CHAPTER I
INTRODUCTION

1.1 Background of the Study

The dynamic nature of our times has put so much challenge on business that challenges threats survival and performance of business. For reduce challenges of business and survive business strength must be increased. Business strength outpaced its competitors depends largely on the quality and strength of its management. Cost control is the one of the most important tool of internal strength of organization. Efficient management can control cost by using various cost control tools. Cost is a most important concept in our everyday lives. Human being talks about cost almost each minute of the day. All our daily expenses are been resolved in terms of cost. In our offices we take of cost of materials, cost of labor, overhead cost, cost saving and many others. In manufacturing companies' portion of production cost is more than others. They use more materials and production overheads. For control that, management of companies need to focus more on production cost control.

Business forms in Nepal are losing their competitiveness lost. Nepal is entered WTO, Nepalese market have to be liberalized to products and services of other countries. Due to this Nepalese product and services will have to compete with the product and services of other countries made of high sophisticated technologies with lower price. So, it has been must for Nepalese enterprises to made nearing preparation for cost control in time.

In Nepal manufacturing company's competition is also increasing. In Nepal various manufacturing companies are operated. Cost per unit of Nepalese manufacturing company is more than foreign multinational manufacturing company, so cost control on Nepalese manufacturing company is very important. It helps to increase profit per unit and total profit.

Cost control means recognizing and implementation of some system so that the increasing cost of production and operation could be control. Cost control may define as exercise to reduce cost as possible to predetermine target. Cost control systems are directed towards specific efforts to control costs by improving systems. Cost control can be made in different areas of organization like production and operation, administration, distribution. Controlled cost can provide competitive advantages for organization

Cost is a monetary valuation of efforts, materials, resources time and utilities consumed, risk incurred and opportunity foregone in production and delivery of a goods or services. Cost control is the achievement of predetermine target of costs whereas cost reduction is the achievement of the real and permanent reduction in cost.

Control is function that makes sure that actual work is done to fulfill the original intention. It is a widely accepted should be within the budget. Cost control is thought of as management efforts to attain cost goals within a particulars environment. Cost control is not a specific program. Rather, it is a routine activity to be frequently carried out. Cost must be controlled otherwise; there will be wastage, misappropriation and embezzlement. Cost control relies having on accounting techniques some of the key cost control techniques are responsibility accounting, budgeting, standard costing, and budgetary control, Internal and External control, Marginal control, etc.

Brumbaug (2008) had opined that corporate bodies should observe the cost and the profit will take care of itself. The implication of cost should be control rather than to engage on unscientific cost reduction that may translate to lowering the quality of product. Management is generally forced to adopt various methodologies and techniques in order to regulate (control) rather than reduce cost. Cost increases as various production activities are enlisted upon the need to keep cost in check arises because standards for production will be set and actual production will be thereby bringing about variances that can only be reduced or eliminated through effective cost control.

Sikka (2003) had opined that Cost control system consists of methods and procedures that helps to regulate the cost of operating and ensure that cost do not go over certain level. As profitability amongst others is the essence of any business, there will be the need to incur reasonable costs and management is to ensure careful and efficient use of resources so as to achieve the set standards and maintaining the performance according to standard because, as management motive to increase productivity for more profit, there will be increasing cost and collection of cost will be made by each area of responsibilities. This study aims at discussing how cost control could be effectively administered in order to regulate expenses so as to bring about increased returns in terms of profitability and not diminishing it.

However, Okafor (1983) argued that profit is the ultimate measure of the overall performance. When management has planned, organized and control its human and material resources properly, corporate activities achieve a level of effectiveness, which grows up in profit. Probably profits are acid test of individual firms' performance.

Cost control helps firms to improve its profitability. Jhingan, et al (2004) opined that cost control has a regulatory effect. For better performance and better results certain means of control have been evolved. Such cost instruments are budgetary control and standard costing. Cost reductions are analyzed via variance analysis.

The two most important functions of cost accounting are cost control and cost reduction. Cost control is technique which provides necessary information to the management that actual cost and budgeted cost are aligned or not. Cost reductions is a technique used to save the product without compromising its quality. Cost reduction are analyzed via variance analysis.

Cost control and reductions helps to improve its profitability and competitiveness. It suggest cost control tools their usages and impact. Cost control aim is to suggest how cost should be control and improve profitability, for better performance and better result certain tool of control have been evolved. Such cost instruments are budgetary control and standard costing.

Cost control is the practice of identifying and minimizing business expenses to increase profits, and it starts with budgeting and ends with corrective action. A business owner compares actual results to the budget expectations, and if cost is more than budget expectations management takes actions. Cost control is a systematic review of resources. Company use cost control to achieve its primary objective of profitability, so it can also be referred to as cost management.

Cost reduction is a management activity which is aim at minimizing the cost of production of their goods or rendering their service to customers without reducing their quality standard. If organization able to practice this successfully, all things being equal, will experience an increase in profit and maximize shareholders wealth. In competitive market reduction in cost is very important.

Management and control of activities help set enterprise strategies, determine an accurate product and service cost, improve business processes eliminate waste, identify cost drivers and plan operations and leading to remarkable profit.

Profitability is the ability of a business to earn a profit. A profit is what is left of the revenue a business generates after it pays all expenses directly related to the generation of the revenue, such as producing a product, and other expenses related to the conduct of the business activities. Profitability is the primary goal of all business ventures. Without profitability, the business will not survive in the long run.

Profit maximization is the most important objectives of firm. Profit is the ultimate measure of overall performance. Management need to plan, organize and control its human and materials resources properly for maximize profit. Profit is the aggregate result of the firm's behavior, management activities and efficient usage of all resources. Profit also relates sales volume price and competitors strategies, etc.

Cost control is a system of cost accounting that aims at maintaining the cost in accordance with the established targets or standards. Comparing the standard with the actual and taking corrective actions for any unfavorable deviations. It assumes the dynamism since it aims to attain lowest possible costs under existing circumstances. It is a preventive function. Under it, costs are optimized before they are incurred, Koirala, et al (2014).

Cost reduction is directed to explore the possibilities of producing goods or providing services at lower costs. It does not have any specific processes. Under it, the ways of reduction in materials, labor and other overheads are adopted. It is a corrective function and a conditions as permanent. It assumes existence of concealed potential saving in the standards of norms which are therefore subject to constant challenge or improvement, Koirala, et al (2014).

To control costs does not mean only the reduction of specific expenses, it is practice of controlling per unit cost to increase profit. Cost control programs may require a bulk amount of research and development budget but once a new techniques is introduced, it gives competitive advantages for the long period.

1.2 Focus of the Study

Most of the countries contribution in GDP of manufacturing sector is considerable. The manufacturing sector plays important role in the overall development in the economy. The economic reform has much more impact on Nepalese manufacturing sector and this sector has undergone through major changes as a result of export promotion police of government, changes in regulatory framework, private sector involvement, promotion of FDI and increased global competition. Which has resulted positive impact on manufacturing sector, in the meantime, unsatisfactory financial performance, ineffective resource utilization, instance political interference, corruption and leakages, poor technology, labor problem and electricity problem have severely affected in this sector.

This research study has focused on assessing effect of cost control on listed Nepalese manufacturing company's profitability.

1.3 Statement of the Problem

In recent years, the cost of goods in Nepal has been very expensive in comparison of other countries. In manufacturing industry, there is problem of poor technology and management which leads to high cost and low quality. Another problem facing some or most of the adaptation of improper plan to control cost of production.

Nepal has been considered to be the country with limited level of investment climate. The main problem of Nepalese manufacturing organization is occurrence of high cost of production, due to this many organizations are closed and many are sick.

They are so many cost center in one manufacturing organization. In a cost center, related manager alone has the authority to incur cost and is specifically evaluated on the basis of how they are controlled, and other managers and staffs are no attention on cost control.

Also the excessive cost of running manufacturing company in Nepal has necessitated the need to focus on cost control as a means of achieving both the primary and secondary objectives of being in business, which include maximization of profit and shareholder value. Till the date, many companies have not considered cost management as a serious issue. The inability to control cost incurred and relate effect on profitability has forced some Nepalese manufacturing companies to relocate their business to the neighboring countries, where they assume cost of running business and business environment will be relatively favorable than Nepal.

For the smooth operation of business activities and earn adequate profit, every business has followed distinct policy in order to determine cost control system. If we go through manufacturing companies in Nepal, we can find most of the companies no giving adequate attention to cost control system. The use of effective cost control system is needed to manage the situation of current manufacturing industry in Nepal.

This study is confronted with the view of discovering weather organization especially manufacturing companies adopts certain cost control measures in their products production as well as marketing of products, which ultimately have an impact on their profitability. In this aspect of control, it incorporates cost control processes and a cost control program, initiated to take the goal of bringing down the margin of business costs from a current level.

To solve current problems, management of company should give more consideration for the cost control system. Therefore, this study aims to investigate the impact of cost control on listed NMC's. Similarly this study tries to find out the solution of following questions:

1. What is the relationship between cost control and profitability of listed NMC's?
2. What cost control instruments are mostly used in listed NMC's, for cutting down expenses, thereby attaining maximum profitability?
3. Is there any challenges and prospectus of employing modern cost control techniques in listed NMC's?

1.4 Purposes of the Study

The major purpose of this study is to investigate, analyze and interpret the impact of cost control on profitability of listed NMC's.

The specific objectives of the study are listed as follows:

1. To examine relationship between cost control and profitability of listed NMC’s.
2. To know cost control instruments are mostly used by listed NMC’s, for cutting down expenses, thereby attaining maximum profitability.
3. To identify the challenges and prospectus of employing modern cost control techniques in listed NMC’s.

1.5 Significance of the Study

The manufacturing sector of Nepal is emerging and increasing than it was in the past. In current days, Nepal is confronting several issues with respect to industrial sector. In other words, this sector is facing many problems and is expanding in slow motion. This type of research has conducted first time Nepal. In this connection, this study can be helpful to the manufacturing companies to review and develop their cost control systems. Furthermore, this study assist the decision makers to make decisions about cost control instrument, their uses and minimization of cost. This study can also be useful to the concerned academicians, researchers, students, investors, government officials, and others stakeholders of respective industries.

1.6 Limitations of the Study

Every study is conducted under some constraints and limitations. Similarly, this study cannot be exception and free from limitations. The accuracy of the study largely depends upon the data provided by the sample companies. Some limitations of this research study are outlined as follows:

1. The research is conducted by taking few manufacturing companies listed in NEPSE as sample.
2. The accuracy of the result is totally based on the data provided to the researcher by the companies’ managers and employees.
3. The findings of this study may not represent to others settings.
4. This research has conducted using primary data only.

2.7 Chapter Plan

The study is organized in such a way that the stated objectives can easily be fulfilled. There are five chapters in this study. Which are:

Chapter I Introduction

This is introductory chapter and basically deals about the background of the study, focus of the study, statement of the problem and research questions, purpose of the study, significance of the study, limitations of the study and organization of the study.

Chapter II Literature Review

This chapter Review of literature which refers reviewing the research or other related published or unpublished literature, articles published in different economic journal, bulletin, dissertation papers, magazines, newspapers and websites in the related area's study, so that all possible relevant past studies, their conclusion findings and recommendation can be known through review of literature. This chapter focuses on overview of cost control, review of major relevant previous works, conceptual framework, research gap and other related materials.

Chapter III Research Methodology

This chapter concerned with research methodology employed in the study. This chapter has dealt with the research design, population and sample, sources of data, data collection procedures, data processing procedures, reliability and validity of data and data analysis tools and techniques.

Chapter IV Results

This chapter deals with presentation and analysis of data. Different techniques are used to analyze the data which explores the findings of study as well.

Chapter V Conclusions

This chapter for the summary of major finding, conclusion, and implication. It contains the profound review of available literature related to the area of the study. It is directed towards the review of conceptual framework and review of major related studies.

Reference and appendix have also been incorporated at the end of the study.

CHAPTER II

REVIEW OF LITERATURE

2.1 An Overview of Cost Control

Nowadays managements of companies are becoming increasingly cost conscious and are constantly searching for new ways of controlling cost and eliminating wastages. One of the objectives of cost accounting is to achieve cost control. It is not enough if costs are worked out and presented regularly to the management, the effectiveness of cost accounting is judged primarily from the extent to which it has been able to bring about a control over the manufacturing and other costs, Sikka (2003).

CIMA in its terminologies of cost accountancy defined cost control "as the guidance and regulation by executive action of the costs of operating an undertaking, particularly where such action is guided by cost accounting."

Anthony, et al (2005) regards cost control as cost management or cost containment and defined it as a broad set of cost accounting methods and management techniques with the goal of improving business cost efficiency, by reducing costs or at least restricting their rate of growth. Businesses use cost control methods to monitor, evaluate and ultimately enhance the efficiency of specific areas, such as departments, divisions or product lines within their operations. In his words, Lockyer (2002) regards cost control as a practice of comparing the cost of a business activity with the original cost in order to ascertain if the cost is as planned.

Sikka (2003) further discussed that in cost control, the first step is to set up the target to be achieved, i.e. the goal or objectives to be attained, the cost control system guides the organization to reach that goal. For this purpose, budgets or standards are used to provide the yardstick against which the actual costs and performance may be compared. If at any stage, it is noticed that the expenses are showing a trend away from the goal, resulting thereby in a variance from the target, the cost control system helps to regulate this trend and eliminate the variations. This guidance and regulation is by executive action or action taken by the executive, who is responsible for incurring the expenditure. It should be clearly understood that a cost accountant, by himself, does not control the expenses. He merely assists in the control of expenses since expenditure can be controlled only by the person who incurs it. The cost accountant brings to the notice of the executive concerned, the exact point on which an action is required of him for regulating the expenses. Thus, cost control is the guidance and regulation through an executive action and this executive action is exercised in respect of all the expenses incurred in operating an undertaking. Cost control comprises all procedures and measures by which cost of carrying out an activity is kept under check and aims at ensuring that costs do not go beyond a certain level.

2.1.1 Costing System and Cost Control

Lockyer (2002) further noticed that cost control and costing systems are synonymous with common characteristics and was of the opinion that costing system comprises of an organization's control, plans and structures which has three phases i.e. the setting; the operation and the feedback phases:

1. **The setting phase**: In setting a control system, establishment of standards is a criterion for performance and can be stated in quantitative terms: in unit of products, unit of service, man hour, speed, volume or expressed in value such as volume of sales, cost of capital expenditure or profits etc.
2. **The operation phase**: This is the part of the organization in which the prevailing technology is applied to raw material inputs which are converted into finished output which the organization provides as a service or a product. The success and failure in this respect depends on the set standards. If the standard is vaguely defined, the result will be failure, and if rightly defined, the operation will bring forth good result.
3. **The feedback phase**: This phase provides information for decision that adjusts the system. As plans are implemented the system is monitored in order to ascertain whether or not performance is on the right target and whether objectives are being met. In a close system, feedback is received by human beings who process it and decide an appropriate action. In order to be efficient, actual

performance is measured against standard and deviations analyzed. The feedback can form the beginning of the whole process until a desired standard is achieved.

2.1.2 Cost Control Applications

Cooper, et al (2000) posited that a complex business requires frequent information about operations in order to plan for the future, to control present activities and to evaluate the past performance of managers, employees and related business segments. To be successful, management guides the activities of its people in the operation of the business according to pre-established goals and objectives. Management's guidance takes two forms of controls the management and supervision of behavior. The evaluation of performance. They further discussed that behavioral management deals with the attitudes and actions of employees. While employee's behavior ultimately impacts on success, behavioral management involves certain issues and assumptions not applicable to accounting control function. On the other hand, performance evaluation measures outcomes of employees' actions by comparing the actual results of management, identified the strengths it needs to maximize and the weaknesses it seeks to rectify. The process of evaluation and remedy is called cost control.

2.1.3 Steps in Cost Control

Sikka (2003) believed that efficient organization and operations of cost control system involves the following steps:

- Setting up the targets.
- Measurement of the actual.
- Comparison of actual with targets to ascertain variances.
- Analysis of variance to their causes.
- Taking such corrective actions as are necessary to eliminate the variations.

2.1.4 Impact of Cost Structure on Profitability

Harris and Hazard (1992) opined from accounting point of view, that a critical element common in all firms, is the profile of cost structure. Cost structure, also called operating leverage, is measured in terms of proportions of fixed cost and variable costs present in the cost volume profit (CVP) equation of a firm. A firm which has a large proportion of fixed costs to total costs is said to have a high fixed cost structure; and conversely, a firm with a small proportion is referred to as having a low fixed cost structure. An understanding of the influence of cost structure on profits is a crucial element in management decision making. They further discussed that in order to measure the effect of cost structure on profitability, a technique known as sensitivity analysis can be employed. In CVP context, if a small change in factor, such as cost of production, causes a large change in profit, then it can be said that profit is sensitive to cost of production.

2.1.5 Effective Cost Control Strategies to Increase Profit Margins

Khera (2007) said that the goal of every business is to make profit, and most small business owners believe that the best way to do that is by increasing sales. But that brings up another conundrum – in order to increase sales, there has to be a corresponding increase in costs because of the increased amount of work involved. But increased costs are just what need to be curtailed, therefore, another way of going about lowering costs is by controlling them and thus increasing the profit margins.

2.1.6 Cost Control Reports

Cooper, et al (2000) posits that cost control reports are informational reports that tell management about an entity's activities. Management request control reports only for internal use, and therefore directs the accounting departments to develop tailor made reporting formats. Accountant provides management with a format designed to detect variations that need investigating. In addition, management also refers to conventional reports, such as income statement and funds statement as well as external reports on the general economy and specific industry.

Hamilton and Martha (2007) asserted that control reports need to provide an adequate amount of information so that management may determine the reasons for any cost variances from the original budget. A good control report highlights significant information of focusing management's attention on those items in which actual performance significantly differs from the standard. Because key success factors shift in type and number, accountant revises control reports when necessary. Accountant also varies the control period covered by the control report to encompass a period in which management can take useful remedial action. In addition, accountant disseminates control reports in a timely fashion to give management adequate time to act before the issuance of the next report. Managers perform effectively when they attain the goals and objectives set by the budget. With respect to profits, managers succeed by the degree to which revenues continually exceed expenses. In applying the following simple formula, managers, especially those in operations, realize that they exercise more control over expenses than they do over revenue. While they cannot predict the timing and volume of actual sales, they can determine the utilization rate of most of their resources, that is, they can influence the cost side. Hence, the evaluation of management's performance and its operations is cost control.

2.1.7 Standards in Cost Control

Hamilton and Martha (2007) opined that for cost control purposes, a budget provides standard costs. A management constructs budget and lays out a road map to guide its efforts. It states a number of assumptions about the relationships and interaction among the economy, market dynamics, abilities of its sales force, its capacity to provide the proper quality and quantity of products demanded. An examination of the details of the budget calculations and assumptions indicates that management expects the sales force to spend only so much in pursuit of the sales forecast. The details also reveal that management expects operations to produce the required amount of units within a certain cost range. Management base its expectations and projections on the best historical and current information, as well as its best business judgment.

2.1.8 Conditions for Effective Cost Control

Anthony, et al (2005) submitted that for cost control system to be adequately administered, the following must be taken into consideration: data collection; data analysis; and budget control and administration:

1. **Data collection:** Accurate and timely information is the foundation of any cost control system, and thus detailed cost data are essential to any cost control endeavor. Management must understand, in great detail, how funds have been spent in the past and how they are being spent currently. As a result, companies

invest large sums into sophisticated and error resistant cost control systems in order to gain adequate understanding of their finances.

2. **Data analysis**: Accountant's specialty is in the cost control function, yet its analysis is indispensable to the planning process. The adjustment and interpretation of data allows for changes to be made as regards the standards and control of variances.
3. **Budget and control administration:** The budget plays a key role in designing and securing support for the procedural aspects of the planning process. In addition, the design and distribution of forms through budget and control administration further ensures the collection and booking of detailed data on cost.

2.1.9 Strategic Cost Control

Hamilton and Martha (2007) concluded that management relies on such accounting data and analysis to choose from several cost control alternatives, or management may direct accountant to prepare reports specifically to evaluate such options. As the Chainsaw A1 episode indicated, all costs may not be viable targets for cost cutting measures. For instance, in mass layoffs, the company may lose a significant share of its human capital by releasing veteran employees who are experts in their fields, not to mention creation of a decline in the morale of those who remain after the mass purge. Thus management must identify which costs have strategic significance and which do not.

Shrank, et al (2001) opined that to determine the strategic impact of cost cutting, management has to weigh the net effects of the proposed change on all areas of the business. For example, reducing variable costs related directly to manufacturing a product, such as materials and transportation costs, could be the key to greater incremental profits. However, management must also consider whether saving money on production is jeopardizing other strategic interests like quality or time to market. If a cheaper material or transportation system negatively impacts other strategic variables, the nominal cost savings may not benefit the company in the bigger picture, i.e. it may lose sales. In such scenario manager requires the discipline not to place short term savings over long term interests. They further opined that one trend in cost control has been toward narrowing the focus of corporate responsibility centers, thereby shifting some of the cost control function to day-to-day managers who have the most knowledge or influence over how their areas spend money. This practice is intended to promote bottom-up cost control measures and encourage a widespread consensus over cost management strategies.

2.2 Cost Control Instruments

Cost control helps to improve its profitability and competitiveness. It suggests cost control tools, their usages and impact. Cost control aims to suggest how cost should be controlled and profitability can be improved. For effective management and actualization of organization objective different cost control instruments are used by different organizations. Among these used instruments budgeting and standard costing are most used, others are internal and external audit, responsibility accounting, and marginal costing and value analysis.

2.2.1 Budgeting

Budgeting is one of the important ways of controlling cost in manufacturing organization. Cost control is a continuous process that begins with the annual budget as the fiscal year progress, management compares actual result to projected budget and incorporates lesson learnt from the evaluation of current operation in to new plan. For cost control to be effective, management has to construct budget because it lays out a road map to guide management's efforts in accessing the effect of cost control techniques on revenue expected. Through the budgeting process of cost control management establishes overall objectives, defines responsibility center and defines specific objectives for each responsibility center and design procedures and standards for reporting and evaluation. Many research have conducted in field of budgeting as a tool of cost control and its impact on organization performance, profitability, etc., so the researcher also taken as budgeting is one of the techniques of cost control.

In business, a budget ca be defined as a formal expression of the expected income and expenditure for a definite future time. Lucey (1996) defines a budget as the expression of firms plan in financial form for a period of time in future. Budgetary control is a concern with the efficient use of resources to achieve a predetermined set of objectives contained with a plan.

Koirala, et al (2014) defines a budget is a tool that helps manager in planning and control functions. Budget help with other control function not only by looking forward but also looking backward. Budget, of course, deal with what manager's plan for the future. However, they can also be used to evaluate what happened in the past. Budget can be used as benchmark that allows managers to compare actual performance with estimated or desired performance.

Vosselman, et al (2008) gives the following definitions for a budget:

- A budget is a leather suit case, a 'pouch'.
- A budget is more than a plan and more than a co-ordination device.
- A budget is a performance contract (connected to financial targets and incentives and often connected to individual compensation).
- A budget is a constraint as well as a device for empowerment.

According to Eyisi (2003) budgetary control system is the use of budget for assigning responsibilities, planning and controlling performance and guiding managerial and other activities towards the achievement of organizational goals. It pinpoints any deviation between budgeted standards and actual achievement.

2.2.1.1 Types of Budgets

Anthony (2007) stated three types of budgets as follows;

1. **The strategic plan:** The most forward-looking budget is the strategic plan, which sets the overall goals and objectives of the organization. Companies coordinate their long-range plans with capital budgets, which detail the planned expenditures for facilities, equipment, new products and other long-term investments. Long-range plans and budgets give the company direction and goals for the future, while short-term plans and budgets guide day to day operations.
2. **The operating budget:** An operating budget usually covers one year and states the revenues and expenses planned for that year.

3. **The capital budget:** The capital budget states the approved capital projects, plus a lump sum for small projects that do not require high level approval. It is usually prepared separately from the operating budget and by different people.

2.2.1.2 Process in Budgeting

Durey (2004) include budgeting process in his book and he suggest the important stages are as follows:

1. Communicating details of budget policy and guidelines to those people responsible for the preparation of budgets.
2. Determining the factor that restricts output.
3. Preparation of the sales budget.
4. Initial preparation of the various budgets.
5. Negotiation of budgets with superiors.
6. Coordination and review of budgets.
7. Final acceptance of budgets.
8. Ongoing review of budgets.

2.2.2 Standard Costing

Standard costing is a performance appraisal technique used by comparing actual performance against the standards for all areas of operations with the organization. This is done in discussion with various heads of organization segments. When actual performance takes place, the actual data are compared with standards; if there is a difference between actual and standards, the difference is analyzed to find reason thereof. Deviation of actual from standard is called ‘variance’. Such variance, maybe ‘favorable’ or ‘Adverse’ for the organizations, Abdullahi (2014). Controlling cost involves providing clear cut information on what the cost should be incurred, what the cost was actually incurred, what is the variance between what was and what should have been, why and what remedial action should be taken to ensure that the actual occurrence agree with the planned. Standard costing is a measure of comparison for quantity and qualitative values. It is a normal reference point for reevaluation of performance. It has also been variously referred to as the preparation and the use of standard cost and measurement at the points of incidence, Okoye (2000).

Koirala, et al (2014) stated that, “Standard costing is the preparation of standard costs and applying them to measure the variations that is caused due to the differences between the standard and actual cost. Such a difference is also called variation. The main reason behind calculation of such variance is to maintain the maximum efficiency in production. It is management accounting tool for control.”

Adeniji (2009) 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 determined 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 of the organization.

Eyisi (2003) defines standard cost as "a predetermined or planned cost established under a set of working condition against which actual cost incurred for material, labor and overheads are compared". Formally, a predetermined calculation of this cost of specific working conditions.

Standard costing is an integral part of management accounting control technique, which has to do with the process of estimating the total cost of production per unit, Emmanuel, Otley, & Merchant (1990). The operation of a standard costing system presupposes the existence of an in-built mechanism whereby actual costs incurred are periodically compared with the standard costs. The standard costs are costs which should have been incurred on the basis of output actually produced. Braide (2002), however, noted that the standard costs may differ from the actual costs incurred in producing the actual output. A comparison of the standard costs against the actual costs will disclose a difference and managers are expected to take appropriate actions to make actual costs conform with standard costs, if the comparison of the action costs and the standard costs reveals that actual costs have exceeded standard costs. The differences between actual costs and standard costs are termed variances

2.2.3 Internal and External Audit

Internal auditing is often seen as an overall monitoring activity with responsibility to management for assessing the effectiveness of control procedures which are the responsibility of other functional managers, Kent (2003). Internal auditing is taking on increased importance in many of today's global organizations by assisting management in evaluating controls and operations and thereby providing an important element of global control. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations, Kent (2003).

The financial and corporate strategy of a company is underpinned by effective internal systems in which the internal audit has an important role in raising the reliability of the internal control system, improving the process of risk management and above all, satisfying the needs of internal users. The internal audit support enhances the system of responsibility that the executive directors and employees have towards the owners and other stakeholders, Eighme & Cashell (2002). Taken together, the internal audit department provides a reliable, objective, and neutral service to the management, board of directors, and audit committee, while stakeholders are interested in return on investments, sustainable growth, strong leadership, and reliable reporting on the financial performance and business practices of a company, Ljubisavljević & Jovanovi (2011).

Audit committee's works as a link in the communication network between internal and external Auditors and the board of directors, and their activities include analysis of nominated auditors, overall Range of the audit, results of the audit, internal financial controls and financial information for Publication. In fact, the existence of an audit committee in a company would provide an Analytical control of the company's financial reporting and auditing processes, FCCG (1999).

Duncan (1991) argued that audit committees must take into account the following audit risk assessment: (i) the major risks facing the organization; (ii) the auditor examines the company's efforts to control these risks through contingency plans, security measures and other means; (iii) the auditor compares the risks and company responses to determine adequacies; (iv) the auditor recommends improvements in company activities in the identification, control and financing of critical risks.

2.2.4 Responsibility Accounting

Adeniji (2008) is of the opinion that each manager is responsible for its operational performance. Accounting reports are provided and managers are made aware of all the items that are within his areas of authority so that he is in a position to explain them.

Horngren, et al (2009) stated “A responsibility center is a part, segment, or subunit of an organization whose manager is accountable for a specific set of activities. Four types of responsibility centers are cost centers, revenue centers, profit center and investment centers. Responsibility accounting systems are useful because they measure the plans, budgets, actions, and actual results of each responsibility center. Responsibility accounting associates financial items with managers on the basis of which managers has the most knowledge and information about the specific items, regardless of the manager’s ability to exercise full control.”

Responsibility accounting is a management control system based on the principles of delegating authority and assigning responsibility. The authority and responsibility are delegated to the manager of responsibility centers. It works under responsibility centers (i.e. investment center, revenue center, cost center and profit center).The investment center manager has control over cost, revenue and investment in operating assets. Revenue center manager has control over the operating revenue of a business. Cost center manager has control over cost but not over revenue and investment in operating assets. Profit center manager has control over both revenue and cost but not over investment in operating assets, Garrison, Noreen and Brewer (2016).

Responsibility accounting aims to evaluate managerial performance of individual responsibility center and provide responsibility report and information report for the evaluation of top management. It is an administrative accounting method that measures the result of each responsibility center this enables every manager to be aware of responsibility within his area relating to cost revenue profit and budgetary control, Owino, Munene and Ntayi (2016).

Responsibility accounting also called activity accounting or profitability accounting is the collection, summarization and reporting of financial information about various decision centers (responsibility centers) throughout an organization, Fakir and Asaduzzaman, (2014).

2.2.5 Marginal Costing

Marginal costing technique helps management in profit planning which is the decision/ planning regarding optimum production level to attain maximum or desired profit, Bhattacharyya (2011). The desired profit can be achieved by following ways demonstrated by Bhattacharyya;

a) By increasing volume

b) By increasing selling price

c) By decreasing variable cost

d) By decreasing fixed costs, Bhattacharyya (2011).

Marginal costing technique helps management by providing useful information, such as division of total cost and thus such information can be helpful in short-term decision-making, Bhattacharyya (2011).

The categorization of cost into fixed cost and variable cost helps in providing relevant information about cost for short-term decision making, which is very beneficial for managers. For example if a manufacturing organization is producing more than one product then to determine which product is more favorable for the Organization regarding cost benefit analysis can be guessed by Marginal Costing, Seiler (1959), Drury (2008) and Bhattacharyya (2011).

In marginal costing technique, profit is a function of sales not production, so in marginal costing the reported profit does not show fluctuations with the fluctuation with inventory. So, the manager of production cannot exploit the situation by increasing the production and shown increasing profit even if no sales occur, Seiler (1959), Drury (2008) and Lal & Srivastava (2008).

As marginal costing technique considered fixed manufacturing overhead as period cost so it allocated it as an expense and charged to the relevant period rather than including it in stock valuation. Thus it avoids fixed manufacturing overhead being capitalized in unsalable stock and avoids overstate or understate profit, Drury (2008) and Murthy and Gurusamy (2009).

Under variable costing, only those manufacturing costs that vary with output are treated as product costs. This would usually include direct material, direct labor, and the variable portion of manufacturing overhead. Variable costing is sometimes referred as direct costing or marginal costing. Fixed manufacturing overhead is treated as period cost just as selling and administrative expenses. Thus in inventory valuation or in cost of goods sold fixed manufacturing overhead is not treated as product cost in marginal costing technique, Seiler (1959), Chandra and Paperman (1976), Lal and Srivastava (2008) and Swamidass (2000).

2.2.6 Value Analysis

Value analysis is a scientific approach to cost reduction by increasing the use value in a product. Value analysis as it is sometimes called is a systematic analysis and evaluation of the techniques and functions in the various spheres of an organization with a view of performance improvements so that the value in the particular product or service can be bettered. It enables the maximum possible value to be achieved for a given cost. Thus, value analysis is a technique which is used to analyze all aspects of an existing product or service to determine the minimum cost necessary for specific functional requirements. The basic idea under this technique is to weigh cost against value, Koirala, et al (2014).

Value analysis can be applied in different areas of an organization. Those area are summarized below:

- Improvements in product designs
- Changes in materials specifications
- Modifications in process methods
- Decisions to make or buy a component, Koirala, et al (2014).

2.3 Review of Related Studies

Akeem (2017) investigated “Effect of cost control and cost reduction techniques in organization performance” using 50 samples from Chemster Paint Industry with the objectives to examine and evaluate the application of cost control and cost reduction on organization performance and recommend techniques of cost control and cost reduction. The research employed Inferential Statistics (t-test and regression analysis) and the finding shows that cost control and reduction techniques exert significant impact on organization performance. Finding of the research recommend that to make it success, cost control and cost reduction scheme must be properly administered in an organization by setting realistic standard cost, Control should be operated in every section or department of organization specially production department, Organization must be motivated to its workers to achieve the desired goals and objectives and Challenges of effective cost control and cost reduction could be solved by direct observation and supervision by management by taking note of the key non-performance indicators in any section having challenges and as a result, findings ways of improving on it. Finally research concludes that the cost control and cost reduction have a positive impact on organization performance.

Abdullah, et al (2015) investigated "Effects of standard costing on the profitability of telecommunication companies(Study of NMN in Nigeria) using sample NMN Telecommunication company with the objectives to examine the effects of standard costing on the profitability of MTN Telecommunication companies to discovering it the application of standard costing techniques have any effect on profitability to explore the relationship between standard costing and the profitability of telecommunication companies and determining whether standard costing techniques and principles are being adopted and practiced by Nigerian NMN telecommunication company. The research employed descriptive survey method and finding of the study shows that accounting records are kept and are significantly necessary in the management of the company. That the company employs standard costing in their product and decisions are made with the standard costing information obtained in the company the accounting reports are prepared and presented to the company’s management and effective application of standard costing has effect on the profitability of the company. Findings of the research recommend that company must be properly administrated standard cosign in organization. Finally research concludes that the standard costing is widely used in Nigerian telecommunication companies and that standard costing enhances adequate planning control and decision making process in the company. That standard costing aids telecommunication companies in the elimination of unprofitable products provisions of costing information and cost control.

Olalekan and Tajudeen (2015) investigated "Cost control and its impact on the survival of Nigerian firms: A case study of NBC Plc." Using 30 sample of NBC Plc.' Staffs with the objectives to examine the importance of cost control, various cost control methods used and their importance on the survival of Nigerian forms. Study result discovered that NBC Plc has been able to achieve goods results largely by devising and successfully implementing innovative marketing and cost saving strategies and the study shows various cost control measures that improves production, which leads to increase efficiency and profitability and also cost control in the firm has greatly helped in boosting profitability. The researchers recommend that mechanics for conducting value analysis should be put in place on a permanent basis, major cost incurred in NBC Plc should be controlled, a good budgeting process would effectively control cost. Therefore NBC Plc can improve its budgeting process by adopting zero-based budgeting system. The company also should employ JIT techniques to achieve its goal of being cost management. Finally the researcher concludes cost control in the firms has greatly impact on profitability and survival of firms.

Gichuk (2014) investigated "Effect of cost management strategies on the financial performance of manufacturing companies listed on the Nairobi securities exchange" using 2 sample companies as sample listed Nairobi securities exchange. The research employed descriptive statistics such as mean, standard deviation, correlation, multi-variant regression and the like, with the objectives to establish the cost management strategies used and their effect on the financial performance of manufacturing companies on Kenya. The research finding shows that all the sampled institutions employed cost management strategies within their organization to a large extent, managed cost of stock has a positive impact on the financial performance of manufacturing companies, their exist relationship between the cost of labor and financial performance and effective management of overheads have a positive impact on financial performance. The researchers recommend that company policy makers and transactions advisors should be keen on making cost management policies to be applied and preparing control systems to avoid critical financial losses and company policies regarding to financial performance of companies should incorporate various cost management strategies. The research concludes that a relationship exist between the cost management strategies and the financial performance.

Olumagbemiga, et al (2014) investigated cost management practices and forms performance of manufacturing organizations. Using sample manufacturing company listed on the Nigeria stock exchange during the period of 2003-2012 with the objectives of to investigate the nature of relationship that exists between a company's production cost its profitability. The research employed both descriptive and inferential statistics, and the finding shows that positive significant relationship exists between cost management practices and firms performance in the manufacturing organization. Finding of the study recommend that a cost reduction strategy with emphasis on production overhead cost and administrative overhead cost should be embraced upon it their profit maximization and wealth creation objective must be achieved. Finally research conclude that the cost control and cost reduction have a positive impact on organization performance.

Siva, et al (2013) investigated "A study on marginal costing in Godrej Consumer Production Ltd." with secondary data form covering a period of their years between 2009 and 2012 with the objectives to measurement of overall performance of the company. The research employed both descriptive and inferential statistics (i.e. t-test, or with rate and correlation) and findings shows that the overall performance of the with regard to profitability is satisfactory. Finding of the research recommend that the company should improve more credit facilities to the customers. It will create good Seles. The company should concentrate on local states by sales expert, labor participation in the management should be encouraged and the company has to focus on additional unit of the products. Finally the research concludes that this project was useful and informative to know the growth and development of the Godrej consumer product Ltd. And finding shows that the overall performance of the company with regard to profitability is satisfactory.

Arshad, et al (2011) investigated "Effect of Audit on Profitability." A study of cement listed firms, Pakistan" using it firms listed in Karachi stock exchange with the objectives to examine the effect of an audit committee on firm's profitability. The research employed both descriptive and inferential statistics and the finding shows that there is negative significant effect of Board Size on EPS, there is positive significant effect of independent audit committee on EPS, and positive and significant effects of independent audit committee on profit margin. Finding of the research recovered that organization should proper management of audit committee for increase profit margin of organization. Finally research concludes that there is positive effects of an audit committee on firm's profitability ratio and on firm’s performance.

Olusegun and Sesofia (2010) investigated "The effect of production planning and budgeting on organizational productivity" using 150 ample respondents from different management level of Food and beverage limited company. The research employed both descriptive and inferential statistics including chi-square and hypothesis with the objectives to present a statistical correlation between some identified variables that may have direct impact on planning budgeting and production in an industry and how these variables can be adjusted for profit optimization. Finding of research shows that organizational output have been the inability to properly plan before embracing on production. Finding of the research recommend that planning also should be integrated with budgeting and capital should be made available from the onset. Finally the research concludes that production planning and budgeting have positive impact on productivity of organization.

Marie (2009) investigated “An appraisal of the efficiency and impact of cost control system on corporate profitability” using 55 sample of primary data from different management staffs of Nigerian breweries PLC with the objectives to examine cost control instruments and their impact on profitability of Nigerian breweries PLC, Aba-abia state. The research employed both descriptive and inferential statistics and the findings shows cost control leads to increase in profitability margin of an organization, cost control is used as a measure in facilitating corporate profitability and performance, standards have a positive impact on corporate profitability and cost control is essential in the areas labor, materials, overheads, sales, energy etc. The research recommends that the organization should try an embrace the technological and economic trends in the society and should be adopt with environmental change. The management of the organization should encourage the use of local raw materials, employment of home expertise and grant them the opportunity to harness and harmonize the cost control systems adopted by organization. Finally the researcher concludes that cost control has significantly impact on profitability of Nigerian breweries PLC.

Russ Headley (2009) investigated " How cost at talesur be systematically controlled against the background of the liberalization of the talesur market" using Talesur corporation as sample company surface with the objective to give recommendation for an effective application of a cost control system that can be used by Talesur to systematically control its costs. The research used primary and secondary data and used descriptive statistics and the finding shows that the current cost control system at talesur is not effective and that this system must be replaced or drastically improved after that the researcher conclude that organization can be used for cost control tools for control the cost i.e. Budgeting, Balance score card and Benchmarking and Activity Based Management. Finding of the study recommend that above form instrument can be used for cost control. The implementation of the new cost control system is urgent because liberalization and competition can have drastic effects on the market position and continuity of the company.

Adalaya, et al (2004) investigated budgetary control: "A tool control for cost control in manufacturing companies in Nigeria." Using 10 sample manufacturing companies with the objectives to show the impact of Budgetary control on cost control in manufacturing companies in Nigeria. The research employed descriptive research design that focuses on the evaluation of primary method of data collection. The finding of the study shows that budgetary control contributes to the profitability of manufacturing companies can reduce cost and maintain high quality products. The research recommends that organization should make realistic forecast set up attainable target, it is necessary to prepare a budget manual which everyone will follow and refer to guideline and information about the budget process formulation effective and efficient policies and strategies and increase employee participation in budget process. Finally, the research concludes that budget serve as a tool used by management to control cost in manufacturing industries.

Siyanbola and Raji (2003) investigated "The impact of cost control on manufacturing Industries' profitability" using 74 sample companies of Nigeria with the objectives to examine impact of cost control on profitability and market share of Nigerian manufacturing industries. The research used primary data and employed Pearson correlation modal and chi-square modal to test hypothesis and the findings shows cost control has significant impact on profitability, cost control has effect on market share and budgetary control have direct link with cost control and profitability but not budget itself. After that the researchers conclude cost control has a positive impact on business profitability and that element of cost, such as materials, labor and overhead cost and workers behavior could be strategically controlled with measures like responsibility accounting, data collection and data reporting. The researchers also conclude that without behavioral control through motivation, incentives, etc. greater profitability is not assured. Findings of the study recommend that, effective cost control including good responsibility accounting system, should be established, cost control should in all department (especially in production department), budget established should be revised and strategic cost control should be used.

2.4 Summary of Literature Review

Table 2.1 Summary of Literature Review

S.N.	Name	Year	Objectives	Findings
1	Akeem	2017	To examine and evaluate	It concludes that cost control

			the application of cost control and cost reduction on organization performance and recommend techniques of cost control and cost reduction	and cost reduction have a positive impact on organization performance
2	Abdullah, et al	2015	To examine the effects of standard costing on the profitability of MTN Telecommunication companies	It concludes That standard costing aids telecommunication companies in the elimination of unprofitable products provisions of costing information and cost control
3	Olalekan and Tajudeen	2015	TO examine the importance of cost control, the various cost control methods used and their importance on the survival of Nigerian forms	It concludes cost control in the firms has greatly impact on profitability and survival of firms
4	Gichuk	2014	To establish the cost management strategies used and their effect on the financial performance of manufacturing companies on Kenya	It concludes relationship exist between the cost management strategies and the financial performance.

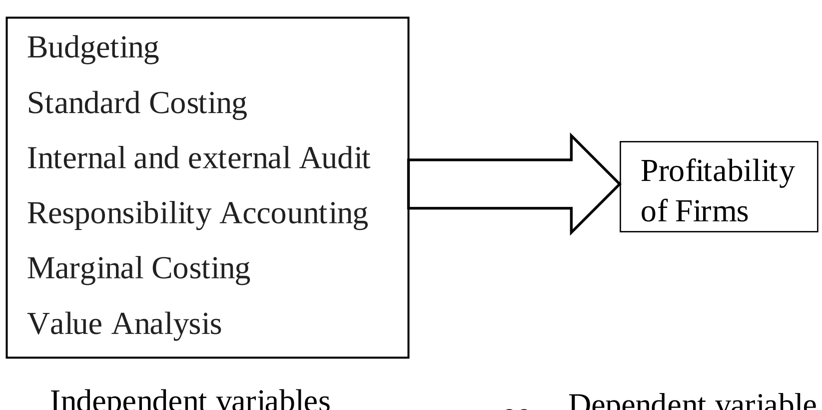
5	Olumagbe migae, et al	2014	To investigate the nature of relationship that exists between a company's production cost its profitability	It concludes that the cost control and cost reduction have a positive impact on organization performance
6	Siva, et al	2013	To measurement of overall performance of the company	It concludes that the overall performance of the company with regard to profitability is satisfactory
7	Arshad, et al	2011	To examine the effect of an audit committee on firm's profitability	It concludes that there is positive effects of an audit committee on firm's profitability ratio an don firms performance
8	Olusegun and Sesofia	2010	To present a statistical correlation between some identified variables that may have direct impact on planning budgeting and production in an industry and how these variables can be adjusted for profit optimization	It concludes that production planning and budgeting have positive impact on productivity of organization.
9	Maria	2009	To examine cost control instruments and their impact on profitability of Nigerian breweries PLC	It concludes that cost control has significantly impact on profitability of Nigerian breweries PLC

10	Russ Headley	2009	To give recommendation for an effective application of a cost control system that can be used by Talesur to systematically control its costs	It concludes that organization can be used for cost control tools for control the cost i.e. Budgeting, Balance score card and Benchmarking and Activity Based Management
11	Adalaya, et al	2004	To show the impact of Budgetary control on cost control in manufacturing companies in Nigeria	It concludes that budget serve as a tool used by management to control cost in manufacturing industries
12	Siyanbola and Raji	2003	To examine impact of cost control on profitability and market share of Nigerian manufacturing industries	It concludes that cost control has a positive impact on business profitability and market share

2.5 Conceptual Framework

Conceptual framework is way of finding conclusion. It determine required data, methodology and data analysis tool. It represents the whole characteristics of research. It shows relationship between dependent and independent variables. Effect of Independent variables and dependent variables are presented in the following diagram.

Figure 2.1 Conceptual Framework



2.6 Research Gap

The review of above relevant literature has contributed to enhance the fundamental understanding and knowledge, which is required to make this study meaningful and purposeful. Very few studies have been carried out in this field whereas very few studies have been given specific importance to manufacturing companies. In the context of Nepal, any study has not been carried out in this topic.

Most of the studies have used variables of cost control as budgeting and standard costing only, some studies have been included couple of variables and some studies have been included others some couple of variables and some studies have been included more than two variables but these has not been focused all significant variables. Most of the studies have been focused both cost control and cost reduction but this study has been given specific focus on cost control and all the significant variables (techniques) of cost control. This study also has been investigated individually relationship of cost control techniques and their impact on firms profitability. This research also has been tried to find challenges of employing cost control techniques in listed NMC's.

This study is different from other researches in terms of title of study, its objectives, variables used, sample companies, data presentation and statistical tools used for interpretation and analysis of data. Due to above stated unique nature and unique topic in Nepal, this study will be fruitful to those interested parties, scholars, student, teachers, civil society, business men, government for academically as well as policy perspectives and other stakeholders for different purpose. Especially NMC's will take numerous benefits from this research.

CHAPTER III
RESEARCH METHODOLOGY

The purpose of this chapter is to describe intended approaches of answering the research questions stated above. Research methodology is a systematic way to solve the research problem. It may be understood as a science of studying how research is done scientifically. The research methodology considers the method used in study and explain why particular method is applied. Research methodology is instrument to find out accurate, reliable, valid, and suitable result. To achieve the stated objectives of the study, the relevant methodologies are employed. This research is a Qualitative as well as quantitative study as it is based on statistical data obtained through distribution of structured questionnaire. Data are collected from all the department of organization and level of management of sample organization. The research findings are obtained through using both descriptive as well as inferential methods.

3.1 Research Design

The Research design is one of the most vital parts to determine, while starting a research process. A research design is an overall plan for the activities to be undertaken during the course of a research study. To obtain the research objectives, the study follows descriptive as well as analytical research design. This study aim to critically analyze the impact of cost control on manufacturing industries profitability listed in NEPSE. Primary data have been used in order to achieve stated objectives.

3.2 Population and Sample

The total number of listed manufacturing companies in Nepal Stock Exchange is 18. All 18 companies are population of this study, out of them only 5 companies are selected as sample viz. Himalayan distillery Ltd., Unilever Nepal Ltd., Nepal Lube oil Ltd., Bottlers Nepal Ltd. and Nepal bitumen and barrel udyog. Among various sampling methods, convenience sampling method has been employed. These companies are selected as being audit regularly, corporate office of these companies are located in Kathmandu valley, these are operated more than 10 years and managements and employees of these companies gave me positive response as wall. The selected samples perfectly represent 27.78% of total population.

3.3 Sources of Data

The main source of data for this study is primary. The information has been collected through unit visit. It, therefore means that primary data have been collected. A structure questionnaire with multiple choice answers was prepared before the visit, and distributed during the visit to the unit under study. Results of this study are based on primary data collection through questionnaire.

Secondary data also used during the study. These are taken from articles and journals, textbooks, seminars magazines, newspapers, NMCs handbooks, organizations website and internets.

3.4 Data Collection Procedures

For the collection of necessary data, questionnaires were distributed to the respondents of the sample companies. The questionnaires are designed to deal with the impact of cost control on organization’s profitability, techniques of cost control used, problems to implement techniques of cost control, etc. Most of the questions are multiple answers and one question is open ended. Questionnaires were administrated to different level of management. Answers received from thereon, have been changed into numerical data. The questionnaire distributed, questionnaire responded and response rate of each organization is represented in table below.

Table 3.1 Data Collection Procedures

S.N.	Organization Name	Questionnaire distributed	Questionnaire responded	Response rate (%)
1	Himalayan Distillery Ltd.	22	20	90.91
2	Uniliver Nepal Ltd.	25	20	80
3	Nepal Lube Oil Ltd.	24	20	83.33
4	Bottlers Nepal Ltd.	25	20	80
5	Nepal Bitumen and Barrel Udyog	24	20	83.33

Source: Field Survey, 2018

3.5 Data Processing Procedures

First of all collected data are changed into numerical data. Then data are entered into spreadsheet to work out the frequencies, percentage, mean, standard deviation, correlation and regression. For this purpose, collected data have been processed using computer programs like MS excel and statistical software SPSS 20 as per the necessity.

3.6 Reliability and Validity of Data

Validity and Reliability are two factors which any qualitative research should consider while designing a study, analyzing results and judging the quality of the study. Whenever a test or other measuring device is used as a part of the data collection process, the reliability and validity of that test becomes important. Validity refers to how wall a measurement truly represents characteristics that exist in the phenomenon being investigated, while reliability is degree to which a test consistently measures whatever it measures.

The purpose of the validity and reliability analysis is to determine whether data are trustworthy or not. The designed questionnaire is finalized before requesting the respondents to participate in this research. The reliability and validity of the secondary data depends upon the data in the annual reports and data of the sample banks selected. The reliability of the primary data is confirmed through the calculation of the Cronbach's Alpha through the use of SPSS tool:-

Table 3.2 Measurement of Reliability

Cronbach's Alpha	No. of Items
0.974	77

Source: SPSS output, 2018

The measurement of reliability has been depicted by the value of Cronbach's Alpha as calculated from the Likert questionnaire used during the survey. The result of the reliability test is 0.974 for 77 items. The calculation reveals the value of Cronbach's Alpha to be 97.4% which meets the minimum standard of the data being reliable.

3.7 Data Analysis Tools and Techniques

The purpose of analyzing data is to obtain usable and useful information. In data analysis process raw data are edited, coded, classified and tabulated to draw conclusion. Organizing, summarizing and presenting data in a table is required for further process of analysis. The statistical analysis gives meaning to the meaningless numbers, thereby breathing life to lifeless data. The results and inferences of the study are precise only if proper statistical tools are used. The research employed both descriptive and inferential methods of data analysis. Some statistical tools are used in this study which are:

3.7.1 Frequencies

Panta (2012) Frequencies simply refer to the number of times various sub-categories of a certain phenomenon occur, from which percentage and accumulative percentage of the occurrence can be easily calculated. The steps involved in making o frequency distribution are as follows:

- Select groups for grouping the data.
- Count the number of measurements in each group.
- Add up and check the results.

3.7.2 Percentage

A percentage is a common language symbol. Percentage can reduce everything to a common base and Thereby allow meaningful comparisons to be made.

3.7.3 Mean

Mean is the sum of all the scores divided by the number of scores. It is arithmetic average of a variable. It can be obtained when the total of all the values in a distribution is divided by the number of values in the distribution. In this study the mean value of a variable of sample manufacturing companies is calculated to compare their results. Mean value of companies is can be calculated by using following formula.

Mean ($\bar{X}$) = $\frac{\sum X}{N}$

Where, $\sum X$ = Sum of Values

N = Number of observations

In this study mean value of variables is derived from SPSS software calculation.

3.7.4 Standard Deviation

The standard Deviation measures the absolute dispersion (or variability) of distribution. The greater the amount of dispersion the greater the standard deviation, and the greater will be the magnitude of deviations of the values from their mean. A small standard deviation means a high degree of observation as wall homogeneity of a series and a large standard deviation means just the opposite. Standard deviation is extremely useful in judging the representative of the mean. In this study standard deviation of variables of manufacturing companies has been calculated to analyze and compared the dispersion within and in between the series of ratio of the companies. Standard deviation of variables is derived from the SPSS software calculation.

3.7.5 Correlation Analysis

Correlation can be explained as a single number which describes the extent relationship two variables. It is statistical tool which measures the degree of association between the two variables. The relationship between two variables is described through a single value, which is coefficient. It is denoted by 'r' and can be calculated by using following formula.

$$r = \frac{(X-X_1)(Y-Y_1)}{\sqrt{(X-X_1)^2(Y-Y_1)^2}}$$

The range of value 'r' lies between +1 and -1 depending on the types of correlation. The nearer the value of r to +1, the closer will be the relationship between two variables and the nearer the value of r to -1 the lesser will be the relationship between two variables. SPSS software is employed for calculating correlation between dependent and independent variables.

3.7.6 Regression Analysis

In statistics, the analysis of variables those are dependent on other variables. Regression analysis often uses regression equations, which shows the value of dependent variable as a function of independent variables. For instance, a regression could take the form.

$Y = a + bX$

Where Y is dependent variable and x is the independent variable. In this case, the slope is equal to b and a is the intercept. From the estimated equation it is possible to forecast what the (unknown) dependent variable will be for a given value of the (known) independent variable. With the help of SPSS software multiple regression is drawn.

CHAPTER IV

RESULTS

This chapter focuses on validity of the data collected. These are tested and analyze with respect to the objective set out in chapter one of this research work. Based on the responses collected through the survey, two major statistical analyses have been completed. The major analysis includes general demographic profile of the respondents, descriptive analysis of the variables. The respondents' profile section summarized the basic information of the respondents such as gender, age, working experience, position in the organization, and working department. Under descriptive analysis frequency, percentage, mean value, standard deviation, correlation and regression of corresponding items of the research variables are analyzed in order to find the impact of cost control on listed manufacturing organization.

4.1 Demographic Profile of the Respondents

The detail of demographic profile of the respondents in this study includes gender, age, working experience, position in the organization, and working department.

4.1.1 Gender of Respondents

The gender of the respondents consists of male and female. The frequency and percentage of gender of respondents are depicted in Table 4.1.

Table 4.1 Gender of the Respondents

Gender	Frequency	Percentage
Male	61	61
Female	39	39
Total	100	100

Source: Field Survey, 2018

The table 4.1 shows that among 100 respondents, there are 61 males representing 61% and 39 females representing 39%.

4.1.2 Age of the Respondents

The age of the respondent's is categorized into five different groups as up to 20, 21-30, 31-40, 40-50 and above 50 years. The frequency distribution and percent composition of different age group is shown in Table 4.2.

Table 4.2 Age of the Respondents

Age	Frequency	Percentage
Up to 20	13	13
21-30	19	19
31-40	30	30
41-50	23	23
50 above	15	15
Total	100	100

Source: Field Survey, 2018

The table 4.2 shows that out of 100 respondents, large number of respondents belongs to age group 31-40 years constituting 30% of the total respondents. In addition to this, 23% respondents are aged 41-50 years, 19% respondents are of age group 21-30 years and 15% of respondents are of age group of 50 above and 13 % of respondents are up to 20 years.

4.1.3 Working Experience of the Respondents

The length of service of the respondents has been categorized in to five groups up to 5 year, 6-10 year, 11-15 year, 16-20 year and above 20 year. The frequency distribution and percent composition of respondents' working experience is depicted in Table 4.3.

Table 4.3 Working Experience of the Respondents

Working experience	Frequency	Percentage
Up to 5	34	34
6-10	24	24
11-15	14	14
16-20	14	14
Above 20	14	14
Total	100	100

Source: Field Survey, 2018

Table 4.3 shows that out of 100 respondents, 34 of respondents have up to 5 year experience, 24 of respondents have 6-10 year experience 24 of respondent have 11-15 year experience and, 14 of respondents have 16-20 year experience and 14 of above 20 years' experience also.

4.1.4 Organization Hierarchy of the Respondents

The organization hierarchy is categorized into four groups. They are management staff, administrative staff, operational staff, and others.

Table 4.4 Organization Hierarchy of the Respondents

Organization hierarchy	Frequency	Percentage
Management staff	21	21
Administrative staff	28	28
Operational staff	37	37
Others	14	14
Total	100	100

Source: Field Survey, 2018

Table 4.4 shows that out of 100 respondents, large numbers of respondents are from operational staff constituting 37 of the total respondents representing 37%. In addition to this, 28 of 28% respondents are Administrative staff, 21 respondents representing 21 % are management staff and others are 14 respondents representing 14% of total respondents. From the data collected the operational staffs are hold to a very great esteem in the implementation of the corporate policies.

4.1.5 Working Department of the Respondents

Working department consists of four categorized they are marketing, finance, operation, others.

Table 4.5 Working Department of the Respondents

Working department	Frequency	Percentage
Marketing	25	25
Finance	33	33
Operation	29	29
Others	13	13
Total	100	100

Source: Field Survey, 2018

Table 4.5 shows that out of 100 respondent's large number of respondents are from finance consisting 33 respondents representing 33%, marketing consisting 25 respondents representing 25%, operation consisting 29 respondents representing 29% and others are 13 respondents representing 13% of total respondents.

4.2 Descriptive Analysis of Research Variables

Descriptive analysis of this research paper includes the basic explanation of frequency, percentage and central tendency (particularly mean and standard deviation) of variables of the study. These variables are further divided into 13 multiple choice question, measurable Likert scale questions and rank order questions while collecting responses. In addition, the descriptive central tendency and variation of the 5-subscale is calculated in order to find out the relationship between cost control and profitability. Thus, this section consists of descriptive analysis performed to analyze measurable questions as well as study variables.

4.2.1 Management Relation on Cost Control in Making Decision

Table 4.6 Management Relation on Cost Control in Making Decision

	Frequency	Percentage
True	73	73
False	27	27
Total	100	100

Source: Field Survey, 2018

Table 4.6 explains that 73 respondents representing 73% of the respondents agree that management rely on cost control information they get in making the corporate policy, while 27 representing 27% did not agree that management rely on such facts. In conclusion 73% of knowledge of management is used to taking decision about cost control

4.2.2 Cost Control Measures Applied

Table 4.7 Cost Control Measures Applied

	Frequency	Percentage
Most efficiently	26	26
Fairly efficiently	63	63
Inefficiently	11	11
Total	100	100

Source: Field Survey, 2018

From table 4.7 above, 26 respondents representing 26% are in support that the company applied cost control measures most efficiently. However 63 representing 63% confirmed that it is fairly efficiently while 11 representing 11% of total respondent's affirmsy7 that the measures are inefficiently applied. In conclusion, the researcher affirms this based on the Field gathering that the application of cost control have contributed. The Chief accountant also confirmed this by saying that since the inception of the application of cost control that profits have been on its peak.

4.2.3 Profit Margin of Organization

Table 4.8 Profit Margin of Organizations

	Frequency	Percentage
Very high	11	11
High	43	43
Moderate	31	31
Low	15	15
Total	100	100

Source: Field Survey, 2018

From table 4.8, 11 respondents representing 11% of the total number of responds confirms that the company's profits are very high, 43 representing 43% of the total number of the respondents indicates that they are high, 31 representing 31% of the total number of respondents indicates moderate while 15 representing 15% of the total number of respondents viewed that it is low.

4.2.4 Profit Margin and Control Relation

Table 4.9 Profit Margin and Control Relation

	Frequency	Percentage
Yes	81	81
No	19	19

Total	100	100

Source: Field Survey, 2018

Table 4.9 shows that 81 respondents representing 81% of the total respondent agreed with that profit are high when costs are controlled while 19 respondents representing 19% of the total respondents disagreed with that profit are high when costs are controlled. In conclusion most of the respondents agreed with that profit is higher when cost is efficiently controlled.

4.2.5 The Precise Objectives of the Organization

Table 4.10 The Precise Objectives of the Organization

	Frequency	Percentage
Profit maximization	37	37
Shareholder’s wealth maximization	32	32
Managerial efficiency and effectiveness	10	10
Providing service to people	10	10
All of the above	11	11
Total	100	100

Source: Field Survey, 2018

In table 4.10, it can be observed that 37 respondents representing 37% of the total respondents of the company are on the agreement that the main objective of organization is profit maximization, 32 respondents representing 32% of the total respondents of the company are on the agreement that the main objective of organization is shareholders wealth maximization, 10 respondents representing 10% of the total respondents of the company are on the agreement that the main objective of organization is managerial efficiency and effectiveness, 10 respondents representing 10% of the total respondents of the company are on the agreement that the main objective of organization is providing service to people while 11 respondents representing 11% of total respondents of the company are on the agreement that the objectives of the organization is all of the above four.

4.2.6 Organization Embark on Development of Cost Control Programs

Table 4.11 Organization Embark on Development of Cost Control Programs

	Frequency	Percentage
Yes	73	73
No	27	27
Total	100	100

Source: Field Survey, 2018

Table 4.11 depicts 73 respondents representing 73% of the total respondents affirmative that the company attains its maximum profit by embarking on cost control while 27 representing 27% of the total respondents have a negative view of the cost control.

4.2.7 Management Review of Cost Control Systems/Measures

Table 4.12 Management Review of Cost Control Systems/Measures

	Frequency	Percentage
Yes	77	77
No	23	23
Total	100	100

Source: Field Survey, 2018

According to table 4.12, out of total respondents 77 representing 77% reveals that management review the company(s) cost control measures/system at regular intervals while 23 respondents representing 23%reveals that management don't review the company(s) cost control measures/systems at regular intervals.

4.2.8 Method Practice for Increase Profit in Organizations

Table 4.13 Method Practice for Increase Profit in Organizations

	Frequency	Percentage
Increasing in volume of sales	50	50
Increasing in selling price	13	13
Decreasing in cost	37	37
Total	100	100

Source: Field Survey, 2018

According to table 4.13, 50 respondents representing 50% of the total respondents agreed that organization increase volume of sales, 13 respondents representing 13% of the total respondents agreed that organization increase selling price, 37 respondents representing 37% of the total respondents agreed that organization decrease cost for increase profit.

4.2.9 Areas Selected for Cost Control

Table 4.14 Areas Selected for Cost Control

	Frequency	Percentage
Product design	22	22
Production planning and control	24	24
Equipment and plant layout	14	14
Selling and distribution	13	13
Purchase of materials	27	27
Total	100	100

Source: Field Survey, 2018

According to above table 4.14, 22 responds representing 22 % of the total respondents agreed that organization select product design for cost control, 24 respondents representing 24 % of the total respondents agreed that organization select production planning and control for cost control, 14 responds representing 14 % of the total respondents agreed that organization select equipment and plant layout for cost control, 13 responds representing 13 % of the total respondents agreed that organization select selling and distribution for cost control, 27 responds representing 27 % of the total respondents agreed that organization select purchase of materials for cost control.

4.2.10 Use of Supervision System to Effective cost Control

Table 4.15 Use of Supervision System to Effective Cost Control

	Frequency	Percentage
Yes	79	79
No	21	21
Total	100	100

Source: Field Survey, 2018

From above table 4.15, 79 respondents representing 79% of the total respondents affirmed that organization use supervision system for effective cost control while 21 respondents representing 21% of total respondent's contrary view to this.

4.2.11 Use Monitoring System to Increase Productivity of Employees

Table 4.16 Monitoring System to Increase Productivity of Employees

	Frequency	Percentage
Yes	71	71
No	29	29
Total	100	100

Source: Field Survey 2018

From above table 4.16, 71 respondents representing 71% of the total respondents affirmed that organization use monitoring system for effective cost control while 29 respondents representing 29% of total respondent's contrary view to this.

4.2.12 Use of CCTV for Effective Supervision

Table 4.17 Use of CCTV for Effective Supervision

	Frequency	Percentage
Yes	55	55
No	45	45
Total	100	100

Source: Field Survey, 2018

From above table 4.17, 55 respondents representing 55% of the total respondents affirmed that organization use CCTV for effective supervision while 45 respondents representing 45% of total respondent's contrary view to this.

4.2.13 Development of Feedback System to Revise Control Systems

Table 4.18 Development of Feedback System to Revise Control Systems

	Frequency	Percentage
Yes	75	75
No	25	25
Total	100	100

Source: Field Survey, 2018

From above table 4.18, 75 respondents representing 75% of the total respondents affirmed that organization developed feedback system to revise cost control system while 25 respondents representing 25% of total respondent's contrary view to this.

4.3 Analysis of Mean and Standard Deviation

Mean has been used to describe whether the perception of respondents seems to be agreed, disagreed or neutral in questioning certain statement. Here, the researcher has analyzed mean and standard deviation of Likert scale and ranked order scale. As the researcher has taken five point Likert scale, three is middle point. If the mean is equal to the three the perception of respondents seems to be neutral; below the three the perception seems to be disagreed and above the three perceptions seems to be agreed. Ranked order question also asked for analysis of usages and challenges of cost control tools. As the researcher also have taken five point ranked order, if the perception of respondent's mean have more it shows less use and challenge to use and less mean shows more use and challenge to use of cost control tools. Third rank order question has prepared for identify which challenges has seen for application of cost control tools. Where challenges have more mean shows less challenged to use and less mean shows more challenge to use.

Standard deviation has been used to describe how variate the perception of the respondent. Less standard deviation represent less variate and more standard deviation represent more variate in the perception of respondent.

4.3.1 Analysis of Mean and Standard Deviation of Budgeting

Table 4.19 Analysis of Mean and Standard Deviation of Budgeting

Statements	N	Mean	Std. Deviation
Budgeting is useful to project sales, cost, and profit of your organization	100	4.28	0.683
There is a lot of interaction between top management and department managers in the budget process.	100	4.22	0.675
Budgeting helps to increase performance	100	4.15	0.687
Organization normally meet up planned budget	100	4.09	0.726
Budgeting helps to resource mobilization	100	4.2	0.667
Budget helps to reduce uncertainty	100	4.14	0.652
Organization has determined responsibility of each department and executive for execution of budget and precise result	100	4.09	0.793
Budgeting helps to control and detect each function so that best possible result may be obtained	100	4.18	0.642

Source: Field Survey, 2018

From above table 4.19, represent that all the mean response of the statement is more than 3. It shows that all statements are satisfied. Among the eight statement of budgeting, the respondent have responded high degree of agreement with the statement "Budgeting is useful to project sales, cost, and profit of your organization" having mean 4.28 and low degree of agreement with the statement "organization normally meet up planned budget and organization has determined responsibility of each department and executive for execution of budget and precise result" with mean 4.09 each.

Standard deviations of all statements are less than one. Among all "organization has determined responsibility of each department and executive for execution of budget and precise result" have more S.D. with 0.793 and "budgeting helps to control and detect each function so that best possible result may be obtained" have less S.D. with 0.642. It shows that agreement of respondent is more variation in "organization has determined responsibility of each department and executive for execution of budget and precise result" and less in "budgeting helps to control and detect each function so that best possible result may be obtained".

4.3.2 Analysis of Mean and Standard Deviation of Standard Costing

Table 4.20 Analysis of Mean and Standard Deviation of Standard Costing

Statements	N	Mean	Std. Deviation
Organization normally meet up the set standards	100	4.22	0.613
Standard costing fix responsibility for deviation in performance, which is possible to take corrective measures at earliest	100	4.28	0.587
Standard cost is used to maintain the maximum efficiency in production	100	4.29	0.624
Standard costing is enhanced adequate planning, control and decision making processes in the company	100	4.05	0.77
Organization assess cost element and their standard cost as per change in environment	100	4.2	0.569
Standard cost is estimated on the bases of past costing information	100	4.32	0.548
Standard costing helps in exercising cost control and provide information, which is helpful in cost reduction	100	4.28	0.514

Source: Field Survey, 2018

From above table 4.20 represent that all the mean response of the statement is more than 3. It shows that all statements are satisfied. Among the seven statement of standard costing, the respondent have responded high degree of agreement with the statement "Standard cost is used to maintain the maximum efficiency in production" having mean 4.29 and low degree of agreement with the statement "Standard costing is enhanced adequate planning, control and decision making processes in the company" with mean 4.05.

Standard deviations of all statements are less than one. Among all "Standard costing is enhanced adequate planning, control and decision making processes in the company" have more S.D. with 0.77 and "Standard costing helps in exercising cost control and provide information, which is helpful in cost reduction" have less S.D. with 0.642. It shows that agreement of respondent is more variation in "Standard costing is enhanced adequate planning, control and decision making processes in the company" and less in "Standard costing helps in exercising cost control and provide information, which is helpful in cost reduction".

4.3.3 Analysis of Mean and S.D. of Internal and External Auditing

Table 4.21 Analysis of Mean and S.D. of Internal and External Auditing

Statements	N	Mean	Std. Deviation
The Auditors deliver a smooth running and efficiently executed audit with all deadlines met	100	4.17	0.604
The Auditors demonstrate appropriate technical knowledge and expertise, including access to specialists, as required	100	4.32	0.49
All of your key business concerns/risks were addressed during the audit	100	4.38	0.528
The audit is completed within the timeframe communicated	100	4.33	0.587
The audit team kept you informed of key issues throughout the Audit	100	4.39	0.51
Internal audit helps to increase effectiveness of External audit	100	4.38	0.508
Both internal and external audit helps to increase performance of the organization	100	4.42	0.516

Source: Field Survey, 2018

From above table 4.21 represent that all the mean response of the statement is more than 3. It shows that all statements are satisfied. Among the seven statement of internal and external audit, the respondent have responded high degree of agreement with the statement "Both internal and external audit helps to increase performance of the organization" having mean 4.42 and low degree of agreement with the statement "The

Auditors deliver a smooth running and efficiently executed audit with all deadlines met" with mean 4.17.

Statements	N	Mean	Std. Deviation
Budget helps to determine responsibility of each employee	100	4.4	0.532
Responsibility accounting is key tool to increase efficiency and effectiveness of employee performance	100	4.38	0.582
Responsibility accounting helps to reduce overall cost of	100	4.19	0.706

Standard deviations of all statements are less than one. Among all "The Auditors deliver a smooth running and efficiently executed audit with all deadlines met" have more S.D. with 0.604 and "The Auditors demonstrate appropriate technical knowledge and expertise, including access to specialists, as required" have less S.D. with 0.49. It shows that agreement of respondent is more variation in "The Auditors deliver a smooth running and efficiently executed audit with all deadlines met" and less in "The Auditors demonstrate appropriate technical knowledge and expertise, including access to specialists, as required".

4.3.4 Analysis of Mean and Standard Deviation of Responsibility Accounting

Table 4.22 Analysis of Mean and S.D. of Responsibility Accounting

production			
Responsibility accounting helps to increase profitability	100	4.44	0.641
Organization analyzed performance reports of each employee	100	4.4	0.651
Organization has system to analyze employee performance	100	4.29	0.574
Organization use reward and punishment mechanism	100	4.26	0.543

Source: Field Survey, 2018

From above table 4.22 represent that all the mean response of the statement is more than 3. It shows that all statements are satisfied. Among the seven statement of responsibility accounting, the respondent have responded high degree of agreement with the statement "Responsibility accounting helps to increase profitability" having mean 4.44 and low degree of agreement with the statement "Responsibility accounting helps to reduce overall cost of production" with mean 4.19.

Standard deviations of all statements are less than one. Among all "Responsibility accounting helps to reduce overall cost of production" have more S.D. with 0.706 and "Budget helps to determine responsibility of each employee" have less S.D. with 0.532. It shows that agreement of respondent is more variation in "Budget helps to determine responsibility of each employee".

4.3.5 Analysis of Mean and Standard Deviation of Marginal Costing

Table 4.23 Analysis of Mean and Standard Deviation of Marginal Costing

	N	Mean	Std. Deviation

The cost of the organization are separated into fixed and variable	100	4.36	0.595
Variable costing system helps to take decision making process	100	4.44	0.608
Variable costing system is a very useful tool of profit planning and control	100	4.43	0.607
Variable costing helps to control variable costs	100	4.35	0.575
Variable costing helps to evaluate the performance of different departments, divisions and salesmen	100	4.31	0.545
Organization use appropriate methods to separate semi-variable costs	100	4.32	0.49
Variable costing helps to increase profitability of organization	100	4.44	0.499

Source: Field Survey, 2018

From above table 4.23 represent that all the mean response of the statement is more than 3. It shows that all statements are satisfied. Among the seven statement of marginal costing, the respondent have responded high degree of agreement with the statement "Variable costing system helps to take decision making process” and “Variable costing helps to increase profitability of organization" having mean 4.44 each and low degree of agreement with the statement "Variable costing helps to evaluate the performance of different departments, divisions and salesmen" with mean 4.31.

Standard deviations of all statements are less than one. Among all "Variable costing system helps to take decision making process" have more S.D. with 0.608 and "Organization use appropriate methods to separate semi-variable costs" have less S.D. with 0.49. It shows that agreement of respondent is more variation in "Variable costing system helps to take decision making process" and less in "Organization use appropriate methods to separate semi-variable costs".

4.3.6 Analysis of Mean and Standard Deviation of Value Analysis

Table 4.24 Analysis of Mean and Standard Deviation of Value Analysis

Statements	N	Mean	Std. Deviation
Value analysis helps in obtaining maximum production from limited resources	100	4.44	0.499
Value change helps to eliminate unnecessary system, process and method	100	4.47	0.559
Value analysis insures improve productivity through the continuous process	100	4.43	0.498
Value analysis helps in maintaining the desired quality of products that lead to consumer satisfaction	100	4.47	0.502
Senior management has supported the value analysis programs	100	4.4	0.532
Organization has provided sufficient development programs for value analysis programs team	100	4.37	0.525

Source: Field Survey, 2018

From above table 4.24 represent that all the mean response of the statement is more than 3. It shows that all statements are satisfied. Among the eight statement of value analysis, the respondent have responded high degree of agreement with the statement "Value analysis helps in maintaining the desired quality of products that lead to consumer satisfaction" having mean 4.47 and low degree of agreement with the statement "Organization has provided sufficient development programs for value analysis programs team" with mean 4.37.

Standard deviations of all statements are less than one. Among all "organization has determined responsibility of each department and executive for execution of budget and precise result" have more S.D. with 0.793 and "budgeting helps to control and detect each function so that best possible result may be obtained" have less S.D. with 0.642. It shows that agreement of respondent is more variation in "organization has determined responsibility of each department and executive for execution of budget and precise result" and less in "budgeting helps to control and detect each function so that best possible result may be obtained".

4.3.7 Analysis of Mean and S.D. of Management Views on Impact of Cost Control Tools on Profitability of the Organizations

Table 4.25 Analysis of Mean and S.D. of Management Views on Impact of Cost Control Tools on Profitability of the Organizations

	N	Mean	Std. Deviation
Cost control tools have helped to increase the efficiency	100	4.49	0.541
Cost control tools have helped to deliver the goods and service in cheaper price	100	4.4	0.532
Cost control tools have helped to take competitive advantages	100	4.47	0.502
Cost control tools have helped to increase reputation of the society	100	4.42	0.535
Cost control tools have helped to increase profit margin	100	4.31	0.545
Cost control tools have helped to increase productivity	100	4.3	0.461
Cost control tools have helped to increase ROE	100	4.34	0.476
Cost control tools have helped to increase ROA	100	4.35	0.479
Cost control tools have helped to avoid uncertainty	100	4.35	0.479
Cost control tools have helped to grab greater market share	100	4.34	0.476

Source: Field Survey, 2018

From above table 4.25 represent that all the mean response of the statement is more than 3. It shows that all statements are satisfied. Among the ten statement of management views on impact of cost control tools on profitability of the organization, the respondent have responded high degree of agreement with the statement "Cost control tools have helped to increase the efficiency" having mean 4.49 and low degree of agreement with the statement "Cost control tools have helped to increase productivity" with mean 4.3.

Standard deviations of all statements are less than one. Among all "Cost control tools have helped to increase profit margin" have more S.D. with 0.545 and "Cost control tools have helped to increase productivity" have less S.D. with 0.461. It shows that agreement of respondent is more variation in "Cost control tools have helped to increase profit margin" and less in "Cost control tools have helped to increase productivity".

4.3.8 Analysis of Mean and S.D. of Management Views on Application of Cost Control Tools of the Organizations

Table 4.26 Analysis of Mean and S.D. of Management Views on Application of Cost Control Tools of the Organizations

Statements	N	Mean	Std. Deviation
Tools of cost control have used in your organization	100	4.18	0.5
Management systems supports application of cost control in your organization	100	4.23	0.566
Employees have supported to application cost control tools	100	4.28	0.604
Top level management have reviewed timely effectiveness of coat control tools	100	4.35	0.575
Performance of organization have depended upon effective application of cost control tools	100	4.42	0.516
Responsibility accounting system have used to increases effective application of cost control tools	100	4.26	0.63
Resources for application of cost control have available in your organization	100	4.39	0.53

Source: Field Survey, 2018

From above table 4.26 represent that all the mean response of the statement is more than 3. It shows that all statements are satisfied. Among the eight statement of management views on application of cost control tools of the organization, the respondent have responded high degree of agreement with the statement "Performance of organization have depended upon effective application of cost control tools" having mean 4.42 and low degree of agreement with the statement "Tools of cost control have used in your organization" with mean 4.18.

Standard deviations of all statements are less than one. Among all "Responsibility accounting system have used to increases effective application of cost control tools" have more S.D. with 0.63 and "Tools of cost control have used in your organization" have less S.D. with 0.5. It shows that agreement of respondent is more variation in "Responsibility accounting systems have used to increases effective application of cost control tools" and less in “Tools of cost control have used in your organization".

Challenges for Application of Cost Control Tools

4.3.9 Analysis of Mean and Standard Deviation of Use of Cost Control Tools

Table 4.27 Analysis of Mean and S.D. of Use of Cost Control Tools

Statements	N	Mean	Std. Deviation
Budgeting	100	2.83	1.627
Standard Costing	100	3.53	1.92
Internal and external audit	100	3.53	1.453
Responsibility accounting	100	3.26	1.39
Marginal Costing	100	3.85	1.85
Value Analysis	100	3.98	1.729

Source: Field Survey, 2018

Above table 4.27 shows, which cost control tools have more and which cost control tools have less used in organization. Above table 4.3.9 represent that, Among the five tools of cost control the respondent have provided high point for the statement "Value Analysis" having mean 3.98 shows less used among all and low point for the statement "Budgeting" with mean 2.83 shows more used among all.

Among all "standard costing" have more S.D. with 1.92 and "responsibility accounting" have less S.D. with 1.39. It shows that agreement of respondent is more variation in "standard costing" and less in "responsibility accounting".

4.3.10 Analysis of Mean and S.D. for Challenges for Use of Cost Control Tools

Table 4.28 Analysis of Mean and S.D. of Challenges for Use of Cost Control Tools

Statements	N	Mean	Std. Deviation
Budgeting	100	3.49	1.839
Standard Costing	100	3.61	1.752
Internal and external audit	100	3.47	1.534
Responsibility accounting	100	3.27	1.496

Marginal Costing	100	3.51	1.714
Value Analysis	100	3.65	1.898

Source: Field Survey, 2018

Above table 4.28 shows, which cost control tools have more and which cost control tools have less challenged to use in organization. Above table 4.3.10 represent that, among the five tools of cost control the respondent have provided high point for the statement "Value Analysis" having mean 3.65 shows less challenged to use among all and low point for the statement " responsibility accounting " with mean 3.27 shows more challenged to use among all.

Among all "value analysis" have more S.D. with 1.898 and "responsibility accounting" have less S.D. with 1.496. It shows that agreement of respondent is more variation in "value analysis" and less in “responsibility accounting".

4.3.11 Analysis of Mean and S.D. of Challenged Seen for Application of Cost Control Tools

Table 4.29 Analysis of Mean and S.D. of Challenged Seen for Application of Cost Control Tools

Statements	N	Mean	Std. Deviation
Insufficient resources	100	2.59	1.545
Lack of knowledge about cost control and cost control tools	100	4.12	1.838
Lack of intention of top level management	100	3.22	1.521
Lack of reward and punishment	100	3.28	1.422
Lack of training and development	100	3.63	1.756
Others than above	100	4.12	1.641

Source: Field Survey, 2018

Above table 4.29 shows, which challenged has seen for application of cost control tools in organization. Above table 4.3.11 represent that, among the six challenges for application of cost control tools the respondent have provided high point for the statements "Lack of knowledge about cost control and cost control tools” and “Others than above" having equal mean 4.12 each shows less challenge for application of cost control tools among all and low point for the statement "Insufficient resources" with mean 2.59 shows more challenge for application of cost control tools among all.

Among all "Lack of knowledge about cost control and cost control tools" have more S.D. with 1.838 and "Lack of reward and punishment" have less S.D. with 1.422. It shows that agreement of respondent is more variation in “Lack of knowledge about cost control and cost control tools" and less in “Lack of reward and punishment.

4.4 Correlation analysis

This section deals with the correlation matrix of the variables used in this study.

Table 4.30 Correlation Analysis

		Profitability	Budgeting	Standard Costing	Internal and External Auditing	Responsibility Accounting	Marginal Costing	Value Analysis
Profitability	Pearson Correlation	1	-0.023	-0.023	-.223*	-.203*	-0.145	0.103
	Sig. (2-tailed)		0.817	0.817	0.026	0.043	0.15	0.308
	N	100	100	100	100	100	100	100
Budgeting	Pearson Correlation	-0.023	1	1.000**	0.079	0.079	-0.029	-0.095
	Sig. (2-tailed)	0.817		0	0.432	0.436	0.773	0.349
	N	100	100	100	100	100	100	100
Standard Costing	Pearson Correlation	-0.023	1.000**	1	0.079	0.079	-0.029	-0.095
	Sig. (2-tailed)	0.817	0		0.432	0.436	0.773	0.349
	N	100	100	100	100	100	100	100
Internal and external Auditing	Pearson Correlation	-.223*	0.079	0.079	1	0.042	0.144	0.043
	Sig. (2-tailed)	0.026	0.432	0.432		0.678	0.152	0.675
	N	100	100	100	100	100	100	100
Responsibility Accounting	Pearson Correlation	-.203*	0.079	0.079	0.042	1	.337**	-0.075
	Sig. (2-tailed)	0.043	0.436	0.436	0.678		0.001	0.459
	N	100	100	100	100	100	100	100
Marginal costing	Pearson Correlation	-0.145	-0.029	-0.029	0.144	.337**	1	.321**
	Sig. (2-tailed)	0.15	0.773	0.773	0.152	0.001		0.001
	N	100	100	100	100	100	100	100
Value Analysis	Pearson Correlation	0.103	-0.095	-0.095	0.043	-0.075	.321**	1
	Sig. (2-tailed)	0.308	0.349	0.349	0.675	0.459	0.001	
	N	100	100	100	100	100	100	100

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey, 2018

Table 4.30 summarizes the results of correlation analysis among the variables. The results indicate that the profitability is negatively correlated with budgeting, standard costing and marginal coating. The results also indicate that profitability is significantly negatively correlated with internal and external auditing and responsibility accounting. However profitability is positively correlated with value analysis. It seems as tools of cost control selected except value analysis is negatively correlated with profitability. Form above discussions it indicate that increases in cost control except value analysis, the profitability of Nepalese manufacturing industries decreases and vice-versa. Controversially it appears as the value analysis increases, the profitability of Nepalese manufacturing companies also increases.

4 .5 Regression Analysis

This chapter tries to analyze the relationship between independent or predicator variables and dependent or criterion variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and own or more independent variables.

This section determines which independent variable explains variability in the outcome, how much variability in dependent variable is explained by independent variables and which variables are significant (over other variables) in explaining the variability of the dependent variable. Multiple regressions were used to explore the impact of independent variables (budgeting, standard costing, internal and external auditing, responsibility accounting, and marginal costing and value analysis) on dependent variable (profitability).

$\hat{Y}(P) = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + ei$

Where,

$\hat{Y}(P)$ = firms profitability (Dependent variable)

X_1 = Budgeting

X_2 = standard costing

X_3 = internal and external auditing

X_4 = Responsibility accounting

X_5 = Marginal costing

X_6 = Value analysis

α = Constant

β_i = Beta coefficient of regression model and

ei = error term

Table 4.31 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.326	0.106	0.059	1.89015
a Predictors: (Constant), value analysis, internal and external auditing, responsibility, standard costing, marginal costing				
a Dependent Variable: profitability				

Source: Field Survey, 2018

Table 4.31 shows the findings of regression analysis which has effect of capital structure on listed Nepalese manufacturing companies' profitability in Nepal.

Model summary indicates the R-square also known as coefficient of determination which can help in explaining variance. The value of R-square in a model is 0.106 which means 10.6% variation in firm profitability of Nepalese manufacturing companies is explained by cost control tools selected as independent variables (budgeting, standard costing, internal and external auditing, responsibility accounting, and marginal costing and value analysis) however, the remaining 89.4% (100% -10.6%) is explained by other factors which have not been explained in this study.

Similarly, adjusted R-square in a model is 0.059 which means 5.9% variation in the firm profitability of Nepalese manufacturing companies is explained by cost control tools selected as independent variables (budgeting, standard costing, internal and external auditing, responsibility accounting, and marginal costing and value analysis) after adjusting degree of freedom (DF). This shows low degree of positive relationship between all independent variables and dependent variables. This means cost control has little bit impact on firm profitability in listed Nepalese manufacturing sector.

Model summary also indicates the standard error of estimate of a model is 1.89015 which shows the variability of the observe value of factors influencing cost control on profitability of listed manufacturing firms in Nepal from regression line is 1.89015 units.

Table 4.32 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.88	5	7.976	2.23	.057b
	Residual	335.83	94	3.573		
	Total	375.71	99			
a Dependent Variable: profitability						
b Predictors: (Constant), value analysis, internal and external auditing, responsibility, standard costing, marginal costing						

Source: Field Survey, 2018

Based on above ANOVA table, the P-value in a model is 0.57 which is more than alpha value 0.05. Therefore, the model is a bad predictor of the relationship between the dependent and independent variables. As a result, the independent variables (budgeting, standard costing, internal and external auditing, responsibility accounting, and marginal costing and value analysis) are not significant in explaining the variance in firms' profitability in Nepal.

Table 4.33 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
1		B	Std. Error	Beta		
	(Constant)	54.352	5.691		9.551	0
	standard costing	0.013	0.084	0.015	0.148	0.882
	internal and external auditing	-0.196	0.093	-0.208	-2.105	0.038

	responsibility accounting	-0.156	0.111	-0.149	-1.402	0.164
	marginal costing	-0.131	0.136	-0.108	-0.964	0.338
	value analysis	0.142	0.109	0.137	1.297	0.198

Dependent variable: Profitability

Source: Field Survey, 2018

Taking six variables; budgeting, standard costing, internal and external auditing, responsibility accounting, and marginal costing and value analysis as independent variables and profitability as dependent variable. The model is constructed with equation as below:

$\hat{Y}(P) = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + ei$

Where

$\hat{Y}(P)$ = dependent variable measured by profitability,

α = constant,

β_1 = beta of budgeting,

β_2 = beta of standard costing,

β_2 = beta of internal and external auditing,

β_4 = beta of responsibility accounting,

β_5 = beta of marginal costing

β_6 = beta of value analysis and

ei = standard error term.

Based on the coefficients, the regression equation for the effects of profitability on listed manufacturing company's profitability in Nepal can be written as:

$\hat{Y}(P) = 54.352 + 0.013 X_2 - 0.196 X_3 - 0.156 X_4 - 0.131 X_5 + 0.142 X_6$

Regression coefficient based on a model of budgeting, standard costing, internal and external auditing, responsibility accounting, and marginal costing and value analysis are 0.00, 0.013, -0.196, -0.156, -0.131. and 0.142 respectively.

The table 4.33 also shows that independent variable budgeting has excluded from coefficients. Independent variable internal and external auditing has significant result since its P-value is less than the level of significant. (i.e.0.038 <0.05). However independent variables standard costing, responsibility accounting, marginal costing and value analysis do not have significant results since their respective P-value are greater than 0.05 (i.e. 0.882, 0.164, 0.338 and 0.198 >0.05).

This illustrate that 1 unit increased in standard costing and value analysis leads to 0.0138 and 0.142 increments in profitability respectively. However, 1 unit increased in internal and external auditing, responsibility accounting and marginal costing leads to -0.196, -0.156 and -0.131 decreases in profitability and vice versa.

Model table 4.33 also shows that the beta for all the attributes or independent variables undertaken in the study to determine their influence in firms profitability in Nepal. It shows in Nepal it shows standard costing, internal and external audit, responsibility accounting, marginal costing and value analysis have beta of 0.015, -0.208, -0.149, -0.108 and 0.137 respectively. Since the beta of value analysis is highest and positive i.e. 0.137, it can be said to have the most dominant influence in profitability of firms measured by value analysis.

4.7 Suggestion Evaluation for Minimization of Challenges Seen in order to Apply Cost Control Tools

Different suggestion have provided by different respondent for minimization of challenges. Some repeated suggestions are listed below:

1. Management should maximum utilization of existing resources.
2. Management should evaluation and management of necessary resources.
3. Organization should provide necessary training and development program for employee and managers.
4. Organization should provide remuneration to top level management from net profit.
5. Organization should establish reward and punishment system.
6. Organization should establish waste management system.
7. Top level management should participate low level management in decision making process.

8. The management of the organization should encourage the use of local raw materials and employment of home expertise.
9. The organization should use modern technology as possible.

4.8 Major Findings of the Study

This study considered the impact of cost control system in corporate profitability. The major findings of this study are drawn on the basis of primary data. Which are as follows:

1. From Table 4.6 shows that most of the respondents (73%) agreed with knowledge of management is used to taking decision about cost control.
2. From Table 4.7 shows that most of the respondents (63%) are agreed with cost control measures applied for increase profitability in listed NMCs. Which supports the study of Sikka (2003), Brumbang (2008), Okafor (1983) and Jinggan, et al (2004).
3. From Table 4.8 shows that 54% respondents are agreed with profit margin of listed NMC's is either high or very high.
4. From Table 4.9 shows most of the respondent (81%) agreed with that profit is higher when cost is efficiently controlled.
5. Table 4.10 shows 69% respondents are agreed with the precise objectives of the organization are either profit maximization or shareholders wealth maximization.
6. Table 4.11 shows most of the respondents (73%) are agreed with organization embarked on development of cost control program. Which supports the study of Russ Headly (2009).
7. Table 4.12 shows most of the respondents (77%) are agreed with management review cost control system in regular intervals.
8. Table 4.13 shows 87% respondents are agreed with the organization practice either increase in volume of sales or decreasing in cost for increase profit.
9. Table 4.14 shows highest number of respondents (27%) agreed with organizations have selected purchase of materials for cost control.
10. Table 4.15 shows most of the respondents (79%) are agreed with organization use supervision system to effective cost control.

11. Table 4.16 shows most of the respondents (71%) are agreed with organization use monitoring system to increase productivity of employees.
12. Table 4.17 shows most of the respondents (55%) are agreed with organization use CCTV for effective supervision.
13. Table 4.18 shows most of the respondents (75%) are agreed with organizations have developed feedback System to revise control system.
14. Table 4.19 shows that all the mean of the statements are more than 3 and standard deviations are less than 1, so all the statements of budgeting are satisfied.
15. Table 4. 20 shows that all the mean of the statements are more than 3 and standard deviations are less than 1, so all the statements of standard costing are satisfied.
16. Table 4.21 shows that all the mean of the statements are more than 3 and standard deviations are less than 1, so all the statements of internal and external auditing are satisfied.
17. Table 4.22 shows that all the mean of the statements are more than 3 and standard deviations are less than 1, so all the statements of responsibility accounting are satisfied.
18. Table 4.23 shows that all the mean of the statements are more than 3 and standard deviations are less than 1, so all the statements of marginal costing are satisfied.
19. Table 4.24 shows that all the mean of the statements are more than 3 and standard deviations are less than 1, so all the statements of value analysis are satisfied.
20. Table 4.25 shows that all the mean of the statements are more than 3 and standard deviations are less than 1, so all the statements of management views on impact of cost control tools on profitability of Organization are satisfied. Cost control has been great help to increase efficiency, Deliver the goods and service in cheaper price, Competitive advantages, Reputation on the society, profit margin, productivity, ROE, ROA and market share This result is similar to findings of siyanbola and Raji (2003), Maria (2009), Olalelcan and Tajudeen (2015), Gichuk (2014) and Akeem (2017), Russ Headley (2009) where they found cost control is

significant and positive correlation with profitability market share, survival, financial performance, and organizational performance of the firms.

21. Table 4.26 shows that all the mean of the statements are more than 3 and standard deviations are less than 1, so all the statements of management views on application of cost control tools of the Organization are satisfied.
22. Table 4.27 shows that mean of “value analysis” (3.98) is more than others, so “value analysis” is less used and mean of “budgeting” (2.83) is less than others, so “budgeting” is more used in listed NMC’s for control cost.
23. Table 4.28 shows that mean of “value analysis” (3.65) is more than others, so “value analysis” is less challenged to use mean of “responsibility accounting” (3.27) is less than others, so “responsibility accounting” is more challenged to use and in listed NMC’s.
24. Table 4.29 shows that mean of “insufficient resources” (2.59) is less than others, so “insufficient resources” is more challenged mean of "Lack of knowledge about cost control and cost control tools” (4.12) is more than others, so "Lack of knowledge about cost control and cost control tools” is less challenged for application of cost control tools in listed NMC’s.
25. Table 4.30 indicate that profitability is significantly negatively correlated with internal and external auditing (-.223*) and responsibility accounting (-.203*) and negatively correlated with budgeting (-0.023) and standard costing (-0.023). However profitability is positively correlated with value analysis (0.103).
26. Model table 4.33 shows standard costing, internal and external audit, responsibility accounting, marginal costing and value analysis have beta of 0.015, -0.208, -0.149, -0.108 and 0.137 respectively. Since the beta of value analysis is highest and positive i.e. 0.137. It can be said to that most dominant influence in profitability of firms measured by value analysis.
27. Finally, Finding of the research shows that cost control tools have negative relationship with profitability. It revealed only cost control is not determined organizations’ profitability. This result is contradicted with findings of siyanbola

and Raji (2003), Maria (2009), Olalelcan and Tajudeen (2015), Gichuk (2014) and Akeem (2017), Russ Headley (2009) where they found cost control is significant and positive correlation with profitability market share, survival, financial performance, and organizational performance of the firms.

CHAPTER V
CONCLUSSION

This chapter of the study is divided into three sections. The first section provides the brief summary of the study. The second section demonstrates the conclusion of the study and finally the third section contains implications traced out in the background of analysis carried out.

5.1 Discussions

This study was conducted with the objectives to analyze the impact of cost control on listed sample manufacturing companies in NEPSE (HDL, UNL, NLOL, BNL and NBBU). Primary data taking to sample from each sample companies are collected for study purpose. This study is based on primary data and data obtained ware analyzed using various statistical tools. Cost control tools and its impact on firms performance is examined on the basis of some major factors budgeting standard costing, internal and external auditing, responsibility accounting, marginal costing and value analysis.

The study is conducted with the general objective to analyze the cost control tools and their impact on profitability of HDL, UNL, NLOL, BNL and NBBU. Moreover, the specific objectives of the study were to examine and analyze the application of cost control tools, challenges to application and suggestion for minimization of challenges seen in order to apply cost control tools in selected sample companies.

The study was designed within the framework of descriptive research design and the analysis has been made in the same way for the purpose of the study HDL, UNL, NLOL, BNL and NBBU are taken as sample companies by applying convenient sampling technique out of 18 manufacturing companies listed in Nepal stock exchange. The required data and information were collected from primary sources. Structured questionnaire are prepared and distributed to respond of sample companies.

In this research work, after compiling all the collected data aggregate result were ascertained. Finding of the research shows that cost control tools have negative relationship with profitability. It revealed only cost control is not determined Organizations profitability. Most of the organizations have used cost control tools. However, insufficient resources have creates more challenges for application of cost control tools.

Variables used in this study to analyze the impact of cost control on firm's profitability are some good models among several techniques and models to see if companies have given their best effort to perform effectively. Anyone using these techniques can develop the basis framework to judge the particular firms as a whole instead of judging that particular firm in term of only one aspect. This model covers fundamental aspects of manufacturing companies to be quality, safe and sustainable.

5.2 Conclusions

As per objectives and analysis of study some major conclusions have been drawn. With 18 listed manufacturing companies operating in Nepal, the Nepalese companies is facing lower contribution of this sector on GDP and the firm are now confronting a taking competition among themselves and with the imported goods. As a result, economic growth has not been achieved as per the target set by government and trade deficit in increasing each year.

In spite of facilities including for rebate and liberal policies formulated by the government of Nepal, this sector has lagged behind not only in the world but also in south Asia. Due to the lack of investment and effective management, high political interference, lack of adequate infrastructure, and so on, this sector is still in infant stage, there is high competition and it is expected to be more intense in the near future, as there is always the possibility of globalization. Except few companies, majority of manufacturing companies in Nepal are doing poorly and they are not giving satisfactory results due to some internal and external factor.

This study revealed the impact of cost control tools and internal and external auditing responsibility accounting, marginal costing and value analysis on the profitability on the firms selected. This shows negative relationship between independent and dependent variable except value analysis. Moreover value analysis as cost control tools has positive correlation with profitability. This means only value analysis has impact on firms' profitability in listed Nepalese manufacturing sectors.

Regression analysis of this study also shows that value analysis is most dominant factors influencing profitability of firms. The study concludes that value analysis helps to increase profitability of the firms.

It should be noticed that this study is limited to a sample of firm manufacturing companies listed in NEPSE and the companies' specific variable. If sample size is increased and other industry characteristics as well as macro-economic variables are included in the model, the result may differ.

Finally, finding of the research conclude that cost control tools have negative relationship with profitability. It revealed only cost control is not determined organizations' profitability, Budgeting is more used and Value Analysis is less used among selected cost control tools and insufficient resources create more challenges to use of cost control tools.

5.3 Implications

Based on the major findings of the study of selected manufacturing companies listed in NEPSE, the following implications can be carried out.

1. The organization should try an embrace the technological and economical trend in the society. These will be achieved by making its system elastic that is change with the environment.
2. The technological controller who ensures that the products meet its norm should emphasis much on the quality of the product. This will invariable improve two levels of productivity and profitability.
3. The management of the organization should encourage the use of local raw material, which will help owner the total cost of materials usage, thereby making cost control more efficient and effective.
4. The management should also encourage the employment of home expertise. Adequate education and training should be given to them so as to enhance their ability and enable take fit in, in take organization these could be through workshop or seminars at regular intervals. Which will help to reduce total cost of labor and will help to increase profit margin.
5. Grant them the opportunity to harness and harmonize the cost control systems adopted by the organization.
6. Each cost control tools has own specific challenges and advantages. So, it is recommended to use favorable tools of cost control for the organizations.
7. Among independent variables taken for this study, Value analysis has positive impact on profitability. So it is recommended to use value analysis for cost control and increase profitability of the organizations.
8. This research also identify challenges for application of cost control tolls. So it is recommended to use suggestion provided challenges to application of cost control tools.
9. Professional and qualified personal should be charged with the accounting decision at firms for selection and application of cost control tools.

Recommendations for Future Researchers

1. Future researchers are suggested to investigate other variables that are not used in this study. The other variables that can be activity based costing, just in time

system, KANBAN system, zero based budgeting, method study, target costing and KAIZEN etc.

2. To obtain more accurate result and to generalize the result, future researchers could use probability sampling technique, random sampling technique, systematic sampling technique etc. instead of convening sampling technique.
3. Future researchers are suggested to take more firms as a sample instead of 5 sample in order to obtain accurate result.
4. Future researchers are suggested to study in non-listed manufacturing organization and non-trading in order to generalize result in every field.
5. Future researchers are suggested to investigate both secondary and primary data to know accurate result where researcher can take secondary data for dependent variables.
6. Future researcher suggested to test hypothesis also it helps to find relationship between depends and independent variables.

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QUESTIONAIRE

IMPACT OF COST CONTROL ON NEPALESE LISTED MANUFACTURING COMPANIES PROFITABILITY

Dear Sir/Madam,

This study is being conducted as part of my dissertation on the topic "Impact of Cost Control on Nepalese Listed Manufacturing Companies Profitability" for the degree of Masters of Business Studiesunder TribhuvanUniversity (MBS,TU). The information extracted from this study will completely be used for academic purpose. I kindly request you to support my study by filling up this questionnaire. This information will be kept confidentially. Your valuable information will be highly appreciated.

Personal Information's

Name: ………………………. (Optional)

Gender: Male ☐ Female ☐

Age (In yr.): below202☐ 3☐1-50abo☐ ☐ ☐

Name of organization: Uniliver Nepal Ltd. ☐ayan distillery ☐

Nepal Lube oil Ltd. ☐ Bottlers Nepal Ltd. ☐

Nepal bitumen and barrel Udyog ☐

Working Experience (In yrs.): Below 5 ☐10 ☐ 1☐ ☐

above 20 ☐

Working Department: Marketing ☐ance ☐ Operation ☐

Organization hierarchy of the company: Management staff ☐ Administrative staffO☐nal staffOthers ☐ ☐

Specific Information's

Does management relay on cost control in making decision?

True ☐ False ☐

How efficiently are cost control measures applied in this organization?

Most efficiently ☐ Fairly efficientlyIne☐t ☐

How does the profit margin of this organization looked like?

Very High ☐ High ☐ Moderate ☐ Low ☐

Do you termed the profit of this organization high when costis controlled?

Yes ☐ No ☐

The precise objective of the organizations is

Profit maximization ☐ Shareholders wealth maximization ☐

Managerial efficiency and effectiveness ☐

Providing service to the peoplea☐e above ☐

Does the organization embark on development of cost control programsso as to attain its maximal profit?

Yes ☐ ☐

Does management review its cost control system/measuresat regular intervals?

Yes ☐ No ☐

From what practice you are increasing profit in your organization?

Increasing in volume of sales ☐ increasing in selling price ☐

decreasing in Cost ☐

What areas you have selected for cost control?

Product design ☐ Production planning and control ☐ Equipment and plant layout ☐ Selling and distribution ☐ Purchase of materials ☐

Does organization use supervision system to effective cost control?

Yes ☐ No ☐

Does organization use monitoring system to increase productivity of employees?

Yes ☐ No ☐

Has organization used CCTV for effective supervision?

Yes ☐ No ☐

Has organization developed feedback system to revise control system?

Yes ☐ No ☐

(1= strongly disagree, 2= disagree, 3= neutral, 4 agree, 5= strongly agree)

Budgeting

Item	Statements	1	2	3	4	5

1	Budgeting is useful to project sales, cost, and profit of your organization					
2	There is a lot of interaction between top management and department managers in the budget process					
3	Budgeting helps to increase performance					
4	Organization normally meet up planned budget					
5	Budgeting helps to resource mobilization					
6	Budget helps to reduce uncertainty					
7	Organization has determined responsibility of each department and executive for execution of budget and precise result					
8	Budgeting helps to control and detect each function so that best possible result may be obtained					

Standard Costing

Item	Statements	1	2	3	4	5
1	Organization normally meet up the set standardsor target					
2	Standard costing fix responsibility for deviation in performance, which is possible to take corrective measures at earliest					
3	Standard cost is used to maintain the maximum efficiency in production					
4	Standard costing is enhanced adequate planning, control and decision making processes in the company					
5	Organization assess cost element and their standard cost as per change in environment					
6	Standard cost is estimated on the bases of past costing information					
7	Standard costing helps in exercising cost control and provide information, which is helpful in cost reduction					

Internal and External Audit

Item	Statements	1	2	3	4	5
1	The Auditors deliver a smooth running and efficiently executed audit with all deadlines met					
2	The Auditors demonstrate appropriate technical knowledge and expertise, including access to specialists, as required					
3	All of your key business concerns risks were addressed during theaudit					
4	Auditing helps to reduce cost and ineffectiveness in organization					
5	The audit team kept you informed of key issues throughout the audit					
6	Internal audit helps to increase effectiveness of External audit					
7	Both internal and external audit helps to increase performance of the organization					

Responsibility Accounting

Item	Statements	1	2	3	4	5
1	Budget helps to determine responsibility of each employee					
2	Responsibility accounting is key tool to increase efficiency and effectiveness of employee performance					
3	Responsibility accounting helps to reduce overall cost of production					
4	Responsibility accounting helps to increase profitability					
5	Organization analyzed performance reports of each employee					
6	Organization has system to analyze employee performance					
7	Organization use reward and punishment mechanism					

Marginal Costing

Item	Statements	1	2	3	4	5
1	The cost of the organization are separated into fixed and variable					
2	Variable costing system helps to take decision making process					
3	Variable costing system is a very useful tool for profit planning and control					
4	Variable costing helps to control variable costs					
5	Variable costing helps to evaluate the performance of different departments, divisions and salesmen					
6	Organization use appropriate methods to separate semi-variable costs					
7	Variable costing helps to increase profitability of organization					

Value Analysis

Item	Statements	1	2	3	4	5
1	Value analysis helps in obtaining maximum production from limited resources					
2	Value change helps to eliminate unnecessary system, process and method					
3	Value analysis insures improve productivity through the continuous process					
4	Value analysis helps in maintaining the desired quality of products that lead to consumer satisfaction					
5	Senior management has supported the value analysis programs					
6	Organization has provided sufficient development programs					

	for value analysis programs team					

Management's Views on Impact of Cost Control Tools on Profitability of the Organization

Item	Statements	1	2	3	4	5
1	Cost control tools have helped to increase the efficiency					
2	Cost control tools have helped to deliver the goods and service in cheaper price					
3	Cost control tools have helped to take competitive advantages					
4	Cost control tools have helped to increase reputation of the society					
5	Cost control tools have helped to increase profit margin					
6	Cost control tools have helped to increase productivity					
7	Cost control tools have helped to increase ROE					
8	Cost control tools have helped to increase ROA					
9	Cost control tools have helped to avoid uncertainty					
10	Cost control tools have helped to grab greater market share					

Management's Views on Application of Cost Control Tools of the Organization

Item	Statements	1	2	3	4	5
1	Tools of cost control have used in your organization					
2	Management systems supports application of cost control in your organization					
3	Employees have supported to application cost control tools					
4	Top level management have reviewed timely effectiveness of coat control tools					
5	Performance of organization have depended upon effective application of cost control tools					
6	Responsibility accounting system have used to increases effective application of cost control tools					

7	Resources for application of cost control have available in your organization					

Challenges for Application of Cost Control Tools

1. Which tools of cost control have used in your organization? Rank it. (123456)

   Budgeting ☐ Responsibility accounting ☐

   Standard Costing ☐ Marginal Costing ☐

   Internal and external audit ☐ Value Analysis ☐

2. Which cost control tools have challenged to use in your organization? Rank it. (123456)

   Budgeting ☐

   Standard Costing ☐

   Internal and external audit ☐

Responsibility accounting ☐

Marginal Costing ☐

Value Analysis ☐

3. Which challenged has seen for application of cost control tools in your organization? Rank it.(123456)

Insufficient resources ☐

Lack of knowledge about cost control and cost control tools ☐

Lack of intention of top level management ☐

Lack of reward and punishment ☐

Lack of training and development ☐

Others then above three ☐

(1 for first priority,…, 5 for fifth priority and 6 for sixth priority)

4. What are suggestion for minimization of challenges seen in order to apply the cost control tools?

………………………………………………………………………………………
………………………………………………………………………………………
………………………………………………………………………………………
………………………….