

MIDLANDS STATE UNIVERSITY



FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

**Investigation into impact of cost reduction techniques as measure of
increasing survival: Case of SNV Netherlands development
organisation**

By

MUSABAIKE CHIDO

R112291

This dissertation is submitted in partial fulfillment of the requirements of the Bachelor of Commerce
Accounting Honors Degree in the Department of Accounting at Midlands State University.

SEPTEMBER 2014

APPROVAL FORM

The undersigned certify that they have supervised Musabaïke Chido’s project entitled:
“Investigation into impact of cost reduction techniques as a measure of increasing survival: case of SNV Netherlands Development Organisation Zimbabwe. This research is submitted in partial fulfillment of the requirements of the Bachelor of Commerce in Accounting Honors Degree (HACC) .

.....

Supervisor Date

.....

Chairperson Date

.....

External Examiner Date

.....

Librarian Date

RELEASE FORM

Name of author: Chido Musabaik

Dissertation title: Investigation of the impact of cost reduction techniques as a measure of increasing chances of survival: A case of SNV Netherlands Development Organisation Zimbabwe.

Degree Title: Bachelor of Commerce in Accounting Honors Degree (HACC)

Year of research: 2014

Permission is hereby granted to Midlands State University Library to produce single copies of this dissertation and to lend or sell such copies for private , scholarly or scientific research purpose only .The author does reserve other publication rights and neither the dissertation nor extensive extracts from it may be printed or otherwise reproduced without the author’s written permission.

Signed:

Permanent Address:

219 Vito Street

Mbare

Harare

Contact numbers: +263 778 008 294

Email:cmusabaik@gmail.com

Date:

DEDICATION

This dissertation is dedicated to my mother, my sister Rejoice, my two brothers Wisdom and Simbarashe and to my late father Edward T Musabaiké who have been my pillar of strength.

ACKNOWLEDGEMENTS

Glory be to the Almighty God for granting me the opportunity to write this dissertation. Special mention goes to my supervisor Ms C Mhaka, for her restless efforts to make this dissertation a success. May God reward her for her tireless efforts. I would want to thank my friends Sherry, Jotam, Sharai and Henry for their encouragement and unfathomable friendship during and throughout the period of my dissertation.

Finally I would want to thank my family for their financial and emotional support throughout my studies, without them this research would not have been a success. I thank them for standing by me through difficult time especially at times I was losing hope. To all the people mentioned above I cherish your contributions and love you so much. Above all I thank God for the gift of life that enabled me to write this dissertation.

ABSTRACT

The research sought to investigate the impact of cost reduction techniques as a measure of increasing the chances of survival: A case of SNV Netherlands development organisation. The funding for SNV from the Dutch government was reduced due to the general cuts in the Dutch government. Therefore this brought the need for the organisation to reduce costs in order to survive in the short run .Literature was reviewed being guided by the objectives .Other authors reviews on cost reduction techniques that are currently implemented by SNV were assessed .The researcher used combined mixed approach which include qualitative and quantitative research methods . cost reduction techniques increases the chances of survival in the long run .

LIST OF TABLE

Table	Description	Page
1.1	Financial results for 2011-2013	2
3.1	Population and sample size	32
4.1	Questionnaire response rate	39
4.2	Impact of cost reduction techniques to the chances of survival	52
4.3	Interview responses	56

LIST OF FIGURES

Fig	Description	Page
Fig 4.1	Current cost reduction techniques at SNV	40
Fig 4.2	Downsizing and procurement reduction in increasing the chances of survival	42
Fig 4.3	Target costing and ABC costing in increasing the chances of survival	43
Fig 4.4	Challenges being faced in implementing current cost reduction techniques	45
Fig 4.5	challenges being faced in implementing Downsizing	48
Fig 4.6	Challenges being faced in implementing procurement reduction	50
Fig 4.7	Best practice that can be implemented at SNV	54

LIST OF APPENDECIES

Appendix	Description	Page
1	Request to conduct research at SNV	71
2	Questionnaire	72
3	Interview question guide	75

	TABLE OF CONTENTS	PAGE
	Approval form	I
	Realease form	Ii
	Dedication	Iii
	Acknowledgements	iv
	Abstract	V
	List of table	Vi
	List of figures	Vii
	List of appendencies	Viii
	Table of content	X
1	CHAPTER 1 -Introduction	1
1.1	Background of the study	2
1.2	Statement of the problem	3
1.3	Main research question	3
1.4	Research objectives	3
1.5	Sub Research questions	3
1.6	delimitation of the study	4
1.7	Significance of the study	4
1.8	limitation	4
1.9	defination of key terms	5
1.1	summary	5
	CHAPTER 2 -LITERATURE REVIEW	6
2	Introduction	6
2.1	To asses current cost reduction techniques at SNV	6
2.1.1	Downsizing	6
2.1.2	Procurement reduction	9
2.2	Challenges being faced in implementing current cost reduction techniques	11
2.2.1	Downsizing	12
2.2.1.1	Resistance by employees to the idea of downsizing	13
2.2.1.2	Failure to attend to surviving employees	13
2.2.1.3	reduced social phenomena	13
2.2.2	Procurement reduction	14

2.2.2.1	Need for experienced expertise	14
2.2.2.2	Management to supplier relationship	15
2.3	To asses how ABC costing and target costing increase the chances of survival at SNV	16
2.3.1	Activity Bases Costing (ABC)	16
2.3.1.1	Allocates indirect costs to relevant products or services	16
2.3.1.2	Facilitates the elimination of unwanted costs	17
2.3.1.3	Identifies cost drivers	18
2.3.1.4	Facilitaes the management of activities and the behaviour of costs	19
2.3.2	Target costing	21
2.3.2.1	Reduces the overall cost of the product or service	21
2.3.2.2	Manages costs from the early stages of the product or service	22
2.3.2.3	Facilitates the achieving of set objectives	23
2.4	To evaluate the impact of cost reduction techniques on the chances of survival	24
2.5	To establish the most appropriate practice for cost reduction techniques for SNV	26
2.5.1	The organisation should establish the targeted cost	26
2.5.2	The organisation should achieve efficiency	27
2.5.3	Involve employees	28
2.6	Summary	29
	CHAPTER THREE-RESEARCH METHODOLOGY	30
3	Introduction	30
3.1	Research design	31
3.2	Target Population	31
3.3	Sampling techniques	31
3.4	Sample size	32
3.5	Data sources	33
3.6	Secondary data collection	33
3.7	Primary data collection	34
3.8	Research instruments	34
3.8.1	Questionnaires	34
3.8.2	Likert scale questions	35

3.9	Interviews	36
3.1	Validity of research instruments	36
3.10.1	Reliability of research instruments	37
3.11	Data analysis and presentation	37
3.12	Summary	37
	CHAPTER 4-DATA PRESENTATION AND ANALYSIS	38
4	Introduction	38
4.1	Presentation of data analysis	38
4.2	Questionnaire response rate	38
4.3	Questionnaire response presentation and analysis	39
4.3.1	Interview response	55
4.4	Summary	58
	CHAPTER 5-SUMMARY, CONCLUSION AND RECOMMENDATIONS	59
5	Introduction	59
5.1	Executive summary	59
5.2	Research findings	61
5.3	Recommendation	61
5.4	Suggestions for future research	62
5.5	Summary	62
	Reeference list	63
	Appendix I	70
	Appendix II	74

CHAPTER 1

1.0 INTRODUCTION

1.1 Background of the study

SNV Zimbabwe is an organisation that provides advisory knowledge and advocacy support services to public, private and social sector. SNV has thirty three branches all over the world and it operates on 3 sectors namely Agriculture, Renewable Energy and Water, Sanitation and Hygiene (WASH), this is according to information available on the internet (*SNV services, 2014*). This research is mainly focused on SNV Zimbabwe. Dutch government reduced their donor funding for SNV in 2013 because of general cuts in Dutch development budget. (*SNV and DGIS conclude on subsidy agreement 2014*). According to the accountant Masenyama, (2013) 'Item 1.1: Finance Meeting, *Minutes of Finance Meeting 07 January 2013*, SNV, Harare indicated in her presentation that the funding from the Dutch government for SNV Zimbabwe was reduced from 100% to 50%. She also emphasized that from the financial year ended 2013 the organisation would be spending above the expected fund. This brings the need for the organisation to reduce costs in order to cover the legging 50% and to increase the chances of survival for the organisation. She also highlighted that the three sectors namely, Renewable Energy and Water, Sanitation and Hygiene (WASH) sustained their operations on donor funded monies on all their expenditures. The table below indicates the reduction of funding from 100 % to 50%.

Table 1.1 showing financial results for 2011-2013

YEAR	2011	2012	2013
Funding (USD \$)	16,675 644.54	16,675 644.48	8, 337 822.08
Expenditure (USD \$)	15,775 644.44	15, 417 166.95	11, 171 003.07
Variance (USD \$)	900 000.00	1,258 477.53	-2, 833 180.99

Source: Annual report 2011-2013

The financial result in the above table 1.1 indicates the funding for SNV from the Dutch government for 2011 and 2012 of USD \$ 16,675 644.54 which was 100% funding. But the funding was reduced to 50% showing funding of USD \$8, 337 822.08 in 2013 as stipulated in table 1.1. From the financial year ending 2011 and 2012 the variance of funding versus expenditure was favorable by USD \$ 900 000 and USD \$ 1,258 477.53 respectively. But from the financial year ended 2013 the variance was USD 2,833 180.99 unfavorable .Therefore this brings the need for the organisation to reduce the expenditure because the expenditure is higher than funding. According to the finance director Muthungu, (2013)'Item 2.1:Annual General Meeting, *Minutes of the Annual General Meeting 14 February 2013*, SNV, Harare stipulated that there is need for cost control measures on operating expenses mostly on short term contract fees. But however other costs like telephone costs, motor vehicle expenses, legal fees and travel expenses have to be reduced for the organisation to arrive at the optimal level of operation.

1.2 Statement of the problem

Due to financial constraints faced by the Netherlands government in 2013. Netherlands reduced their funding from 100% to 50% .The reduction in funding brings the need for cost reduction

measures .This study seeks to investigate the cost reduction measures that can be implemented to increase the chances of survival at SNV Netherlands Development Organisation.

1.3 Main research question

- What impact does cost reduction measures have on the chances of survival?

1.4 Research objectives

- To assess the current cost reduction techniques implemented by SNV.
- To evaluate the challenges being faced in implementing current cost reduction techniques.
- To assess how ABC costing and target costing facilitates cost reduction at SNV
- To evaluate the impact of cost reduction techniques on the chances of survival.
- To establish the most appropriate practice for cost reduction techniques for SNV.

1.5 Sub research question

- What are the current cost reduction techniques in place at SNV?
- What are the challenges that are being faced in implementing the identified cost reduction techniques?
- How does target costing and ABC costing facilitates reduction of cost at SNV?
- What relationship exists between cost reduction measures and the chances of survival?
- What is the best cost reduction measures that can be implemented by SNV in the implementation of cost reduction techniques?

1.6 Delimitation of the study

The research will mainly focus on SNV Netherlands Development Organisation (Zimbabwe). The time frame of the research will be limited from the financial year ended December 2011 to December 2013. This research will not cover all the aspects that increase the chances of survival; the research is only limited to cost reduction measures as a technique of increasing the chances of survival of the organisation. The respondents will have a general idea of cost reduction measures, and their responses would be useful to this research.

1.7 Significance of the study

This research is submitted in partial fulfillment of the requirements of Bachelor of Commerce Honors Degree in Accounting at Midlands State University. The research can facilitate references to other students who would need to research in cost reduction techniques. The research is important to SNV as it gives recommendations at the end of the research study. Areas highlighted to be weak for cost reduction are improved to enable better operations of the organisation. If this research is accepted, the society would continue to benefit from the Non Governmental Organisations, because the organisations would be able to use cost reduction techniques effectively and efficiently.

1.8 Limitation

This research might fail to resist the following challenges that some important information to the research might not be available to the researcher, as the organisations may view the information confidential. But however the researcher will use sources of information that was available during attachment and the researcher will reassure the respondents that the information would be used for academic purposes only.

1.9 Defination of key terms

Cost reduction - is the process used by entities in reducing costs and in trying to increase of profits.

Cost reduction strategies – these are plans designated to achieve long term plans of cost reduction.

Cost reduction policies –principle of action adopted by an organisation in cost reduction.

Cost reduction techniques -means or way implemented by organisations in achieving cost reduction.

NGO - Nongovernmental Organisation-not belonging or associated with any government.

Expenditure –action of spending funds.

Variance - results when the actual amount is different from the planned amount.

Funding – these are amounts invested or subsidized by external sources.

1.10 Summary

This research sought to investigate the impact of cost reduction measures as a way of increasing the chances of survival. This chapter highlighted the background to the study, statement of the problem, main objectives of the study, research questions, delimitation of the study, limitations of the study, summary of the chapter and justification of the study. Reference was being made to SNV Zimbabwe Netherland Development Organisation throughout the research. Chapter 2 will focus on literature review

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter will review literatures related to cost reduction measures as a way of increasing the chances of survival of organisations. It will focus on theoretical and empirical literature .The chapter will involve the documentation and the review of published and unpublished work from secondary data for the area under review. This chapter will focus on research objectives. Danny (2010) defined “literature review as an account of what has been published on a topic by accredited researches and scholars”. Whereas Shehlata (2010), defined cost reduction as a technique of setting cost levels at a low acceptable level through viewing various ways of improving the levels to minimum acceptable level. However Institute of Cost of Accountants (2012) defined cost reduction as the attempts to reduce the overall cost of the organisation.

2.1 To assess the current cost reduction techniques implemented at SNV

2.1.1 Downsizing

According to SNV finance policy (2012), downsizing is one of the cost reduction policies implemented at SNV .Rehman and Naeem (2011), defined downsizing as a strategy that organisations implement in trying to minimize costs in order to increase the performance of organisations. Rehman and Naeem (2011) further mentioned that the process of downsizing in organisations involves the retrenchment of workforce to enable the organisation to reduce or cut costs especially in cases where the organisational costs are more than expenditure. Moreover Chipunza and Berry (2009), mentioned that downsizing involves the intentional reduction of

employees to enable improvement in the performance of the organisation. The author further mentioned that the reduction of employees would enable the organisation to increase the chances of survival.

Bragg (2010), stipulated that downsizing increases chances of survival of organisations that are facing reduction in economic activity or poor performance. The author further emphasised that, employee costs constitute a large percentage of the costs, the reduction of employee costs would result in a greater impact on the costs of the organisation. Laun, Tien and Chi (2013), argued that downsizing may not be the best practice for increasing the performance of the organisation because it results in decreased workers loyalty and increase employee job insecurity. However Laun, Tien and Chi (2013), stipulated that retrenchment of employees may leave the organisation at a size which is inappropriate and this would reduce the performance of the organisation, which would reduce the survival chances of the organisation.

According to Khan and Naumann (2010), mentioned that downsizing does not have any impact on the survival chances of organisations but rather affects employees economically, psychologically and physically. The author further emphasised that these social phenomenon should be addressed first before considering the relationship between survival and downsizing. But however Chipunza and Berry (2009), argued that surviving employees in organisations after downsizing have good motivation and good attitude, these two factors would enable the employees increased performance of the organisation.

Rehman and Naeem (2012), argued that downsizing may have negative effects on the surviving employees which may negatively impact the overall performance of the organisation. Effects on employees may include reduced loyalty, negative views on the job security and decrease in

commitment to the organisation. But however Buhler (2012), argued that downsizing results in the elimination of average employees leaving the organisation with the best employees. The author further emphasised that best employees are dedicated to their work and hence increase survival chances of the organisation. Shein (2012) further agreed that downsizing splits the performing employees and non performing employees, which enables the organisation to increase returns and therefore increasing survival. However Khan and Naumann (2010), stipulates that a research was carried out on hundred telephone companies before and after downsizing and loss of many customers thereafter. Results indicated that downsizing resulted in current and future negative effects on the performance of organisations.

Laun, Tien and Chi (2013), stipulated that through the process of downsizing it results in the reduction of organisations resources which makes the organisation more competitive, but however the process of downsizing makes the organisation to be less flexible to changes because the organisation would be operating below capacity.

From the above literature it can be deputed that downsizing results in negative effects in the social phenomenon factors of employees which reduces survival chances of the organisation .on the other hand some authors view downsizing as a technique that increase the social phenomenon factors because it separates performing employees from non performing employees which would lead to increased performance of the organisation .Some authors stipulated that downsizing leads to inappropriate size for the organisation which would reduce their performance , however some authors stipulated that downsizing separates the performing employees from non performing employees . This brings the need for this researcher to assess the downsizing as a cost reduction technique implemented by SNV.

2.1.2 Procurement cost reduction

According to SNV procurement policy (2012), the procurement of goods and services should be conducted in truthful, fair and clear manner to ensure that the reputation of the organisation is maintained and the best value for money is given to purchase goods. According to Sollish and Semanik (2006), stipulated that procurement department is a unique department within the organisation because it holds the custodian of the supplier's relationship. The author further stipulated that procurement reduction ensures the reduction of the purchase price of a product or a service which results in increased company performance and survival chances. However Booth (2010), further agreed that procurement reduction increase the chances of survival, because it ensures the calculation of spending amounts that can be saved by various departments within the organisation.

Phil (2010) , stipulates that services and goods have the largest percentage of costs in many organisations, the procurement implementation of reduction would result in a greater impact on the overall costs of the organisation. The author further emphasised that procurement reduction increase the chance of survival but the departmental products and services have to be analysed to enable the organisation to choose the cost effective products or services. Gartenstein (2014), further agree that procurement increase performance of the organisation .The author further emphasised that procurement ensures proper management of costs, whereby the organisation would purchase in bulk to enable lower cost per unit and thereby increase the chances of survival .Moreover Bragg (2010), also agrees that if an organisation purchase large volume of goods from a specific group of suppliers, this would enable the organisation to get discounts and rebates and maintain good relationship with the suppliers .The discounts would facilitate the organisation to reduce costs and therefore boost survival chances .

Gartenstein (2014) , argued that procurement reduction may result in increase in costs due to the management of inventory from bulk purchasing. The author further mentioned that management of inventory results in increase in cost for the organisations due to stock maintenance and therefore increased costs would reduce chances of survival for the companies in downturn. Mena, Christopher, and Hoek (2014), stipulated that procurement reduction leads to increased performance of the organisation because it secures the right price, quality and delivery of purchased items, helping firms to differentiate themselves and win in the marketplace in terms of customer loyalty, brand reputation and increased sale of the product or service. KPMG (2009), stipulated that procurement reduction ensures strategic sourcing, inventory management and quality contracts within the organisations.

But however Booth (2010), Stipulated that it is a challenge to implement procurement reduction technique if the procurement department is not of world class, if the organisation is distrustful and unengaged, if the management and the organisational systems are not reliable and if outsourcing decisions within the organisation have been poor.

As stipulated by the above authors it can be noted that procurement reduction facilitates the purchasing of goods or services at a lower price which enables the organisation to improve their performance .But some authors viewed the purchasing of goods and lower price increased supply which would result in increased cost in stock management . They further added on that inventory management increase the costs of the organisation rather than reducing them. From the gap created by the above authors this researcher seeks to assess the effectiveness of procurement reduction as a cost reduction technique.

2.2 Challenges being faced in implementing current cost reduction techniques.

According to Bragg (2010), stipulated that an organisation may obtain bad reputation from incorrect handling and implementation of cost cutting measures. Luney (2010), argued that most organisations are aware of the cost reductions techniques but they lack proper expertise, capacity and relevant exercises to make the cost reduction a reality. Moreover Luney (2010), further mentioned that management may lack knowledge of the cause of different cost performance, knowledge of significant cost of the organisation and how these costs contribute to the values of the organisation which may be a challenge in implementing cost reduction techniques and it might complicate survival of organisations.

Moreover McCormick (2010), stipulated that most cost reduction techniques are failing to increase performance because employees lack understanding, of why there is need for cutting costs, the process of reducing costs and what objectives the company seek to achieve. The author further highlighted that management should improve communication of what is needed to be done, involve employee in the formulation of objectives and train employees on how to use the proposed techniques, but however some employees might be resistant to the changes in objectives. When the drivers of costs are not correctly identified, unrealistic targets this might lead to challenges in implementing cost reduction. However Carldwell, Butler and Poston (2010), stipulates that one of the challenges being faced by organisations in implementing the cost reduction technique is that management might be reluctant in implementing the techniques, because they may not be away of the need of urgency of the cost positions of the organisation.

2.2.1 Downsizing

2.2.1.1 Resistance by employees to the idea of downsizing

According to Scrivener (2010), postulated that some employees might be resistant to the idea of downsizing because originally idea was not theirs or the fact that the task would require their effort .However some management might not like the idea of someone suggesting how they should operate. The resistance of the management might be a challenge in increasing the performance of the organisation. However Chipunza and Berry (2009), stipulated that the main challenge of downsizing is the survivors quality after downsizing, the survivor's quality includes workers commitment and the motivation to work. The author further stipulated that survivor's quality is a challenge in the reduction of costs because employee's attitudes are unpredictable. Campion, Guerrero and Posthuma (2011) further mentioned that if downsizing is not properly communicated to the employees, employees may be resistant to the idea and therefore reducing the chances of survival.

Bragg (2010), stipulated that not all employees would accept the idea of downsizing, the author mentioned that employees might be resistant to the idea because they would not have been involved and therefore this would reduce the performance of the organisation .Moreover Quast (2012), stipulated that the performance of the organisation might be compromised because employees might fear to lose their jobs, and they might not be secure within the organisation. Moreover Heathfield (2014), stipulated that the process of downsizing makes the surviving employees to reduce their performance because they would be afraid that they would be the next ones to be downsized. Shy and Yun (2009), further mentioned that employees might be resistant to change because it might not have been properly communicated within the organisation.

2.2.1.2 Failure to attend to the surviving employees

Khan and Naumann (2010) stipulated that most downsizing exercises fail to attend to the surviving employees and surviving employees may have emotional contagion, decreased performance and severed relation which may be a challenge to the organisation who would be trying to downsize. Bragg (2010) mentioned that the surviving employees may lose job security and loyalty due to downsizing which may be a challenge to the organisation in increasing the chances of survival for the organisation. Moreover Campion, Guerrero and Posthuma (2011), stipulated that it is of paramount important for the organisation to communicate with employees on the intention of downsizing , the time frame and the severance packages to the employees . This would make employees to feel involved with in the policies of the organisation. Gero (2014) stipulated that many organisations fail to attend to the attitude and the emotions of surviving employees due to downsizing.

Chipunza and Berry (2009) mentioned that employers attend to surviving employees because surviving employees would have good attitude towards their work. Moreover Buhler (2012) mentioned that downsizing properly attend to the surviving employees because the process eliminates average employees. Shein (2012), further mentioned that most organisation would attend to surviving employees because it separates performing employees from non performing employees.

2.2.1.3 Reduced social phenomena

Rehman and Naeem (2012) stipulated that the after effects of downsizing on the survivors include diminished loyalty, negative perception towards job, job insecurity and deficiency in their commitments towards the organization. This might be a challenge that would negatively affect the performance of the organisation. Moreover Khan and Naumann (2010) mentioned that

downsizing affects employees economically, psychological and physically, which may be a challenge in increasing the survival chances of the organisation. Tsai and Yen (2008), stipulated that downsizing results in reduced social phenomena for the employee which would affect the performance of the organisation. However Qsthus and Mastekaasa (2010), mentioned that it is not only the surviving employees that are affected by downsizing, the author mentioned that downsizing also affects the retrenched employees. Moreover Campion, Guerrero and Posthuma (2011), mentioned that downsizing at organizational level results in discrimination and negative outcomes for the surviving employee , which may include lower job satisfaction and higher levels of stress which might hinder the survival of the organisation .

Gero (2014) stipulated that surviving employees are faced with psychological challenges which are known as survivor's syndrome they include stress and job insecurity which may hinder the employees in performance.

2.2.2 Procurement cost reduction

2.2.2.1 The need for experienced expertise

According to Sollish and Semanik (2009), stipulated that the implementation of procurement reduction requires experienced expertise which might be expensive for the organisation which would hinder cost reduction. The author further mentioned that procurement reduction facilitates purchasing in bulk which result in the need of inventory management moreover procurement reduction may lead to increased costs for the organisation which may be a challenge if the organisation is trying to reduce costs. Moreover Bragg (2010), mentioned that procurement reduction requires experts in relevant field to improve the performance of the organisation, because the process involves a lot of paper work from the placing of an order up to the purchase.

KPMG (2009) stipulated that procurement reduction to be effective it requires both the supplier and the management expertise. Kim and Netessine (2013) mentioned that some suppliers may fear to offer their information with the customers. Booth (2010), mentioned that it may be challenge to the organisation if management does not have proper expertise in calculating the spending amounts from each department .Phil(2010), further agreed that they is need for the management to have proper expertise because they would have to analyse departmental costs in order to achieve profitability .

2.2.2.2 Management to supplier relationship

However according Mena, Christopher, and Hoek (2014), stipulated that the other challenge in most organisations is the management to supplier relationship which features , it gives rise to damaged relationship if the management squeeze prices to the supplier . The author further emphasised that poor supplier relationship would result in poor performance of the organisation and hence reduced chances of survival. The author further emphasised that procurement reduction through the process strategic sourcing scheme and renegotiation contracts, the negotiating apparently brings a difference between the original objective .This would increase the performance of the organisation but comparison will not exist between the budgeted and the actual spending. Bragg (2010) stipulated that if a customer asks for discounts from the supplier, the supplier might tend to reduce the quality of their services. Therefore this would be a burden to the organisation.

Booth (2010), Mentioned that procurement reduction technique calculates the amount that can be saved by each department within the organisation. The author mentioned that the spending by these departments have to be regularly checked and if not it will be easy for the departments to spend extra money and the estimated bottom line will be negatively affected. Gartenstein (2014)

mentioned that with proper supplier and customer relationship enables the organisation to purchase at lower value.

From the above literature it can be noted that they are different challenges being faced in implementing downsizing, and procurement reduction which restrain the survival of many organisations. But this author seeks to assess the impact of these challenges to the survival of the organisation.

2.3 To assess how ABC costing and Target costing facilitates cost reduction at SNV

2.3.1 Activity based costing (ABC)

2.3.1.1 Allocates indirect cost to relevant products or services

According to Wyatt (2012), stipulated that the application of ABC costing ensures the allocation of indirect costs to individual products or services so that the contribution of a product or a service to the overall profitability of the organisation can be measured, this would increase the performance of the organisation. And enable the organisation to increase the chances of survival. Kaplan and Porter (2011) further agreed that ABC costing increase the performance of the organisation because it facilitates the allocation of products or services basing on the consumption of resources. Wyatt (2012), argued that though indirect costs in many organisations are more than direct costs the allocation of indirect costs to services may not be effective because they are some costs which cannot be properly apportioned for example audit fees. The author further mentioned that this might place the performance of the organisation at stable because the burden of costs will be transferred from one product to the next. Moreover Lin and Yahalom

(2009) stipulated that ABC costing takes into account all the indirect cost to their relevant activities, this is done to improve the performance of the organisation and to enhance survival.

Joseph and Vetrivel (2012), further mentioned that ABC costing assign indirect costs to relevant products and services to facilitate improved performance. Moreover Griff (2014) mentioned that ABC costing further allocates indirect costs to relevant products and services in order to improve performance. Drury (2012) mentioned that though ABC costing allocations costs to relevant activities it enables the organisation to trace every cost. However Sarokolei and Bahreini (2013) mentioned that ABC costing is only effective if indirect costs constitute a large percentage of the total costs of the organisation.

The above authors mentioned that the use of ABC costing facilitates the allocation of indirect costs to relevant activities, which would facilitate the organisation to increase the chances of survival by eliminating the unwanted activities. Some authors are of the opinion that the allocation facilitates stability others mentioned that it improves survival. This brings the need to assess how the allocation of indirect costs to relevant activities enables survival.

2.3.1.2 Facilitate the elimination of unwanted costs

According to Joseph and Vetrivel (2012) mentioned that through the process of identifying activity, assigning activities to products , ABC costing ensures elimination of waste and reduction of non value adding activities. Reduction of waste or non value adding activities would enable the organisation to increase company performance, and hence increase the chances of survival of companies. Moreover Gilford (2014), stipulated that the use of ABC costing enable the organisation to reduce wastes within the organisation because it eradicate non adding value activities , which gives leaves the organisation with value adding activities . The author further mentioned that value adding activities increase the survival of organisations. Tsai et al

(2010) stipulates that through the identification of the products or services that meet the objectives of the organisation and the elimination of wastes facilitates the improvement in organisational performance.

Gilford (2014) stipulates that through the application of ABC costing the performance of the organisation separates non value adding activities from the value activities which improves the performance of the organisation. Moreover Kapoor (2014), stipulated the application of ABC costing enables the organisation to improve performance through the rectification of irrelevant information. Drury (2012) mentioned that the allocation to relevant cost centers enables the organisation to eliminate wastes and therefore achieve profitability.

2.3.1.3 Identifies cost drivers

Moreover Sarokolaei, Bahreini and Bezenjani (2013), stipulates that through the allocation of costs to cost drivers ensures appropriate and right cost for each product or service. The author further emphasised that the proper pricing of a product would enable the organisation to reduce costs and increase performance of the organisation. Khataie, Bulgak and Segovia (2011), furthermore agrees that ABC costing increases the performance of the organisation because it enables the management of overheads by connecting costs to relevant resource activities. The author further mentioned that the processes of allocating costs to relevant cost drivers enable the organisation to choose products or services that are more profitable. And also according to Lin and Yahalom (2009) mentioned that through the use of ABC costing it enables the tracking of costs because it allocates cost to relevant activities , which would make it easy for the organisation to improve their chances of survival. Joseph and Vetrivel (2012), stipulated that the identification of cost driver by ABC costing facilitates cost reduction and ensures survival for the organisation.

According to Kapoor (2010) stipulated that the selection of cost drivers might include the cost measurement and behavioral affects which might be difficult to identify. Qinhua, Geng and Li (2009) mentioned that cost drivers communicate the resource consumption of a service or product with the final output. Sarokolaei, Bahreini and Bezenjani (2013) mentioned that ABC costing enables the checking of the behavior of costs. This would equip the management with information on how to plan for the costs.

From the above literature it can be noted that the identification of costs drivers facilities the management to plan on how these costs should be incurred on the other note some authors stipulated that it would require an organisation who is in an economically stable environment to manage costs .

2.3.1.4 Facilitates the management of activities and the behavior costs

But however Wyatt (2012), stipulated that with ABC costing enables the managers to manage the activities and not the costs, The author further emphasised that to reduce the cost using ABC either the cost of the activity have to be reduced or a cheaper method of implementing an activity have to be implemented, the author further emphasised that the implementation of ABC costing ensures better performance for the organisation and therefore increased chances of survival. Tsai et al (2010) , stipulates that ABC costing calculates the cost of implementing each project including indirect expenses which are not included by other techniques .This would ensures management of costs that a product or services requires for their implementation . The author further explained that this would enable the management to save costs and increase the performance of the organisation.

Joseph and Vetrivel and (2012) mentioned that ABC costing identifies activities for example the time spend by the employee in performing a task, this would facilitate the organisations to

manage costs. Moreover according to Sarokolaei, Bahreini and Bezenjani (2013), stipulated that ABC costing facilitates survival because it enable identification the behavior and nature of costs, since activities have different natures. Rajuiyer (2014), stipulates that ABC costing enables the control and identification of costs to ensure the improved organisational performance.

Kapoor (2010), stipulated that ABC costing might not ensure the management of costs, rather it is expensive to implement. Qinhua, Geng and Li (2009) mentioned that through the identification of the driving force hidden behind the cost and the cause of the costs, it enables the organisation to manage costs and hence to meet the desired performance.

However according to Pike, Tayles and Mansor (2011), mentioned that in a research they carried out in Southern East Asia, the results proved that the implementation of ABC costing may depend with the ABC system implemented by the organisation .Further mentioned that development inputs and the user performance have to be considered because of the variation of the systems types .And that if an organisation implement a standalone system the performance of the organisation may be low.

From the above literature it can be noted that some authors are of the opinion that ABC costing increase the performance through the elimination of wastes, allocation of costs to relevant costs, identifies cost drivers and facilitates the management of costs. But some authors mentioned that for ABC costing to be effective it would depend on the ABC system implemented and the skills of the management. On the other note some authors stipulated that ABC costing is expensive to implement instead of reducing costs , it might loom more costs from the organisation .This brings this researcher to assess the how ABC costing facilitates the reduction of costs at SNV .

2.3.2 TARGET COSTING

2.3.2.1 Reduces the overall cost of the product or services

Joseph and Vetrivel (2012) , defined target costing as a costing technique that reduces the overall cost of a product or a service with the assist of research and development department , engineering department , marketing and accounting departments. The author further mentioned that target costing technique recognises cost that are expected to be incurred by a project, this enables the organisation to plan properly and hence reduce overall costs of an organisation Bragg (2010) mentioned that target costing improves the performance of the organisation because it identifies the costs that are expected to be incurred on the product or service.

Lin and Yahalom (2009), stipulated that the use of target costing facilitates the use of cross useful departments and brings a service that is desirable and affordable to the users and this would facilitate increase in the performance of the organisation. The author further emphasised that the use of target costing enables the management to reduce the overall cost of the organisation .Moreover it would enables employees to take responsibility of the costs because it enables employees from all areas to analyse costs. It also enables services organisations to assess the impact of new services comparing them with the new ones. Moreover according to management accounting (2011), stipulated that for target costing through the use of cross functional department facilitates the communication within the organisation , this would enable the organisation to increase their survival chances .Bernal el tal (2009), stipulated that the use of target costing reduces the overall costs of the service to achieve profitability .However mentioned that economic fluctuations may hinder the prediction of the overall price of a product or service. The author further mentioned that for target costing to be effective it would require an organisation in a stable economy.

From the literature above it can be noted that the use of target costing enables the reduction of the overall cost of the product or service, But however some authors mentioned that for the organisation to effectively reduce the overall price it would depend with the environment in which they are operating in .This brings this researcher to asses on how the reduction in the overall costs of the product facilities survival at SNV.

2.3.2.2 Manages costs from the early stages of the product or service

Drury (2012) mentioned that target costing is a costing technique that ensures management of cost from the early stages of a product or service. Further emphasised that the management of cost from the early stage would enable the management to make adjustment of the product or service design to achieve minimum costs which would facilitate survival. Moreover Yahalom (2009), stipulated that the identification of costs from the early stages of the service enable the management to control costs, which would facilitate the increase in survival chances of the organisation. Moreover according to Joseph and Vetrivel (2012), stipulated that target costing facilities improved performance and short life cycle of services within the organisation because it identifies costs from the design stage up until when the product is launched. Moreover Bragg (2010) stipulated that through the identification of the service at early stages, it enables the organisation to redesign the product in order to meet the desired return .Bernal el tal (2009) stipulated that the cost of the service are identified during the early stages of the product .Choe (2011) mentioned that target costing facilitates improved efficiency because it is implemented in the developing and designing stages of product, therefore enhance improved performance .Sarokolei and Rahimpour (2012) mentioned that though target costing facilitates the management of costs which enables the organisation to meet the targeted profit , the management of costs requires experienced employees.

From the above literature it can be noted that through the use of target costing it facilitates the management of costs from the early stages of a product or service. But some authors stipulated that it would require experienced management and a stable environment. However this brings this researcher the need to assess the impact of managing costs from the early stages of a service.

2.3.2.3 Facilities the achieving of set objectives

According to Sondergel (2012), stipulated that target costing increase performance because it enables employees to work towards achieving the set objective and their performance can be measured. The author further agrees that target costing is a cross functional technique which includes all the departments including the marketing, accounting, engineering, top management and the research and development. This makes all the departments to be aware of the costs that the organisation is seeking to achieve and it ensures profit management.

However Huh and Yook (2008), argued that target costing does not only result in increased performance , but for target costing to be successful it requires many tools and techniques which are dynamic and broad .The author further emphasised that target costing ignores these two factors , which complicates the survival of the organisation . The author added on the fact that target costing may be difficult to implement because it requires experts and through the process relevant costs may be omitted which result in losses to the organisation. Lin and Joseph and Vetrivel (2012), argued that target costing is not a cost reduction technique but rather a management control technique which focuses on the customers. Bragg (2010), stipulated that through the identification and the implementation of target costing it facilitates improved performance within the organisation. Bernal el tal (2009) stipulated that costs are reduced in order to meet the set objectives.

From the above literature it can be noted that target costing enables improved survival for the organisation because it facilitates the reduction of overall cost, it enables the management of costs, enables the organisation to work towards the set objectives and it makes use of the cross functional departments .However some authors stipulated that target costing reduces chances of survival because it enable the management to manage costs and not to reduce the costs, it requires effective communication and the implementation is dynamic and broad which can be expensive to the organisation . Therefore this researcher seeks to assess the impact of target costing on the survival of SNV.

2.4 To evaluate the impact of cost reduction techniques on the chances of survival.

According to Reeves and Demler (2009), in cases of downturn of organisations management might seek to protect organisation through the process of cost reduction. The author further mentioned that organisation may implement effective cost reduction techniques if the organization's resources are healthy, they would facilitate increased survival. Bragg (2010) mentioned that planning for survival might be associated with risk, but if survival takes more time is might not be competitively advantageous. The author further mentioned that the focus on cost reduction in downturn would drive away long term superior performance. According to KPMG (2009), stipulated that proper implementation of cost reduction techniques results in good results which may facilitate the survival of the organisation .However Dubreze (2014) argued that in an attempt to cut cost and still be competitive is advantageous if the investor does not detect or notice the reason for reducing costs. This would have avoided the loss of potential investors.

According to McCormick (2010), stipulates that most organisations are focusing on cost reduction as a strategy of driving away growth rather than as a strategy for survival. It is of paramount importance to ensure that they are enough finances to carter for the short term forecast for the strategies to be implemented. If not the case the organisation might be faced with urgent cost cutting strategies which might be unsustainable for the entity.

Bragg (2010) , identified employee benefits as the second largest expense in organisations. And that the reduction in employees would result in more short term expenses. These expenses include termination benefits. The organisation should have the funds to pay for the termination expenses, to secure the survival of the organisation .However the termination might result in reduced wage bill in the future which is advantageous to the organisation. And hence increase the chances of survival in the future .McCormick (2010), highlighted that a cost reduction strategy which is not suitable for the business would reduce the chances of survival .An inappropriate cost reduction strategy damage the survival of the organisation in the selected organisation .Moreover for organisations seeking to survive they are avoiding cost reduction techniques which are not favorable to the regulatory laws of health and others that might require an effective cost structure.

However Phil (2009), a well planned cost reduction technique will enable the organisation to be competitive in the market. Cost reduction techniques assist the organisation in difficult times to enable future growth of the organisation. Savings from cost reduction enable the organisation to reallocate the savings to most profitable activities. KPMG (2009) stipulated that effective cost reduction within the organisation can be achieved if the organisation is aware of the driver of costs.

As stipulated in the above literature review it can be noted that effective cost reduction techniques within the organisation increase the chances of survival but if the costing techniques are not effective the objective of increasing the chance of survival might not be effective. Therefore this brings the need to assess how cost reduction techniques increase the chances of survival at SNV.

2.5 To establish the most appropriate practice for cost reduction techniques for SNV.

According to Bragg (2010), stipulated that cost reduction strategies provides realistic strategies that can be implemented by organisations to increase their performance. The author further emphasised that the best practice is achieved through consultation from experts, experience and research and the best practice for cost reduction should be in line with the requirements of the organisation. According to SNV services (2014), SNV has three donor funded sectors namely Agriculture, WASH and Renewable Energy. SNV can implement target costing whereby they can identify the project that is more profitable in order to survive. Stratton (2012), stipulated that target costing can be implemented by service firms to improve their performance. According to McCormick (2010) identified a procedure to achieve an effective cost reduction technique. Moreover Joseph and Vetrivel also stipulated that target costing can also be applied in service firms to increase the performance of the organisations in uncertain economic environment.

2.5.1 The organisation should establish the targeted cost

According to Joseph and Vetrivel (2012), stipulated that the use of target costing ensures a competitive advantage to the organisation which enables then to increase performance. The author further emphasised that target costing is a backward method in which the organisation stipulates their desired profit in order for them to charge a desired price. McCormick (2010)

added on to mention that target costing ensures shorter life of the services because the cost is targeted from design, launch, and implementation up to the selling of services. Target costing provides information to employees on how much time they would need to finish a project. Bernal et al (2009) mentioned that an effective target costing enables the organisation to set a target.

According to McCormick (2010), the organisation should assess whether the initial budgeted costs can meet the targeted costs. If the budgeted can meet the targeted costs the project should be implemented because it would result in profits. Sondergel (2012), further agreed that the evaluation of the target cost that is needed to be achieved by the organisation enables the organisation to operate in line with the objectives that they need to achieve. The author further emphasised that this would enable the organisation to achieve better performance results.

McCormick (2010), further mentioned that the existence of some cost may be influenced by decision made in the past. The author further stipulated that target costing enables the organisation to assess the environment in which the organisation is operating in; this would enhance the firm to increase their performance. Sarokolei and Rahimipoor (2012) mentioned that for the desired profit to be achieved the environment in which the firm is operating should be competitive in order to achieve survival.

2.5.2 The organisation should achieve efficiency

According to Joseph and Vetrivel (2012), target costing includes the entire departments that are involved in the implementation of the product or services. This would ensure efficiency within the organisation because costs are saved at every stage of the project. Ellram (2006) further agrees that the involvement of the research and development department, engineering department, marketing and accounting departments facilitates the coordination of ideas in order

to save costs. However Drury (2012) stipulates that efficiency of the organisation is achieved because the product or service life cycle is assessed first before it is implemented. According to Lin and Yahalom (2009) target costing ensures efficiency because it manages the product from the initial stages of the product or service. The author further emphasised that target costing ensures increases performance through the involvement of all the departments within the organisation.

McCormick (2010) stipulated that with a planned timetable most organisations can monitor their cost savings to ensure that the target is achieved. However Lin and Yaholo(2009), stipulated that target costing is a backward technique that starts from the targeted price of a product or a service. This price is placed based on the expected outcome. Moreover it indicates the life cycle pattern of a product or a service. The author further emphasised that enables the management to monitor the results. Sarokolei and Rahimipoor (2012) urged that efficiency might not be achieved because if the price does not meet the market requirements the organisation would seek to reduce the price which might not be effective for the organisation.

2.5.3 Involve employees

According to Lin and Yahalom (2009), stipulated that through the involvement of all the departments in the process of saving costs. This would motivate employees to work towards a targeted objective, but however employees must be motivated to achieve best results. Employees should be involved in the formulation of the cost reduction techniques .And have to an understanding of where the cost reduction technique is headed so that they would not feel like more work on their desks. Management should address what is urgent and clarify their reasons so as to create collective tackling of issues. Moreover Sondergel (2012) further agreed that the involvement of employees in the implementation of target costing ensures improved

performance of the organisation. Bernal el tal (2009) mentioned that all employees must be involved to avoid interminable process of coordination. Choe (2011) stipulated that the involvement of employees through the physical interactions enable the employees to share knowledge and values and therefore increasing performance for the organisation. Drury (2012), further mentioned that for target costing to be effective they is need to involve employees from all departments in order for the cost reduction technique to be effective .

From the above literature it can be noted that for target costing to be effective for the organisation employees have to be involved in the process, economic drivers have to be identified , results should be monitored , the organisation should achieve efficiency and the budgeted costs should meet the targeted cost of the organisation .

2.6 Summary

In this chapter the researcher looked at what other authors view on the current cost reduction techniques being implemented by SNV, the challenges being faced in implementing the techniques, evaluated ABC costing and target costing as techniques to be implemented by SNV, viewed the relationship that exists between cost reduction and the chances of survival, came up

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The concern of this study is to investigate whether the cost reduction techniques increase the chances of survival at SNV .This chapter will explain the research methodology to be used in the collection of data, justification of the methods to be used and methods used to test the research model. It will focus on the aspects of research design. Research instruments to be used and the justification of using the instruments .The research will also explain how data will be collected, analyzed and presented in order to answer the research questions and to make conclusions afterwards.

3.1 Research design

Noble and Bestley (2011) defined research design as a clear description of procedures and methods that can be used in gathering relevant information that would be required. This researcher used a combined research approach which includes qualitative and quantitative research for gathering and analysis of interviews and questionnaires. The researcher used qualitative because it is useful in clarifying the gathered information for interviews and it is less time consuming and provides information of specific characteristics in limited population.

Moreover the researcher used quantitative research design because it enables the researcher to quantify the responses from the interviews .This facilitated the researcher to mathematically and statistically analyse data to come up with accurate results. In this research the researcher made

use of the case study .Because case study enables the researcher to explore other alternative methods that can be used by the organisation under study .And also the researcher used case study because it can be conducted in a short period of time with limited resources.

Chipunza and Berry (2009) used combined research design in their research of assessing the commitment of employees after downsizing .The author mentioned that the research was successful because it facilitated the clarification of information.

3.2 Target Population

Abdu (2009), defined population as the total number of people or collective concerns that results in collection of relevant information. Target population is the sample population that the researcher used .The target population for this research was employees of SNV Netherlands development organisation Harare .The population ranged from the country director, country controller, accounts, procurement officers, project managers and local capacity builders.

3.3 Sampling techniques

In this research, the researcher chose to use stratified sampling technique. According to Bryman (2008) stratified sampling technique divides the targeted population into different categories. For the purposes of this research the targeted population consists of the different categories with different individualities for example the management and the employees. Targeted population was picked from the country director, country controller, accounting department, project department and from the procurement department .The researcher choose to use this method because the gathering of information from different groups enables the researcher to obtain reliable results from a given population. Moreover stratified sampling was used because it reduces human bias in selecting the respondent's .And also it enables the research to compare the results from the different groups.

Moreover in selecting the population the researcher used judgmental sampling technique .Because the population of the research study is limited .According to Saunders (2009) mentioned that judgmental sampling technique is used in population that is limited .The researcher choose participates who are believed to have the best source of information because of their experience and their qualification in the relevant field.

3.4 Sample size

The sample size in this research was made up of twenty six respondents from SNV. Twenty two of them responded through questionnaires and four through interviews Bryman (2008) mentioned that the size of the sample does not control the importance of the research .The author further emphasized that there are no boundaries in influencing the sample size .In this research the researcher selected the country director down to the procurement officers as respondents for the purpose of this research.

Table 3.1 population sample size

Category	Population	Sample size	Percentage (%)
Country director	1	1	100
Accountants	6	6	83
sector leaders	5	3	80
Senior programme advisors	6	5	83
Country controller	1	1	100
Local capacity builders	5	4	80
Procurement officers	4	2	75
Total	28	22	86

Indicated in Table 3.1 is the targeted population and the sample size selected by the researcher. Shown is the sample size percentage of 87% and this would entail that the results obtained from the sample would be accurate. According to Cooper (2008) mentioned that a sample size of above 60% and above would mean that the results obtained from the sample size would be accurate.

3.5 Data sources

Multi approach of data usage was used in this research because both primary and secondary data was used.

3.6 Secondary data collection

Sindhu (2012) mentioned that secondary data is either obtained from internal or external sources .The author further mentioned that secondary data is easy to obtain because it is readily available to obtain than primary data.

In this research the author made used secondary data because it facilitates the researcher to compare their work with that of other authors and to asses other scholars views in relation to cost reduction techniques .But however Bajpai (2011) mentioned that secondary data is requires more time to collect than primary data .Secondary data for this research was collected from published work of other authors and from SNV databases .secondary data was less time consuming in this research because information was readily available and it was less costly .Moreover secondary data made impact through the reveling of other authors literature which made the researcher to identify the gaps that where in relation to the area of study .However the information from the secondary data was used to justify the research hypothesis and this took less time and cost of gathering other primary data .

3.7 Primary data collection

Sindhu (2012) defined primary data as the collection of original information from the market. The author further mentioned that the reason why some information have to be collected from the market is that some information would not be available on the internet. In this research the researcher made use of primary data because it provides results which are less biased, more accurate and information that is reliable to the research as compared to secondary data.

3.8 Research instruments

3.8.1 Questionnaires

Questionnaires are written questions that are used to collect information about a particular research in question. Rowley (2014) mentioned that questionnaires can either be open or closed ended questionnaires. This researcher chose to use c questionnaires because they enable the gathering of information in a short period of time. But however this researcher will use closed ended questions on questionnaires to save time, to obtain more information in a less period of time and to guide the respondents so that they cannot go off the topic. Bray (2009) mentioned that the use of questionnaires enables the researcher to gather more information in a less period of time.

Questionnaires enable the researcher to obtain truthful responses because they will not be a direct contact with the respondents. And the respondents will be aware that there responses will not haunt them unlike with interviews. More the researcher used questionnaires because it gives the respondents enough time to go through the questions before they give responses. And also questionnaires enables gathered information to be analysed and compared with other results. Patch (2008) mentioned that from the questionnaires a response rate of 70% is acceptable.

3.8.2 Likert scale questions

Armstrong and Taylor (2014) stipulated that likert scale questions range from one extreme to the other. The respondents would have to respond on whether they strongly agree, agree, strongly disagree, strongly disagree , disagree or uncertain .Shank and Bircher (2009) stipulated that likert scale are useful especially in addressing challenging research questions .The researcher made use of likert scale responses in this research because it facilitates the quick identification of problems and they are easy to use . Moreover the respondents would have a guideline of the research topic. The respondents would have to tick on the boxes as illustrated below.

Strongly Agree

Agree

Uncertain

Strongly disagree

Disagree

3.9 Interviews

Saunders (2009) defined interview as the oral technique used in collection of data directly from an individual. The author mentioned the interviews can either be structured or unstructured .It involves face to face discussion between the respondent and the interviewer .It facilitates the respondent with an opportunity to ask questions were they is no clarity and it also enable the researcher to notice areas that require clarity in relation to the relevant study .

The researcher choose to use open ended questions because according to Saunders (2013) mentioned that open ended interviews clarify further issues that had not been focused by the researcher but that are relevant to the research. It clarifies areas of study that requires further studies .Saunders and Thornhill (2011) mentioned that interviews enable the researcher to obtain information when the questions are complex. In this research the researcher made use of the open ended interview questions were by the respondents were free to ask questions for further explanations required .Moreover the interviews enabled the researcher to notice non verbal communication from the respondents which required clarifications or restructuring in some questions . But however according to Sue and Pitter (2012) mentioned that the use of interviews may be time consuming and some interviews might fail due to the need to book appointments with the interviewees.

For the purposes of this research the researcher used structured interview questions were by the questions were readily available before the interview .The interview question were a follow up from the questionnaires.

3.10 Validity and reliability of research instruments

Saunders (2009) defined validity as the evaluation of information with the conditions and requirements in order to obtain accurate and truthful information. For information to be valid it has to be correct and accurate. Validity guarantees that the information gathered from the targeted population is valid. Saunders (2009) defined reliability of research instruments as the consistent findings in which the results collected would be collected and analyzed. The researcher gathered information constantly to ensure that information is accurate for it to be reliable. However, this researcher made use of the questionnaires and interviews as research tools to ensure validity and reliability of information.

3.11 Data analysis and presentation

According to Bird (2013), data analysis and presentation refers to the application of statistical and sound techniques that facilitates the explanation, illustration and the evaluation of information. For understandability of the gathered information, the researcher presented information using pie charts, graphs and tables. In this research, data was analysed in percentages. The researcher analysed data using measures of central tendency which includes the use of mean and modes.

3.12 Summary

This chapter looked at the research methods that were used in this research. The researcher further looked at the advantages and the disadvantages of research instruments, research methodology, sample techniques, sample size and the research design. The next chapter will focus with the presentation of the data from the respondents at SNV.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter will analyse the gathered information from SNV Netherlands development organisation employees. The researcher made use of data gathered from questionnaires and interviews and analysis of these data was done in this chapter. An analysis of the data is based upon addressing the research objectives and giving solutions to the sub research questions. Kumar (2011) mentioned that the collected data remains not good enough for the management until it is presented in such a way that will work as an aid to management in decision making.

4.1 Presentation of data analysis

Data in this chapter will be presented using tables, pie charts and graphs.

4.2 Questionnaire response rate

Of the twenty two questionnaires sent 20 out of 22 questionnaires were successful and 2 out of 22 were unsuccessful. Some questionnaires were unsuccessful because some respondents were very busy to attend to the questionnaires. The schedule below represents the distributed questionnaires and their response rate.

Table 4.1 Questionnaire response rate

Respondents	Questionnaire distributed	Questionnaire response	Percentage response %
country director	1	1	100
County controller	1	1	100
Accounts	6	6	100
Sector leaders	3	2	67
Senior programme advisors	5	4	80
local capacity builders	4	4	100
procurement officers	2	2	100
Total	22	20	91

Source: primary data

As indicated in table 4.1 above it can be noted that the researcher collected 20 out of 22 questionnaires that were sent to the respondents. A response rate of 91% was obtained. Patch (2008) mentioned that a response of 50% is unacceptable and that of 70% and above is acceptable. Therefore this would entail that the information gathered can be used reliably in the presentation, recommendation, summary and conclusions of this research.

4.3 Questionnaire response presentation and analysis

Question 1: The following are the current cost reduction techniques implemented at SNV

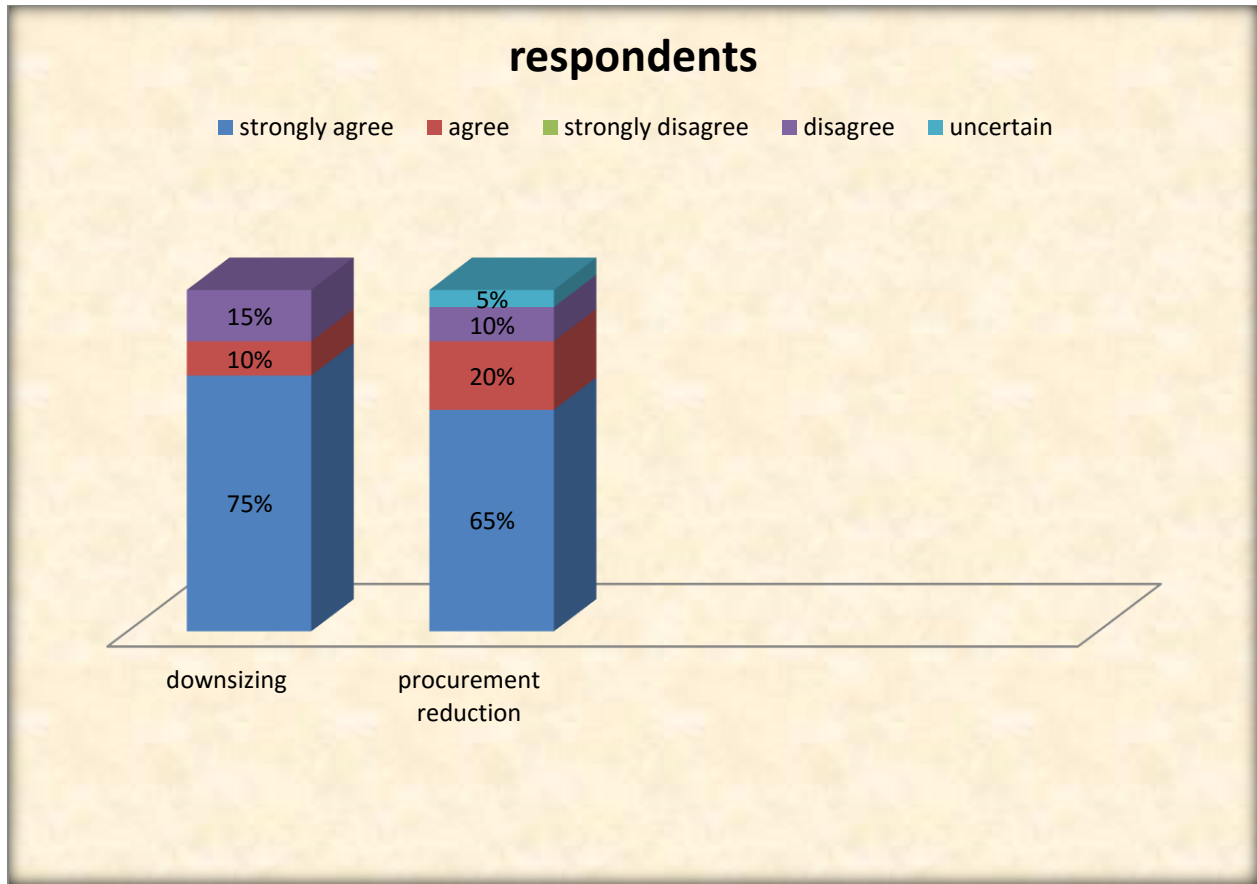


Fig 4.1 current cost reduction techniques at SNV

Downsizing

From fig 4.1 above it can be noted (15/20) 75% of employee strongly agreed, (2/20) 10% respondents agreed, and (3/20) 15% disagreed and no one of the respondents strongly agreed or were uncertain that downsizing increase the chances of survival. Mode being 17/20 respondents agreed and the mean of the respondents strongly agreed that downsizing is the current cost reduction technique implemented at SNV in reducing costs and increasing the survival chances. These respondents were in agreement with Rehman and Naeem (2012) who mentioned that downsizing is a cost reduction technique that can be implemented by organisations as a cost reduction technique in improving the survival chances of the organisation.

The main aim of this research question was to find out whether downsizing was implemented at SNV to increase the chances of survival. The researcher was justified that downsizing is the current cost reduction techniques since the modal respondents were of the same opinion.

Procurement reduction

From fig 4.1 above it can be noted that 13/20 (65%) strongly agreed, 4/20 (20%) agreed, 2/20 (10%) disagreed and 1/20 (5%) was uncertain and none of the respondents strongly disagreed. The mode of the respondents being 17/20 were in agreement that procurement reduction is the current cost reduction technique which was implemented to increase the chances of survival. Mean of the respondents agreed to the question. The mode and the mean of the respondents were in agreement with Bragg(2010) who mentioned that procurement reduction increases the chances of survival.

The main purpose for asking this question was to find out whether procurement reduction is the current cost reduction technique implemented to increase survival. From the results the research was justified that procurement reduction is the current cost reduction techniques.

Question 2: the following increases the chances of survival at SNV

Downsizing

The main motive for asking this question was to obtain assurance as to whether downsizing increase the chances of survival. As indicated in fig 4.2 it can be noted that 10/20 (50%) disagreed, 5/20(25%) strongly disagreed, 1/20(5%) agreed, 4/20(20%) strongly agreed and none of the respondents was uncertain

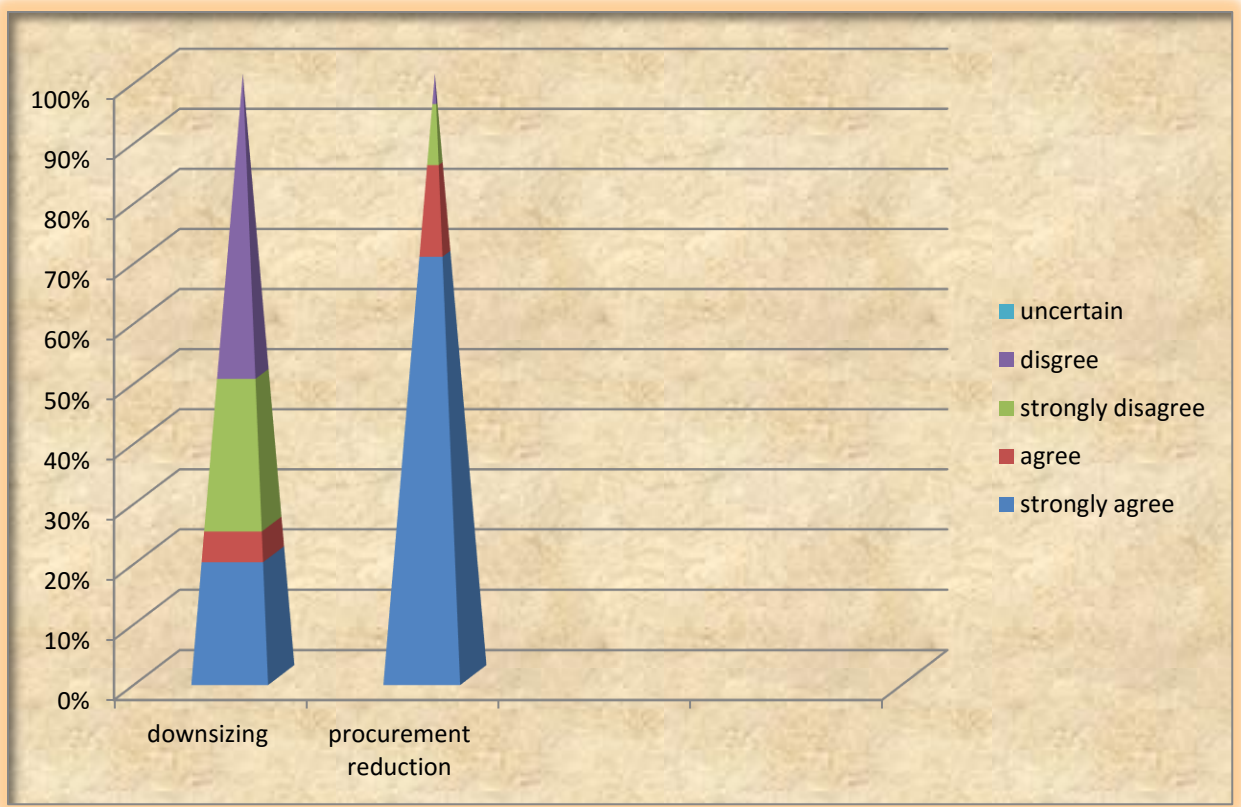


Fig 4.2 downsizing and procurement reduction in increasing the chances of survival

The mean of the respondents being 1 means that on average the respondents strongly disagreed. Mode the respondents being 15/20(75%) disagreed that downsizing increases the chances of survival .Mode and the mean of the respondents were in agreement with Khan and Naumann (2010) that downsizing does not result in increased organizational performance but rather negative impact on the chances of survival..

The researcher was assured from the responses that downsizing does not result in increased chances of survival but rather reduces the chances of survival.

Procurement reduction

The researcher found out that 14/20(70%) strongly agreed, 3/2(15%) agreed, 2/20(10%) strongly disagreed, 1/20(5%) disagreed and none was uncertain. Mode of the respondents being 17/20(85%) agreed that procurement reduction increases the chances of survival. Respondents

were in agreement with Booth (2010) that the implementation of procurement reduction increases the survival chances for organisation .Mean of the respondents being 4 means that the respondents agreed that procurement reduction increase the chances of survival .The respondents who agreed with Mena, Christopher and Hoek (2014) who stipulated that procurement reduction result in increased chances of survival for the organisation

The main purpose for asking this question was to obtain assurance as to whether procurement reduction increases the chances of survival. From the responses gathered from the questionnaires the researcher was justified that procurement reduction increases the chances of survival for organisations.

Question 3: Target costing and ABC costing can be implemented to increase the chances of survival at SNV.

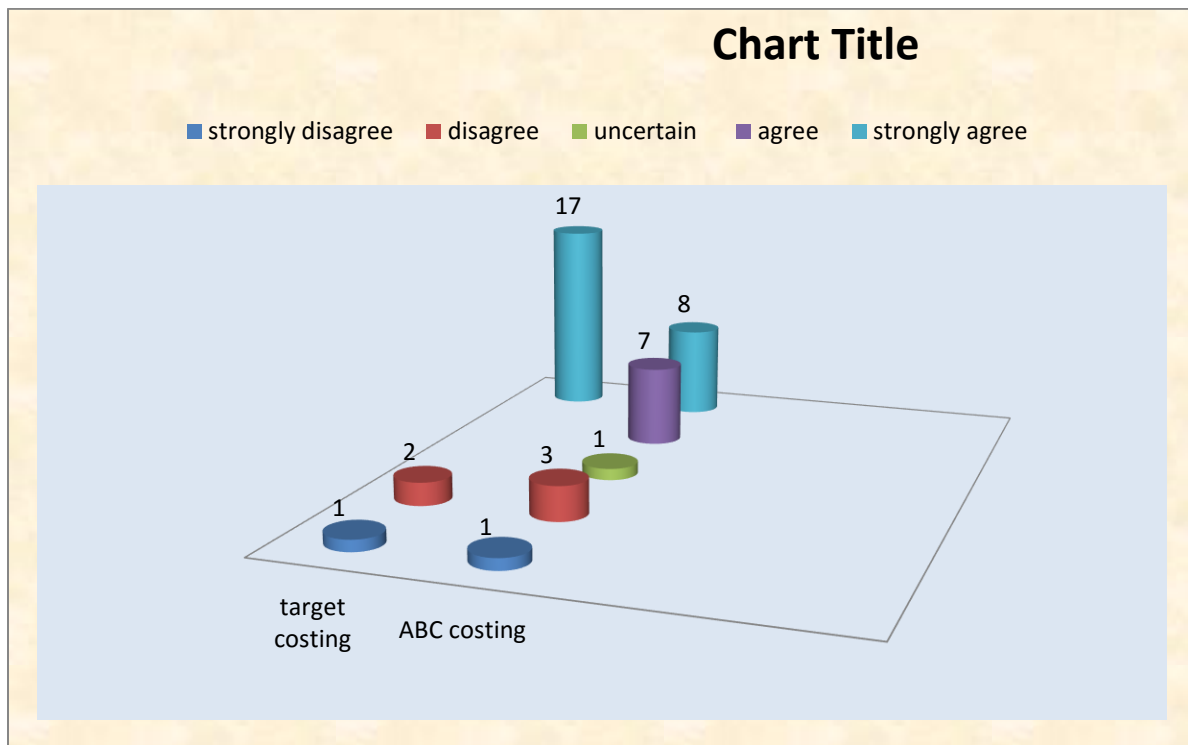


Fig 4.3: Target costing and ABC costing in increasing the chances of SNV

Target costing

The researcher found out that 17/20(85%) strongly agreed, 3/20(15%) disagreed and none agreed, strongly disagreed or were uncertain. Mode of the respondents being 17/20 were in agreement that target costing increases the chances of survival .These respondents agreed with Joseph and Vatrivel (2012). Whereas 3/20(15%) were in agreement with Bernal el tal (2009) that target costing does not result in increased survival chances for the organisation. Mean of the respondents being 5 means that the respondents strongly agreed that target costing increase the chances of survival.

The main aim for asking this question was to assure the researcher as to whether target costing results in increased chances of survival. The researcher was assured that target costing increases the chances of survival.

ABC costing

As indicated in the fig 4.3 above 8/20(40%) strongly agreed, 7 /20(35%) agreed, 1/20(5%) strongly disagreed, 3/20(15%) disagreed and 1/20(5%) was uncertain as to whether ABC costing increase the chances of survival .The mode of the respondents being 16/20(80%) agreed that ABC increases the chances of survival; they were in agreement with Gilford (2014). 4/20(20%) of the respondents disagreed that ABC costing increase the chances of survival . The mean of the respondents being 4 means that on average the respondents agreed that ABC costing increase the chances of survival. However these respondents were in agreement with Kapoor (2010) who mentioned that ABC costing increases the chances of survival thee were in agreement.

The researcher asked this question to obtain assurance as to whether ABC costing can be implemented to increase the chances of survival for the organisation. From the responses the researcher was assured that ABC costing increases the chances of survival.

Question 4: The following are the challenges being faced in implementing the current cost reduction techniques.

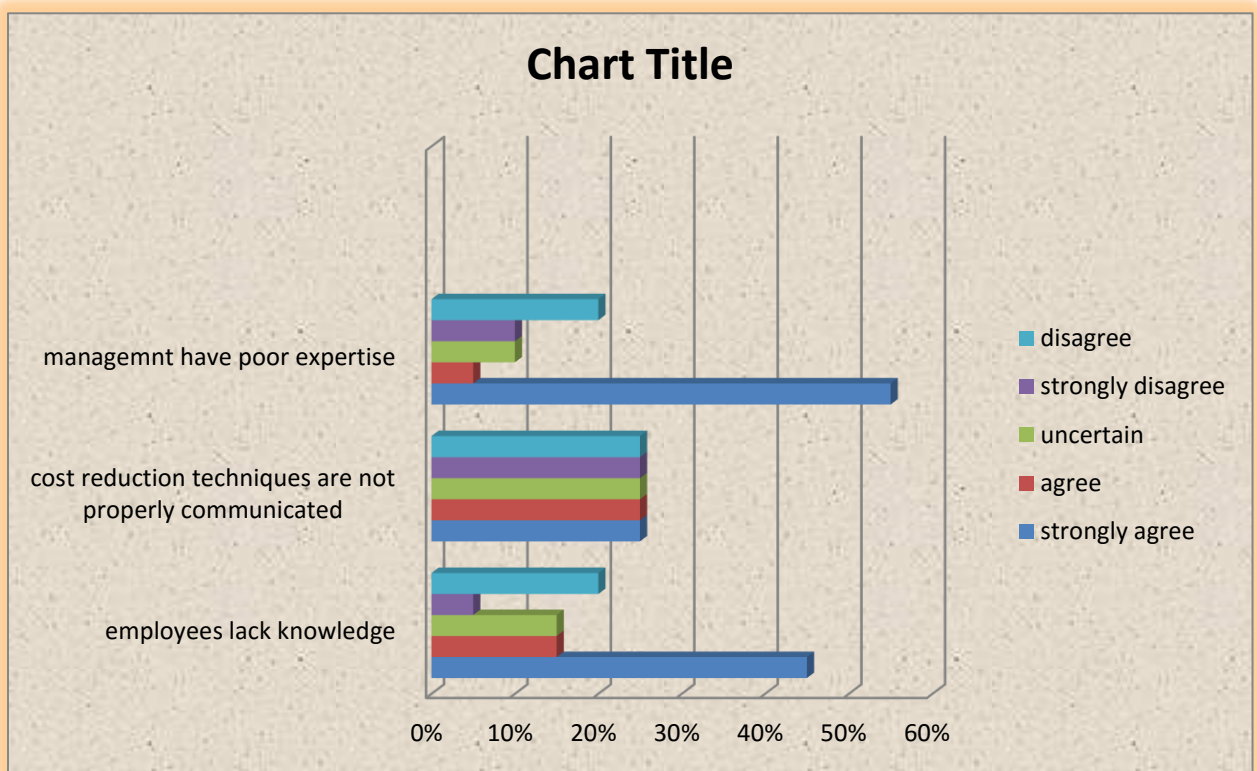


Fig 4.4 Challenges faced in implementing current cost reduction techniques

Employees lack knowledge

The researcher found out that 9/20(45%) strongly agree, 3/20(15%) agreed, 1/20(5%) strongly disagreed, 4/20(20%) disagreed and 3/20(15%) were uncertain. Luney (2010) mentioned that employees lack knowledge of the cost reduction techniques. This author was in agreement with

the mode of the respondents being 12/20(60%) who agreed that employees lack knowledge of the cost reduction techniques to improve the survival chances of the organisation.

But however 5/20(25%) disagreed that employees lack knowledge, they were in agreement with Bragg (2010) who mentioned that employees have proper skills to implement the cost reduction techniques .However they were some respondents who were uncertain as to whether employees have the proper skills or not .The mean of the respondents is 4 meaning that on average the respondents agreed that employees lack knowledge.

The researcher asked this question in order to obtain information as to whether employees lack knowledge in implementing the current cost reduction techniques. From the results obtained the researcher was assured that employees lack knowledge of the current cost reduction techniques.

Management has poor expertise

From the questionnaires the researcher found out that 11/20(55%) strongly agreed, 1/20(5%) agreed, 2/20(10%) uncertain, 2/20(10%) and 4/20(20%) disagreed. The mode of the respondents being 12/20(60%) agreed that employees lack knowledge of the cost reduction techniques .According to Luney (2010) stipulated that management lack knowledge of the current cost reduction techniques that may hinder the chances of survival. The mean of the respondents being 4 means that on average the respondents agreed that management lack poor expertise of the cost reduction techniques.

The main purpose for asking this question was to obtain information as to whether management have poor expertise in implementing the current cost reduction techniques .From the results the researcher was justified that management have poor expertise in implementing the current cost reduction techniques .

Cost reduction techniques not are properly communicated

The researcher found out that 10 % (2/20) of the respondents strongly agreed, (20%) 2/10 agreed, 50% (10/20) uncertain, 20% (4/20) strongly disagreed and 10% (2/20) disagreed. From the results the mode of the respondents being 50 % (10/20) were uncertain as to whether the current cost reduction techniques were properly communicated to the respondents. The mean of the respondents were uncertain as whether cost reduction techniques are properly communicated. These respondents were in agreement with Luney (2010) who was indifferent as to whether cost reduction techniques were properly communicated.

The mode of the respondents were in agreement with Carldwell , Butler and Poston (2010) .30% of the respondents disagreed that cost reduction techniques are not properly communicated these authors were in agreement with Bragg (2010) who mentioned that cost reduction techniques are properly communicated to the to both management and the personnel .

The main motive for asking the question was to equip the researcher with knowledge as to whether the cost reduction techniques are properly communicated. From the responses the researcher was justified that employees were uncertain as to whether cost reduction techniques are properly communicated to employees.

Question 5: The following are the challenges being faced in the implementation of downsizing.

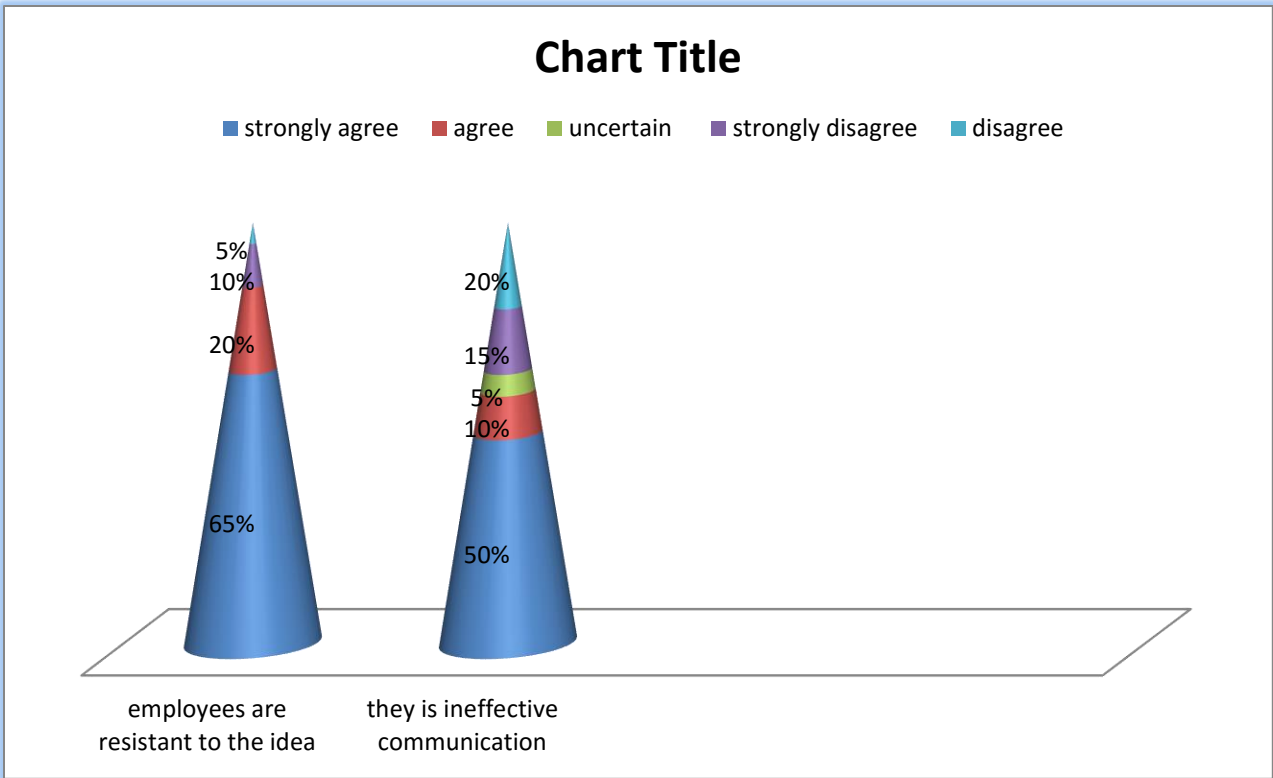


Fig 4.5 challenges faced in implementing downsizing

Employees are resistant to the idea of downsizing

The researcher found out that 13/20(65%) strongly agreed, 4/20(20%) agreed, 2/20(10%) strongly disagreed, 1/20(5%) disagreed and none of the respondents were uncertain that employees are resistant to the idea of downsizing. Mode of the respondents being 85% (17/20) agreed that employees are resistant to the idea. These respondents were in agreement with Scrivener (2010) mentioned that some employees might be resistant to the idea of downsizing. Mean of the respondents being 4 mean that on average the respondents agreed that employees are resistant to the idea of downsizing.

The main motive for asking this question was to ascertain the extent to which employees are resistant to the idea of downsizing. From the findings the researcher was ascertain that employees are resistant to the idea of downsizing.

They is ineffective communication

The researcher found out that 10/20(50%) of the respondents strongly agreed, 2/20(10%) agreed, 1/20(5%) uncertain, 3/20(15%) strongly disagreed and 4/20(20%) disagreed. that they is ineffective communication of downsizing within the organisation .Mode of the respondents disagreed that there in ineffective communication of downsizing. These respondents were in agreement with Khan and Naumann (2010) who mentioned that downsizing is properly communicated within the organisations. Mean of the respondents was 4 which imply that on average the respondents agreed they is no proper communication which reduces the chances of survival.

The aim of this question was to prove whether they is ineffective communication of downsizing within SNV. The researcher was justified that they is ineffective communication of downsizing within the organisation.

Question 6: The following are the challenges being faced in the implementation of procurement reduction

As indicated in fig 4.6 challenges being faced in implementing procurement reduction might include management lacing experience , it might result in management of inventory and it might result in management to supplier relationship . The main motive for asking this question was to obtain assurance as to whether these challenges exists in implementing procurement reduction .

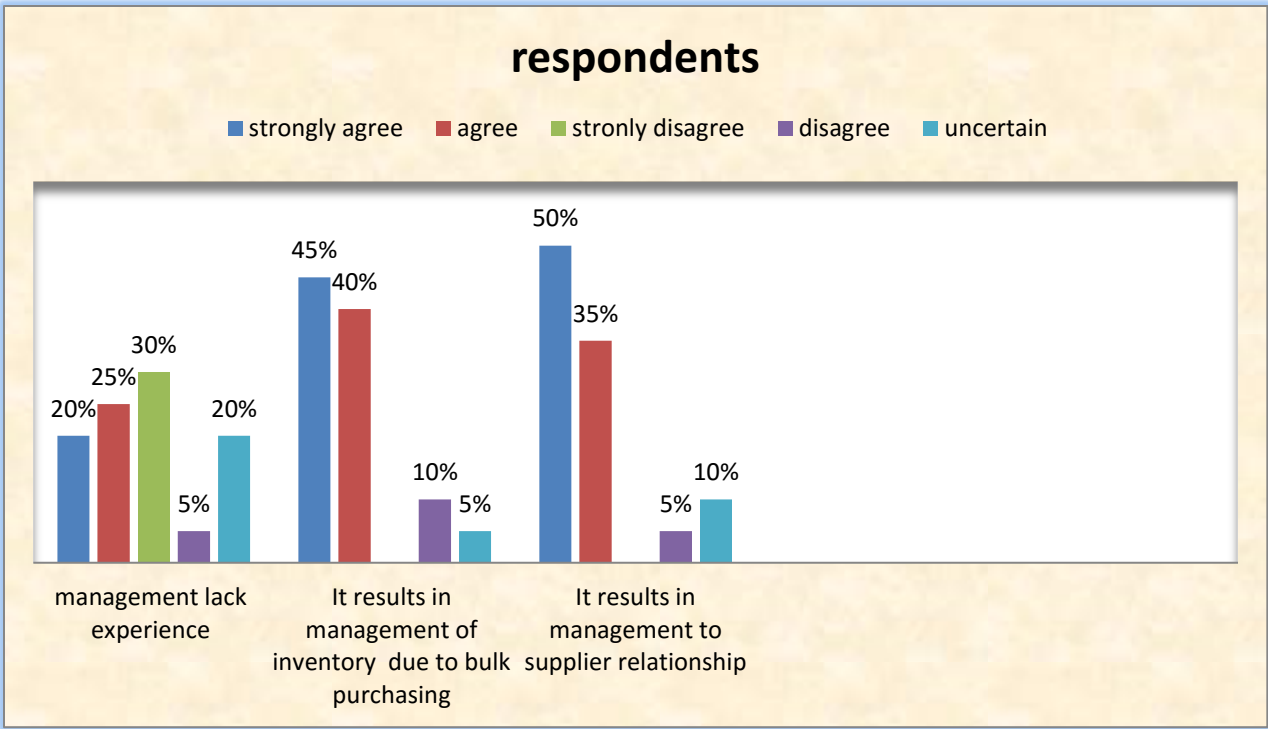


Fig 4.6 Challenges faced in implementing procurement reduction

Management lack experience

The researcher found out that 4/20 (20%) of the respondents strongly agreed, 5/20(25%) agreed, 6/20(30%) strongly disagree, 1/20(5%) and 4/20(20%) were uncertain that management lack experience of the procurement reduction techniques .From the responses given it was evident that 9/20 (45%) agreed that management does not have proper expertise .Mode of the respondents being 9/20(45%) were in agreement with Kumarisngam (2010) who stipulated that management lack experience in implementing procurement reduction .Mean being 4 imply that the respondents were in agreement that chances of survival are reduced because management lack experience .

The purpose of asking this question to the respondents was to assess whether management lack knowledge of procurement reduction technique. The researcher was justified that management lack knowledge of the current cost reduction technique

Results in management of inventory

The researcher found out that 9/20(45%) strongly agreed, 8/20(40%) agreed, 2/20(10%) disagreed, 1/20(5%) disagreed and none of the respondents were uncertain as to whether procurement reduction results in management of inventory .Mode of the respondents agreed that procurement reduction results in management of inventory. These respondents were in agreement with Bragg (2010). Mean of the responses being 4 means that on average respondents agreed that chances of survival are reduced because procurement reduction results in management of inventory.

From the research the researcher concluded that procurement reduction results in management of inventory.

Results in management to supplier relationship

From the responses 10/20(50%) respondents strongly agreed, 7/20(35%) agreed, 1/20(5%) disagreed, 2/20(10%) uncertain and none of the respondents strongly agreed that procurement reduction results in the management of inventory. Mode of the respondents being 17/20(85%) agreed that procurement reduction leads to management to supplier relationship. Gartenstein (2014) stipulated that proper management and supplier relationship facilitates the lower purchasing costs. But however 3/20(15%) of the respondents were not in agreement that procurement reduction results in management to supplier relationship. these respondents were in agreement .On average the respondents were in agreement that chances of survival are reduced because procurement reduction results in the supplier to management relationship .

Based on the research finding the researcher concluded that procurement reduction results in management to supplier relationship which reduces the chances of survival.

Question 7: The following is the impact of cost reduction techniques to the chances of survival

Table 4.2 Impact of cost reduction techniques to the chances of survival.

	Strongly agree	agree	Uncertain	disagree	Strongly disagree
Increase chances of survival	70%	5%	-	15%	10%
Decrease chances of survival	20%	15%	5%	20%	40%

Source: primary data

Increase chances of survival

The researcher found out that 70% (14/20) of the respondents strongly agreed that cost reduction techniques increase the chances of survival .5% (1/20) agreed, 15% (3/20) disagreed and 10% (2/20) strongly disagreed. Mode of the respondents being 15/20 (75%) strongly agreed that cost reduction increase the chances of survival .The mode of respondents were in agreement with McCormick (2010) who mentioned that if cost reduction techniques are implemented chances of survival would increase .Mean of the respondents was 4 which means that on average employees agreed that cost reduction techniques increase the chances of survival.

The main motive for asking this question was to obtain assurance as to whether cost reduction techniques increase the chances of survival .The researcher was ascertain that cost reduction techniques increase the chances of survival .

Decrease chances of survival

The researcher found out that 20% (4/20) of the respondents strongly agreed, 15% (3/20) agreed, 5% (1/20) uncertain, 20% (4/20) disagreed and 40% (8/20) strongly disagreed. The mode of the respondents being 50% (10/20) of the respondents disagreed that cost reduction techniques decrease the chances of survival. These respondents were in agreement with KPMG (2009). The mean of the respondents being 3 means that on average the respondents were not in certain with the fact that cost reduction techniques increase the chances of survival. McCormick (2010) mentioned that it is not certain as to whether chances of survival increase due to the implementation of the cost reduction techniques because it would depend with the environment in which the organisation is operating in.

The question wanted to find out whether cost reduction techniques increase the chances of survival. From the responses they is justification that cost reduction techniques does not decrease the chances of survival.

Question 8: the following is the best practice that can be implemented at SNV

The main motive for asking the question was to assess whether procurement reduction technique can be implemented as the best practice.

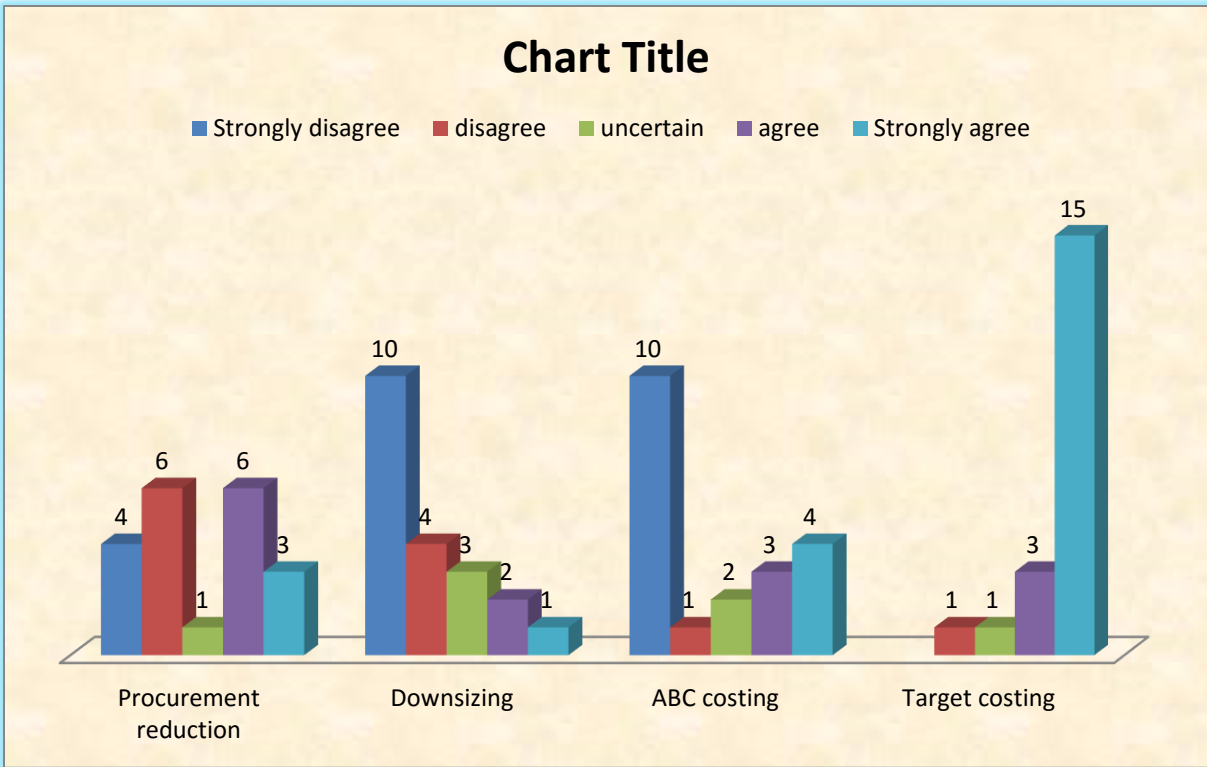


Fig 4.7 best practice that can be implemented at SNV

Procurement reduction

As indicated in the above fig it can be noted that 3/20(15%) strongly agree, 6/20(30%) agree, 1/20(5%) uncertain, 6/20(30%) disagree and 4/20(20%) strongly disagree that procurement reduction is the best practice that can be implemented. Modal response disagreed the implementation of procurement reduction technique as the best practice .these respondents were in agreement with Sollish and Semanik (2009) mentioned that procurement reduction cannot be the best practice for service firms because these organisations purchase less of goods.

Results indicated that procurement reduction cannot be implemented as the best practice in increasing the chances of survival.

Downsizing

The researcher found out that 1/20(5%) strongly agreed, 2/20(10%) agreed, 3/20(15%) uncertain, 4/20(20%) strongly disagreed and 10/20(50%) strongly disagreed that downsizing should be implemented as the best practices .The mode of the respondents being 14/20(70%) disagreed the implementation of downsizing as the best practice .These respondents were in agreement with Laun, Tien and Chi (2013),who mentioned the fact that downsizing is not the best practice to be implemented by organisations because it pose negative effects on the employees.

Therefore the researcher concluded that downsizing cannot be implemented as the best practice in trying to increase the chances of survival.

ABC costing

The response from the questionnaire was 10/20(50%) strongly disagreed , 1/20(5%) agreed, 2/20(10%) uncertain, 3/20(15%) agreed and 4/20(20%) strongly agreed .Mode of the respondents being 11/20(55%) disagreed that ABC costing should be implemented as the best practice .These respondents were in agreement with Kaplan and Norton (2009)

The main purpose of asking the question was to asses ABC costing as the best practice that can be implemented at SNV. From the findings the researcher found out that ABC costing cannot be implemented as the best practices.

Target costing

The researcher found out that 15/20(75%) strongly agreed, 3/20(15%) agreed, 1/20(5%) uncertain and 1/20(5%) disagreed none of the respondents strongly disagreed .Mode of the respondents being 90%(18/20) agreed that target costing is the best practice that can be

implemented at SNV .These respondents were in agreement with Stratton (2012) who mentioned that target costing can be implemented to increase the chances of survival. The mean of the respondents being 4 means that the respondents were in agreement with Stratton who stipulated that target costing increase the chances of survival.

Therefore the researcher concluded that target costing should be implemented as the best practices to improve the chances of survival.

4.3.1 Interview response

Interviews were conducted with four respondents from SNV. In this research all the respondents that were targeted were interviewed. Hundred percent responses was obtained from the interviews .Interviews were conducted in a period of five minutes per individual. Indicated below is a summary of the response rate.

Question 1: What are the current cost reduction techniques implemented by SNV?

Majority of the respondents mentioned that downsizing is a current cost reduction technique .But not all the employees were aware that procurement reduction is a current cost reduction policy. Respondents mentioned that they are aware of the downsizing because they are mainly affected than procurement reduction.

Question 2: What do you think are other cost reduction techniques that can be implemented at SNV to improve the chances of survival?

The main aim of this research question was to establish other cost reduction measures that can be implemented by SNV besides those currently implemented. Two respondents agreed that they is need to implement target costing .They further explained that since the organisation have got

projects in place though their main aim is not for profit maximisation . Target costing can be implemented to target the expected costs income from the projects. However the other two respondents mentioned that they is need to implement ABC costing because they are indirect costs for example audit fees and cleaning services which cannot be properly allocated .Therefore the implementation of ABC costing would ensure the proper allocation of the indirect expenses .

Question 3: What do you think are the challenges being faced in implementing downsizing?

The first respondent mentioned that the main challenge being faced in implementing downsizing is that it results in more work being pressured on the same employees therefore reducing the performance and the chances of survival of the organisation. This respondent was in agreement with Laun, Tien and Chi (2013) who mentioned that downsizing may leave the organisation at a size that is inappropriate, which might negatively hinder the chances of survival.

The second and the third respondents mentioned that downsizing does not result in increased survival for the organisation because it affects the loyalty, commitment of the surviving employees. The respondents mentioned the fact that they would be performing their duties in fear that they might be the next ones to be retrenched .These respondents were in agreement with Rehman and Naeem (2012) who mentioned that the implementation of downsizing negatively affects the performance of surviving employees.

The last respondent for this question mentioned that the main challenge of downsizing is that most organisations fail address to surviving employees. The respondent further mentioned that most organisations they do not explain the need to downsize to employees. Campion, Guerrero

and Posthuma (2011) mentioned that they is need for the organisation to properly communicate the need for downsizing to employees.

Question 4: What do you think are the challenges being faced in implementing procurement reduction techniques?

Two respondents mentioned that the implementation of procurement reduction results in management to supplier's relationship which might reduce the performance of the organisation. This respondent was in agreement with Mena, Christopher and Hoek (2014). The other two respondents mentioned that procurement reduction results in bulk purchasing of goods at the same time ,it is a challenge to the organisation because it would require the management of stock which would lure out costs for the organisation .And therefore reducing the chances of survival for the organisation .

Question 5: What is the impact of cost reduction techniques to the chances of survival?

The first respondent mentioned that if proper cost reduction techniques are properly implemented the performance of the organisation would improve therefore increasing the chances of survival. The second respondent was indifferent of whether they is a relationship or not. The respondent further mentioned that it would depend with the environment in which the organisation is operating in. Two of the respondents agreed that they is a direct relationship that exists between cost reduction techniques and the chances of survival. The author was in agreement with Phil (2009) who mentioned that the implementation of cost reduction techniques facilitates improved survival for the organisation .And hence increasing the chances of survival for the organisation.

Question 6: What is the best cost reduction measures that can be implemented by SNV in the implementation of cost reduction techniques?

Three of the respondents mentioned target costing as the best practice that can be implemented at SNV. The respondents mentioned that because of the need to assess the costs being incurred by each project and the targeted return target costing can be implemented. The respondents further mentioned that they need to communicate with the employees.

One respondent mentioned that ABC costing should be implemented at SNV because of the need to allocate indirect costs to their relevant activities.

4.4 Summary

This chapter presented primary data gathered from the field using questionnaires and interviews. Graphs, tables and pie charts were used to present data. The next chapter will summarise, conclude and recommend the best action to take.

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The concern of this chapter is to look at the findings from this research .This research will focus on conclusions, recommendations and the suggested area of further study.

5.1Executive summary

This research looked at the background of the study where the researcher mentioned the decrease in funding and the increase in costs at SNV Zimbabwe from period 2011 to 2013.Due to the reduced funding of the organisation. This research aimed at investigating the impact of cost reduction techniques on the chances of survival a case of SNV Zimbabwe. Downsizing and procurement reduction were assed as the current cost reduction techniques at SNV .This researcher therefore investigated the impact of cost reduction techniques on the chances of survival. It included the statement of problem, research objectives, main research question, sub research questions, literature review and the methodology. The objectives of the research were to assess the current cost reduction techniques implemented at SNV and to evaluate the challenges faced in implementing the current cost reduction techniques .The researcher further assessed how ABC costing and target costing facilitates cost reduction at SNV. The researcher went on to evaluate the impact of cost reduction techniques on the chances of survival and established the most appropriate practice for cost reduction techniques for SNV.

Chapter two reviewed other author's reviews on the impact of cost reduction techniques on the chances of survival of organisations and it was mainly guided by research objectives .The researcher assessed the downsizing and procurement reduction as current cost reduction techniques implemented by SNV .Most authors mentioned that downsizing increases the chances of survival because employee related costs constitute a large percentage of organizational expenditure. Therefore the reduction in which would result in reduced expenses of the organisation But however the organisation might fail to attend to the surviving employees therefore reducing the survival chances of the organisation. But however most authors criticised procurement reduction as a technique for increasing the chances of survival because it would result in management of inventory due to bulk purchasing. This researcher looked at ABC costing and target costing as alternative cost reduction techniques that can be implemented at SNV. The researcher went on to look at the impact of cost reduction techniques to the chances of survival of organisations. Most authors mentioned that they is a direct relationship that exists between the cost reduction techniques and the chances of survival. Most authors were of the opinion that target costing is the best practice that can be implemented by Nongovernmental organisations in order to increase the chances of survival for the organisation.

Chapter three focused on the research methodology that was used in this research .The researcher made use of the combined research approach which included both qualitative and quantitative The researcher made use of both primary and secondary data so assess the impact of cost reduction techniques on the chances of survival. The sample which was used was selected from SNV employees. The researcher used closed ended questionnaires and structured interviews in assessing the impact of cost reduction techniques on the chances of survival. Twenty employees responded through questionnaires and four employees were interviewed.

Chapter four presented data that was gathered from the field through tables, graphs and pie charts 91% was the response rate from the questionnaires which was far and above that recommended by other authors. Data was analysed using measures of central tendency.

5.2 Research findings

Current cost reduction techniques being implemented by SNV include downsizing and procurement reduction. Employees are resistant to the idea of downsizing and therefore it would result in reduced performance and the chances of survival .But however procurement reduction results in management of inventory from bulk purchases which increases management cost .And therefore reducing the chances of survival.

ABC costing and target costing are alternative cost reduction techniques that can be implemented by SNV in order to increase the chances of survival for the organisation. Mode of the respondents and the authors agreed that these two techniques can be implemented to increase survival chances.

The researcher portrayed that cost reduction techniques increase the chances of survival. Majority of the respondents favored the fact that implementation of cost reduction techniques increases the chances of survival.

5.3 Recommendation

Target costing is the best practice that can be implemented by employees but they should be fully equipped with knowledge of cost reduction techniques through training and involve employees through the process.

They should be a continuous review of the current cost reduction techniques in place by the management.

There is need for tactical alliance between the suppliers and the management to eliminate management to supplier and any third party relationships.

Management should be properly be trained about the cost reduction techniques.

5.4 Suggestions for future research

From this research they are certain lines of research that may still require further research studies which were not covered in this study they include:

An investigation on the impact of reduced funding on the chances of survival.

How employees can be motivated to improve performance when downsizing is implemented.

5.5 Summary

This chapter summarised all the chapters of this research .it looked at the recommendations, summary conclusions to the study and suggestions for future studies .The research investigated the impact of cost reduction techniques to the chances of survival.

BIBLIOGRAPHY

References

Abu, M, Y.(2009) *Dissertation guideline* , Nigeria

Buhler, P. (2012) *Human Resource Management*. Adams media.

Bragg (2010), S, M.(2010) *Cost reduction analysis tools and strategies* , John Wiley and sons ,Inc , Hoboken new jersey , Canada .

Bryman (2007) *Business research methods*, second edition, oxford university press

Chipunza, C and Berry, D. (2010) *The relationship among survivor qualities –attitude, commitment and motivation after downsizing*, African Journal of Business Management Vol. 4(5), pp. 604-613, May 2010

Campion, M, A. Guerrero, L and Posthuma, R. (2011) *Reasonable human resource practices for making employee downsizing decisions* , Organizational dynamic, vol 40 pg 174-180.

Caldwell, C. , Butler G. and Poston N. (2010) *Cost reduction in health systems :Lessons from analysis of \$200 million saved by top performing organisation* : available on [www.caldwellbutler.com/admin/pdfs/Frontier_II_Cut_Cost_Not_Quality.pdf]

Choe, J, M. (2011) *The taxonomy of knowledge management strategies in manufacturing firms: Use of target costing and IT infrastructure*, African Journal of Business Management vol.5 (15), pp.6597-6607 available from < <http://www.academicjournals.org/AJBM>> Accessed [4 Aug 2011]

Huh, S. Yook, K. and Kim I. (2008) *Relationship between organizational capabilities and performance of target costing :An empirical study of the Japanese _companies* , Journal of International Business Research, Volume 7, Number 1.

Luney, J. (2010) *The Benefit Reduction Rate for Social Welfare Programs: The Case of Buncombe County*, North Carolina, USA.

Joseph , D .and Vatrivel , A .(2012), *Impact of Target Costing and Activity Based Costing on Improving the Profitability of Spinning Mills in Coimbatore - Empirical study on Spinning Mills* , Journal of Contemporary Research in Management Vol. 7; No. 2 April - June, 2012.

Kapoor, S. (2010) *The financial crisis –causes and cures FES Brussels: Bertelsmannstiftung, ETUI.*

Kaplan R, S. and Porter, M, E. (2011) *How to solve cost crisis in health care* , Havardv business school.

Kim, S. and Netessine (2013), *Collaborative cost reduction and procurement under information asymmetry*, vol 59, no1, pp 189-206.

Khan, P, W and Naumann, E. (2010), *Customer dissatisfaction and defection: The hidden costs of downsizing*, industrial Marketing Management 40 (2010) 405–413.

Khataie, A, H., Bulgak, A, A. and Segovia, J, J .(2011), *Activity-Based Costing and Management applied in a hybrid Decision Support System for order management Department of Mechanical and Industrial Engineering, Concordia University*, Decision Support Systems 52 (2011) 142–156.

Lin , C , W. and Yahalom .(2009), *Target performance management for an international shipping harbor: An integration activity-based budgeting with a balanced scorecard approach, the case of Keelung Harbor* , African Journal of Business Management Vol.3 (9), pp. 453-462, September, 2009.

Luan, C A., Tien, C. and Chi, Y. (2013), *Downsizing to the wrong size? A study of the impact of downsizing on firm performance during an economic downturn* The International Journal of Human Resource Management, available from <http://dx.doi.org/10.1080/09585192.2012.725073> [accessed on 30 august 2014]

[Marilyn M. Helms](#), [L. P. Ettkin](#), [Joe T. Baxter](#), [Matthew W. Gordon](#), (2005) "*Managerial implications of target costing*", *Competitiveness Review: An International Business Journal*, Vol. 15 Iss: 1, pp.49 – 56.

McCormick, T. (2010), *Strategic cost reduction to success*, ProQuest Central pg. 56 .vol 42. No 2.

Pike, R, H., Tayles, M, E .and Mansor, N, N. (2011), *Activity-based costing user satisfaction and type of system: A research note*, *The British Accounting Review* 43 (2011) 65–72.

Qinhua, Z ., Geng ,C. and Li , C .(2009), *Research on the cost calculation of distsnce education based on activity based costing* , *Journal of Education Administration and Policy Studies* Vol.1 (5), pp. 061-069, September, 2009 Available from <http://www.academicjournals.org/jeaps>.

Qsthus S .and Mastekaasa. (2010), *The impact of downsizing on remaining workers sickness absence* *Social Science & Medicine*, Volume 71, Issue 8, October 2010, Pages 1455-1462.

Rehman W and Naem H (2011), *The impact of downsizing on the performance of survived employees* :A case study of Pakistan ,volume 6 (7), available online at <http://www.academicjournals.org/ABMB> [accessed on 04 September 2014].

Sarokolaei Mehdi A, Bahreini M , Bezenjani F, P(2013) , *Fuzzy Performance focused Activity based Costing (PFABC)* *Procedia - Social and Behavioral Sciences* 75 (2013) 346 – 352.

Sarokolaie Mehdi A, and Rahimipoor A (2012), *Studying the obstacles of applying a target costing system in firms accepted in Tehran Stock Exchange*__Journal of Economics and International Finance Vol. 5(1), pp. 17-20, April, 2013 [Available online at <http://www.academicjournals.org/JEIF>].

Shein, B,J (2011) , *Reversing the slide: A strategic guide turnarounds and corporate renewal*, Jossey-Bass.

Shy and Yun (2009) *Individual resistance from employees to organisational change*

SNV procurement policy (2013)

SNV annual financial statements 2011-2013

Tsai, C and Yen, F (2008), *A model to explore the mystery between organizations' downsizing strategies and firm performance*_[online] Management Vol. 21 No. 3, 2008 pp. 367-384 Emerald Group Publishing Limited.

Internet

Cost Reduction, protecting your margins in a turbulent economic environment
www.kpmg.com KPMG (2009) [Accessed on 03 /09/2014; 22:55pm]

Management accounting (2011), *problems of target costing in accounting practice*, [available on]<http://managerial-accounting.blogspot.com/2012/09/problems-of-target-costing-in.html>

[accessed on 03/09/14 at 11.38am.]

http://www.ehow.com/info_7735775_purchasing-strategies.html *purchasing strategies*

23/08/13 accessed on 2.49 pm by Gartenstein,

<http://www.performancemanagementedge.com/2012/06/18-target-cost-for-service-businesses/>

Stratton , A (2012), *Target costing for service business* [accessed on 04/09/14]

[http://www.forbes.com/sites/lisaquast/2012/11/26/overcome-the-5-main-reasons-people-resist-](http://www.forbes.com/sites/lisaquast/2012/11/26/overcome-the-5-main-reasons-people-resist-change/)

[change/](http://www.forbes.com/sites/lisaquast/2012/11/26/overcome-the-5-main-reasons-people-resist-change/) Quast , L (2012), overcome five main reasons people resists change .[accessed on 11/09/14 at]

[http://humanresources.about.com/od/layoffs-downsizing-strategies/fl/employees-respond-to-](http://humanresources.about.com/od/layoffs-downsizing-strategies/fl/employees-respond-to-change-after-layoffs.htm)

[change-after-layoffs.htm](http://humanresources.about.com/od/layoffs-downsizing-strategies/fl/employees-respond-to-change-after-layoffs.htm) , How employees respond to changes after layoff , Heathfield (2014), .[accessed on 11/09/14 at]

[http://www.corporatewellnessmagazine.com/issue-31/column-issue-31/surviving-the-stress-of-](http://www.corporatewellnessmagazine.com/issue-31/column-issue-31/surviving-the-stress-of-downsizing/)

[downsizing/](http://www.corporatewellnessmagazine.com/issue-31/column-issue-31/surviving-the-stress-of-downsizing/) Gero, J (2014), surviving the stress of downsizing [accessed on 11/09/14]

<file:///F:/Designing%20and%20using%20research%20questionnaires%20%20Management%20>

[Research%20Review%20%20Vol%2037,%20No%203.htm](file:///F:/Designing%20and%20using%20research%20questionnaires%20%20Management%20Research%20Review%20%20Vol%2037,%20No%203.htm) [accessed on 05 /09/14 On 3.13 pm]

by Jenny Rowley (2014), *Management Research Review*

Books

Avis, J (2009) *P 2 Performance Management*, Elsevier Ltd, Italy.

Bajpai, N (2011) *Business research methods* , Pearson education , India

Bernal, L, Dornberger ,U , Suvelza , A, Torres , O and Byrness , T (2009) *Target costing for services hand book* , Sept program.

Bray, T (2009) *The training design manual* , Kogan page

Bird, T and Cassell, J (2013) *FT guide to business training*, FT publishing international

- Booth, C (2010), *Strategic procurement*, Kong page, London
- Cliff Danny. (2010) *what is literature review*, Case study Journal
- Collins, H (2010) *Management research methodology: integration of principles, methods and techniques*, AVA publishing.
- Drury .C (2012) *Management and cost accounting, 8th edition*, Cengage learning EMEA, Hampshire , United Kingdom.
- Mena, C, Christopher, M and Hoek Van, R (2014), *Leading procurement strategy*, Kogan page Ltd, London, UK.
- Saunders. Lewis, P. and Thornhill, A. (2011), *Research Methods for Business Students*, Prentice Hall.
- Shehlat (2010) *A holistic approach of cost reduction*, deep land publications, New Delhi.
- Sollish; F, and Semanik J, (2006), *The Procurement and Supply Manager's Desk Reference*, John Wiley & Sons, USA.
- Sondergel, S (2012), *The Controller as Lean Leader: A Novel on Changing Behavior with a Lean Cost Management System*, productivity press.
- Kumar, J, (2009): *Research Design, Qualitative; Qualitative and Mixed Approaches, 2nd Edition*, Thousand Oak Sage Publication, California
- Noble, I and Bestley, R (2011) *Visual research 2nd edition*, AVA publishing

Appendix I



Midlands State University

P.Bag 9055

Gweru

The Country controller

SNV Harare

6 Caithness Road

Estlea, Harare

RE: REQUEST TO CONDUCT RESEARCH AT SNV

Dear Sir or Madam

My name is Chido Musabaike a fourth year student at Midlands State University studying towards Bachelor of Commerce Accounting Honors Degree. I am seeking approval to carry out my research at your organization on the impact of cost reduction techniques on the chances of survival.

Be assured that all the information that you will provide will be treated as confidential and will be used for academic purposes only.

Your support regarding this matter will be greatly appreciated.

Yours faithfully

Chido Musabaike

R112291M

Appendix II

Questionnaire

A good day to you .My name is Chido Musabaike .Am currently studying Bachelor of Commerce (Honors) Degree in accounting I am a final year student at the Midlands State University (MSU).I am carrying out a research on the *impact of cost reduction techniques on the chances of survival at SNV*. This research is conducted in fulfillment of the degree programme stipulated above and the information provided will be treated as confidential and will be used for academic purposes only. Please kindly complete this questionnaire by answering questions and ticking where applicable. Your views and contributions are greatly appreciated. In answering the following questions please follow the following instructions.

Instructions

Please tick your answer on the provided boxes

Do not indicate your name on the questioners

Where you feel the answers are limited use the blank space provided after every question

1. The following are the current cost reduction techniques implemented at SNV

	Strongly agree	agree	uncertain	Strongly disagree	disagree
Downsizing					
Procurement reduction					

2. The following increases the chances of survival at SNV.

	Strongly agree	agree	uncertain	Strongly disagree	disagree
Downsizing					
Procurement reduction					

3. The following cost reduction techniques increases the chances of survival at SNV

	Strongly agree	agree	uncertain	Strongly disagree	disagree
Target costing					
ABC costing					

4. The following are the challenges being faced in implementing the current cost reduction measures.

	Strongly agree	agree	uncertain	Strongly disagree	disagree
Employees lack understanding of the cost reduction techniques					
Poor expertise by the Management					
No proper communication					

5. The following are the challenges being faced in the implementation of downsizing.

	Strongly agree	Agree	Uncertain	Strongly disagree	disagree
employees are resistant to the idea					
They is ineffective communication					

6. The following are the challenges being faced in the implementation of procurement reduction?

	Strongly agree	Agree	uncertain	Strongly disagree	disagree
Management lack experience					
It results in management of inventory due to bulk purchasing					
It results in management to supplier relationship					

7. The following is the impact of chances of survival and cost reduction techniques

	Strongly agree	agree	Uncertain	disagree	Strongly disagree
Increase survival					
Decrease survival					

8 The following is the best practice that can be implemented at SNV.

	Strongly agree	agree	Uncertain	disagree	Strongly disagree
Procurement reduction					
Downsizing					
ABC costing					
Target costing					

Appendix III

INTERVIEW QUESTIONS GUIDE

- What are the current cost reduction techniques in place at SNV?
- What are other cost reduction techniques that can be implemented at SNV?
- What do you think are the challenges being faced in implementing the identified cost reduction techniques?
- What is the impact of cost reduction measures on the chances of survival?
- What is the best cost reduction measures that can be implemented by SNV in the implementation of cost reduction techniques?