetermined cost; they are cost that should be marred under efficient operating conditions. The standard cost may be determined on a number of bases. The main uses of standard co st are in performance measurement, control, and stock valuation and in t he establishment of selling prices. A standard cost is a target cost which should be attained. The build-up of a standard cost is based on sound te chnical and engineering studies, known production methods and layouts. Lucey argues that to show the trends and be able to compare performan ce and costs between different periods, standards would be rarely chang ed. On the other hand, for day to day control and motivation purposes, st andards which reflect the most up to date positions are required and mo st consequently revisions would need to be made continually. Hilman an d Kaliappen illustrates that there is no doubt that standard which are righ t up to date provide a better target and are more useful for the foremen a nd managers concerned, but the extent and frequency of standard revisi on is a matter of judgment. Minor changes in rates, prices and usage are frequently ignored for a time but their cumulative effect soon become sig nificant and changes need to be made.

According to Pauline et al., standard cost is not an average of previous c osts. They are likely to contain the results of past inefficiencies and mist akes. Furthermore, changes in methods, technology and costs make comparison with the past of doubtful value for control purposes. In order to assist management in cost control, the standard costing system must first of all indicate what is attainable by efficient performance and then highlight any area where attainable efficiency is not being achieved. Nweze points out that standard costing as a system of accounting makes use of predetermined costs relating to each element of cost layout, materials and overhead for each line of product manufactured or service supplied. Standard costing technique therefore represents an integral part of management accounting control technique which will also include budgeting system and responsibility accounting statement.

Adeniji states that standard costing represents an integral part of management accounting control techniques which also include budgeting system and responsibility accounting statement. According to him, standard costing technique may be either viewed from the perspective of marginal costing technique or absorption costing technique. By relating standard costing technique with marginal costing technique, variance will be deter mined on the total relevant cost of product excluding fixed overhead. But if it is viewed in the context of absorption costing, then variance analysis will involve the total cost of product to the organization. Eyise relates as standard costing to budging and proper accounting to have an organization achieve its objective while applying the marginal costing system.

According to Eyisi, the advantages of standard costing acts as a yardstick against actual as compared with standard costs. This means that standard costing provides basis whereby performance may be measured on the basis of what product to produce, how much quantity to use and the expected levels of activity which are compared with the actual results obtained.

On the other hand, Nweze states that any system which is to be valued should be designed to deal with the problems which exist. Thus, it means that standard costing which is not designed to solve existing problems is of no relevance as such is valueless. Hence, standard costing which is designed not to solve specific problem will result to unattainable standards and will be useless since this does not solve any specific problem.

2.1.2 Relationship between cost control and organizational performanc e

According to Agha cost and profit in business undertakings form part of what determines the financial position of a business concern. Since man agement is concerned with profitability, which is a measure of business p erformance, especially in a manufacturing concern, the need for higher s ales will arise and this will facilitate the need to increase production capa city, which in turn brings about increase in cost. The corporate bodies sh ould watch the cost and the profit will take care of itself. The implication i s that cost should be controlled rather than embarking on unscientific co st reduction that may translate to lowering the quality of product.

Ahmed illustrates that management is normally forced to adopt various methodologies and techniques in order to regulate (control) rather than r educe cost. Cost increases as various production activities are embarked upon and the need to keep cost in check arises because standards for pr oduction will be set and actual production will be made thereby bringing about variances which can only be reduced or eliminated through effecti ve cost control. Sikka was of the opinion that cost control system consists of methods and procedures that help to regulate the cost of operating an undertaking and ensures that cost do not go beyond a certain level. Cooper and Dart 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 systematized 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.

Corporate performance conveys different understanding to different persons. There is a shift from traditional (financial) to contemporary (non-financial) measures of performance. The non-financial aspect measured was on customer value (the difference between realization and sacrifice in terms of, (lead time delivery and defect/deficiency level) and market share. In conclusion, the details in the literature reviewed reveal that management expects operations to produce the required amount of units within a certain cost range. Management bases its expectations and projection s on the best historical and current information, as well as its best busine ss judgment. This therefore requires proper standard costing, budgeting as a way of increasing on organization profitability, sales volume and mar ket share.

2.2 THEORETICAL REVIEW

The selected sub topics will look into the general theory relating to cost management strategies and their impact on financial performance of ma nufacturing companies.

2.2.1 Portfolio Theory

Modern portfolio theory was introduced by Harry Markowitz with his pap er "Portfolio Selection" which appeared in the 1952 Journal of Finance. T hirty eight years later he shared a Nobel Prize with Merton Miller and Will iam Sharpes for what has become a broad theory for portfolio selection.

The theory of portfolio management describes the resulting risk and ret urn of a combination of individual asset. A primary objective of the theor y is to identify asset combinations that are efficient. Here efficiency mea ns the highest expected rate of return on an investment for a specific lev el of risk. This simply means that they will not consider a portfolio with m ore risk unless it is accompanied by a higher expected rate of return.

Modern Portfolio theory was largely defined by the work of Markowitz (1 952) in a series of articles published in the late 1950s. This theory was e xtended and refined by Sharpes (1963), Linter (1949), Tobin (1941) and o thers in the subsequent decades. Portfolio theory integrates the process of efficient portfolio formation to the pricing of individual assets. It explai ns that some sources of risk associated with individual assets can be div ersified by holding a proper combination of assets.

Prior to Markowit'z work, investors focused on assessing the risks and re wards of individual securities in constructing their portfolios. Standard inv estment advice was to identify those securities that offered the best opp ortunities for gain with the least risk and then construct a portfolio from t hese. Markowitz has detailed the mathematics of diversification and pro posed that investors focus on selecting portfolios based on their overall ri sk –reward characteristics instead of merely compiling portfolio from sec urities that each individually has attractive risk reward measures.

2.2.2 Resource Based View Theory

Pearce 11 and Robinson (2011) define the resource-based view (RBV) as a method of analyzing and identifying a firm's strategic advantages base d on examining its distinct combination of assets, skills, capabilities and i ntangibles as an organization. This theory views the firm-specific factors and their effect on performance. (Grant, 1991), Views the firm as a bundl e of resources which are combined to create organizational capabilities which it can use to earn above average profitability. Firms develop comp etencies from these resources and when they are well developed, these become the source of the firm's competitive advantage. Penrose (1959) explains the importance of resources including organizational processes, assets, capabilities, information and knowledge controlled by the firm. (D aft 1995) these resources improve efficiency and effectiveness that will l ead to higher financial performance of firms. The desire to understand th e effect of firm's characteristics on financial performance has been so co ntroversial in the research field. One side argues that the firm financial p erformance is influenced by structural characteristics of the industry (Bain, 1954-1959) and on the other hand others argue that it is influenced by firm specific resources. Recently much focus has been given to firms level characteristics as opposed to the industry level characteristics since it forms the basis upon which the firms compete. For the purpose of this study cost management strategies will be the main focus since they are part of structural characteristics of firms. The theory which explains the effect of firm's characteristics which are internal factors to the organization with respect to financial performance is the resource-based view (RBV). In this study we shall look at cost management strategies and their impact on the financial performances of manufacturing companies. However the criticism put across on the use of RVB is that researchers only concentrate on one resource type: that is, intangible assets within a single industry and examine its effect on firm's performance (Kapelko, 2006).

2.2.3 Efficiency Structure Theory (ES)

The ES hypothesis states that firms earn high profits because they are more efficient than others.

There are two distinct approaches within the ES; the X-efficiency and scale-efficiency hypothesis. According to the X-efficiency approach, more efficient firms are more profitable since they have lower costs. Such firms tend to gain larger market shares, which may manifest in higher levels on market concentration, but without any causal relationship from concentration to profitability (Athanasoglou et al., 2006). The scale approach emphasizes economies of scale rather than differences in management or production technology. Larger firms can obtain lower unit cost and higher profits through economies of scale. This enables large firms to acquire market share, which may manifest in higher concentration and then profitability.

2.3 EMPIRICAL REVIEW

Another approach to strategic performance measurement is supplementing traditional financial measures with a diverse mix of non-financial measures that are expected to capture key strategic performance dimensions that are not accurately reflected in short-term accounting measures.

Brancato (1995) and Fisher (1995a) indicate that many firms believe tha t financial measures are too historical and "backward-looking," lack predictive ability to explain future performance, reward short-term or incorrect behavior, provide little information on root causes or solution problems, and give inadequate consideration too difficult to quantify "intangible" assets such as intellectual capital. As a result, many firms are supplementing financial metrics with a diverse set of non-financial performance measures that are believed to provide better information on strategic progress and success.(Kaplan and Johnson 1987) have stated that cost accounting is the number one enemy of productivity. There are three principal shortcomings of traditional accounting systems, i.e., 1) irrelevant and harmful to a business; 2) expensive to maintain; and 3) divert the accountant's attention from more important matters (Maskell 2009).

(Horngren 1991) argue that cost management must not be isolated from other managerial functions and should play a key role in the implementation of the company strategies. It is reported that less than 10% out of nearly five million finance function professionals in the United States are involved in audit, tax, and external financial reporting (Sharman, 2007). It takes more people to do the work than to check the work. Most people are believed that what an “accountant” does are taxes or working at a CPA firm. The cause of this imbalance is the proliferation of accounting laws and regulation themselves. Looking at the role plays by cost management in construction industry, it is reported that in the case of cost estimating in construction industry, the information produced has the additional drawback that it is remotely related to the way costs are incurred.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter has provided details of the methodology that was adopted for this study. It describes the research design, sampling design, target p opulation, data collection procedures and data analysis techniques.

3.2 RESEARCH DESIGN

The quantitative approach to research involved numerical data and quan titative approach involves textual data. A third method of research that u tilized elements from both the qualitative and quantitative approaches w as categorized as mixed methods (Symonds & Gorard, 2010). The study quantitative approach was used for its suitability to the purpose of devel oping research questions and is appropriate for the type of numerical dat a required in the study (Schweitzer, 2009). Creswell (2009) stated that th e quantitative approach was most appropriate for the analysis of numeri cal data.

This study also used causal research design and precisely used multi var iant linear regression model. Causal research studies the effect of one va riable on another or on various variables.

3.3 SOURCES OF DATA

The researcher employed the primary and secondary source of data:

- **Primary source**: these are the raw of fresh data collected by the researcher himself for the specific purpose of the project work. It includes the use of questionnaire and interview.
- **Interview**: this is a physical contact between the researcher and the respondent.
- **Secondary source:** these are the data that have been collected by other people and documented by them this includes relevant textbooks, newspapers and journals which are consulted for information on this study. The data analysis was carried out in Ilorin West Local Government. However, the various answers given by the respondents in the questionnaire will then be analyzed.

3.4 POPULATION OF THE STUDY

Research population refers to the total numbers of people or thing or organization in a geographical area. In research, the meaning of population goes beyond human beings alone.

Population implies group of people or object which are similar in one or more ways and which from the subject of the study in a particular surve

y. Olaitan and Nwoke (1988) concluded a research on the population of a study is defined as the aims and objectives of the study.

The population of this research work was the entire marketing orientation to International Tobacco Company.

The population study of this research is based on the empirical survey of the employee productivity of International Tobacco Company the employee productivity has various departments while the population of the study will consist of all available worker in these various departments both agree and disagree since the population of workers in the power holding company is very large, a total number of one hundred questionnaires will be administered.

3.5 SAMPLE SIZE AND SAMPLING TECHNIQUES

Due to relatively large population or workers in the study of International Tobacco Company. It has been imperative to obtain information from all the available workers using sampling techniques. Therefore one hundred will be administered.

Sampling techniques can be either probability sampling or non-pro bability sampling techniques under probability sampling techniques each element has to know probability of being included in the same i.e. but non-probability sampling technique it does not allow the researcher to determine this probability. Probability sampling technique include sample random, sampling systematic, sampling stratified, sampling and cluster/area sampling while non probability sampling techniques include convenience sampling judgmental sampling and quota sampling techniques. However, this study used both convenience and random sampling in selecting the sample size of the study. The selection was absent on convenience and assessment to the respondents.

3.6 RESEARCH INSTRUMENT

The primary research instrument that will be used to extract information from respondents for the purpose of the study is the questionnaires. The researcher will take the pain to explain to the respondents that there were no wrong or right answer to the questions that were being asked on the questionnaire and not to write their name (that is, it should maintain anonymity) so as to respond honestly to the questions. The choice of t he questionnaire schedule as an effective tools that as an instrument in research. It could be relatively easy to execute and less time consuming as opposed to other answers which were confidential to them. Thus the information that was provided could be said to be more accurate than that derivable from the other research instrument like the internal guild or schedule which is necessary required personal contact between researchers of information as a respondents.

3.7 METHODS OF DATA ANALYSIS

The data collected was based on research instrument easier explain and will be presented in tabular form. The analysis of the data would be done by employing chi-squared to test the hypothesis chi-square was because it is the most appropriate non-paramedic statistics that are used in treating data from different observation. It is also most appropriate in determined whether or not significance exist between observed cases.

3.8 MODEL SPECIFICATION

Some constructs of this research in the conceptual model were developed as new scales and adopted from prior researches. The face and content validity were verified by accounting academic experts. Confirmatory a nd exploratory factor analysis was utilized to examine the underlying relationship of a large number of items and to verify whether it could be reduced to a smaller set of factors. The factor analyses were done individually on each set of the items representing a particular scale; this approach is used for the limited observations reason. Factor loading values if greater than 0.50 are generally considered necessary for practical significant (Hair et al., 2010).

CHAPTER FOUR

4.0 DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

This chapter presents, discusses and interprets the data which is obtained from the selected sample population Seven-up Bottling Company. The data is presented by use of descriptive data analysis tools which include tables, graphs, charts as well as other percentage scores. The questionnaires were separately analyzed in order to test the correlation of the independent variables with the dependent variables.

4.2 DATA PRESENTATION

This research technique is designed in such a way to collect information relevant to the topic "Cost Control and cost reduction as a means of improving profitability" from the International Tobacco Company.

The information were collected through the use of questionnaire and a pamphlets titled "facts you should know about International Tobacco Company , the questionnaire consist of close and open ended question where respondents will simply tick the appropriate options.

Few dotted lines are used in view of the fact that they could express thei r choice in writing. However questionnaires were designed for each of th e following three department of the following three department of the co mpany.

i. Accounting department

ii. Production department

iii. Scales department

Thus, the place of cost and reduction lies with the department avai lable in the company. The department of the finding and information gat hered are therefore discussed department. Thus:

1. ACCOUNTING DEPARTMENT: research has shown the accounting dep artment is one of the wires of any organization. Therefore the departme nt links management to other existing function in management planning and business decision. This in order to determine the cost of production, the management will need information from both the accounting and pro duction department to decide this.

In coca-cola bottling company plc, Ilorin it is found by calculating the net cost of raw material plus fixed charge of overhead and labour. Therefore it is through accounting that the management knows that cost of raw ma terials is charged by weighted average method.

Control has helped the management of this company to plan and take decision not allow credit sales or purchase but to do all sales and purchases strictly cash basis with this, the company do not have large balances of both creditors and debtors at the end of each of its financial years.

Management will be able to monitor the movement of the product outwards and inwards of cash, thereby take the necessary decision as to improve the sale and production of the company's products.

4.3 DATA ANALYSIS, INTERPRETATION AND OBSERVATION

During this conduct of research at International Tobacco Company result was realized. The analogies have been given and the interpretation is given below.

SECTION A

1 RESPONDENT ON AGE

OPTIONS	RESPONDENTS	PERCENTAGE (%)
20-30years	8	16
31-40years	20	40
41-50years	12	24
51above	10	20
Total	**50**	**100%**

Source: Questionnaire Administered, 2022

Table: It is revealed that the age range of respondents between 31-40 ye ars have to highest respondents compared with others.

2. RESPONDENTS ON SEX

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Senior staff	10	20
Junior staff	25	50
Intermediate	15	30
Total	**50**	**100%**

Source: Questionnaire Administered, 2022

Table 2: It was discovered that junior staffs are more important than the senior staff in an organization.

3. RESPONDENT ON POSITION

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Senior staff	10	20
Junior staff	25	50
Intermediate	15	30
Total	**50**	**100%**

Source: Questionnaire Administered, 2022

Table 3: The respondents on position revealed that the percentage of juni or staff is higher than the senior staff while the percentage of senior staf f is higher than the intermediates.

4. RESPONDENTS ON WORKING EXPERIENCE

OPTIONS	RESPONDENTS	PERCENTAGE (%)
1-5years	13	26

6-10years	15	30
11-15years	12	24
16year and above	10	20
Total	**50**	**100%**

Source: Questionnaire Administered, 2022

Table 4: Fact were gather that the highest year of working experience in the population are those that have spent 6-10years in service.

5. RESPONDENTS ON EDUCATION QUALIFICATION

OPTIONS	RESPONDENTS	PERCENTAGE (%)
O' level/Advance	13	16
OND/NCE	17	34
HND/BSC/BA	20	50
Total	**50**	**100%**

Source: Questionnaire Administered, 2022

Table 5: Respondents in education qualification are gathered than 50% of staff of Nigeria Bottling Company Plc are produce, 34% are semi-skilled other are O' level holders.

SECTION B

Questions 1: Does manufacturing industry see the need for adopting control schemes as a starting point for achieving organization goals?

Table 4.7

Option	Respondent	Percentage

Yes	40	65
No	10	35
Total	**50**	**100**

Source: Field Survey, 2022

From the above table, it is observed that 40 respondents out of 50 respondents. Which choose "yes" respondent 65% supported that manufacturing industry see the need for adopting control schemes as a starting point for achieving organization goals while the remaining 10 respondents representing 35% indicated otherwise.

Questions 2: Does effective motivation on the part of management and subordinate improve the firm towards their goals and achievement?

Table 4.8

Option	**Respondent**	**Percentage**
Yes	27	75
No	23	25
Total	50	100

Source: Field Survey, 2022

From the above table it is observed that 27 respondents out of 50 which represented (75%) supported that effective motivation on the part of management and subordinate improve the firm towards their goals and achievement while 23 respondents representing (25%) indicated otherwise.

Questions 3: Does cost control serve as a tool for effective management control in manufacturing industries?

Table 4.9

Option	Respondents	Percentage
Yes	34	80
No	16	20
Total	50	100

Source: Field Survey, 2022

The table shows that 34 out of 50 respondents which represented (80%) supported that cost control serve as a tool for effective managem ent control in manufacturing industries while the remaining 16 responden ts representing (20%) out of 50 say no.

Questions 4: Does social accounting have positive impact on cost control scheme?

Table 4.10

Option	Respondent	Percentage
Yes	35	75
No	15	25
Total	50	100

4.4 INTERPRETATION OF FINDINGS

In table 1, analysis shows that the age of employee range within 16-55y ears which is more than other age in the organization.

In table 2, the analysis shows that the male and female staff is in the or ganization, which the project are mostly determined by them.

In table 3, that the percentage of junior staff is higher than the seni or staff while the percentage of senior staff is higher than the intermedia tes.

In table 4, the highest years of working experience in the populatio n are those that have spent 6-10years in service.

In table 5, the analysis shows that the staffs of HND are more than the r est of the staff in the organization.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

Since resources are scarce, the need for cost control and cost reduction to promote efficient utilization of this resource cannot be over emphasize d. Due to fact that the environment in which business operates is dynami c, historical cost is not enough predetermined costs subject of constraint renewals in the light of new technologies and processes should be establ ished.

There is also the need to create an atmosphere of cost consciousness cost reduction programme should be based on continuous analysis cost behavior and inter relationships.

Again, attention should be given to adequate physical facilities inventory information adequate attention should also be given to non monetary information.

Internal reports play an important role of the general report can be linked to efficiency thermometer of business. If internal control is week, it may be the root cause of leaks and abuses.

5.2 CONCLUSION

It is highly important to point out here that these recommendations need not to be too rigidly followed so as to create confusion and have boomerang effects on the organization human resources but relevant should be adapted and adopted in whole and parts.

It is also of paramount important to commend the efforts of employees who have being working selflessly to attain the goals of the organization and to give incentives to motivate workers.

If you want to raise earnings of your company and industry will not acco mplish it by complaining about the terrible problem that is confronting yo u. Instead of tacking the problems vigorously with the weapon of knowle dge through resources an reports with energy and with managerial comp etence.

Human reaction to cost control and cost reduction schemes in manufact uring industry is recommended for further study.

5.3 RECOMMENDATIONS

From the above findings, the following critical steps should be taken by t he stakeholder to make cost of doing business bearable in Nigeria, which will in effect stimulate economic growth and stability in the productive se ctor of the economy:

- Effective cost control, including good responsibility accounting syst em, should be established by all business concerns in the country;
- Cost control should be in place in all the departments, most especi

ally the production department, in order to make sure that units of finished goods are properly accounted for;

- Budget established should not remain fixed, but should be revised, when condition changes. This means that there should be attainable target, not the one that is beyond workers' capability given the resources at their disposal;
- Collection of costs should be made by each area of responsibility and reports thereon, which should indicate, in monetary terms, the effect of efficiency or inefficiency, given section by section and department by department;
- For effective cost control to be achieved, there should be proper data collection, analysis and administration at all level of the business;
- There should be strategic cost control so as not to allow negative impact of other strategic variables, such as financial product, affect sales revenue and later profitability;
- Above all workers should be carried along at all stages of cost cont

rol strategies so as to buy into the process and ensure full complianc

e.

Suggested area for further research:

There is need to have research done in the area of accountability accoun ting to bridge the gap in cost control, stock valuation and budgetary contr ol.

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