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DEPARTMENT OF ACCOUNTING

AN INVESTIGATION TO ASSESS THE IMPACT OF COST CONTROL ON FINANCIAL PERFORMANCE – ZETDC AS A CASE STUDY

By

WALTER TAFARA MASOCHA

R136200B

This dissertation is submitted in partial fulfilment of the requirements of the ***Bachelor of Commerce (Honors) Degree in Accounting*** *in the Department of Accounting at MSU.*

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APPROVAL FORM

The undersigned certify that they have supervised the student Walter Tafara Masocha, registration number R136200B, on dissertation entitled: **An investigation to assess the impact of cost control on financial performance – ZETDC as a case study,** submitted in partial fulfilment of the requirements of the Bachelor of Commerce in Accounting Honours Degree (HACC) at the Midlands State University.

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SUPERVISOR   **DATE**

………………………………..   …….……………………………

CHAIRPERSON   **DATE**

RELEASE FORM

Name of author: Walter Masocha

Title of project: An investigation to assess the impact of cost control on financial performance – ZETDC as a case study

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Signed: ………………………...

Date: ....

Residential address: 3221/5A Aerodrome Bindura

Cell numbers: 0774830589

Email address: masochawalter@gmail.com

DEDICATION

My dedication goes to the Lord Almighty for the strength and courage He gave me when I was doing this research.

I also dedicate to my parents and sisters for their unconditional love and support towards me.

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My greatest acknowledgement goes to the Lord Almighty for His grace that made me strive towards the completion of this project. I am also indebted to my supervisor Mrs Mwedzi for the continued support and guidance she gave me so that the dissertation was successfully carried out. I am also thankful to my parents and my sisters Brenda and Brita particularly for the financial support they gave me while I was doing this research. My gratitude is also extended to my friends Billy Gotosa and Catherine Makuya for the guidance and assistance they gave me throughout this research also. Finally, am also thankful to Zimbabwe Electricity Transmission and Distribution Company – Bindura District Office for the permission they granted me to use their institution as my research unit.

ABSTRACT

This study sought to investigate the impact of cost control on the financial performance of ZETDC. The population sample was drawn from 33 employees of the organisation and stratified random sampling was used to come up with a sample of 20 workers. The results showed that cost control enhances financial performance through better decision making. However, the company has been denied by regulatory authorities to implement some of its decisions necessitated by cost control. Cost control is also being affected negatively by delays by customers to pay their outstanding bills, heavy costs associated with implementation of cost control strategies and weak coordination between the management and workers. Poor cost control has adversely affected financial performance through failure to meet goals and objectives. The researcher recommends negotiations to be promoted between ZETDC and its regulatory authorities, cost-benefit-analysis to be done for every cost control strategy and interaction between management and workers should be promoted. Long outstanding debtors should submit payment plans which can result on further action being taken on them if they default agreed payment arrangements. Management should regularly review the entity's internal controls to ensure compliance with cost control policies and procedures.

LIST OF ACRONYMS

ZETDC – Zimbabwe Electricity Transmission and Distribution Company

ZPC – Zimbabwe Power Company

ZERA – Zimbabwe Energy Regulatory Authority

kWh – kilowatt hour

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

Page

CHAPTER I

INTRODUCTION

1.0 Introduction

This research sought to establish the impact of cost control on the financial performance of Zimbabwe Electricity Transmission and Distribution Company (ZETDC). This is an organisation that has been relying mainly on cost control to improve the declining financial performance within the entity.

1.1 Background of the study

Researches have been made about the relationship between cost control and financial performance. Omotayo and Kulatunga (2016), Athalye et al (2015) and Hazarika (2013) said that cost control improves financial performance because businesses will be focusing on cheap raw materials. Hafez (2015) further supported that cost control enhances financial performance in construction companies because it results in better pricing that attracts a lot of customers. On the contrary, Tunji and Mojeed (2013) and Dixu (2013) said that cost control leads to poor financial performance because it causes employees involved in the actual production of goods to be demotivated. Premalal et al (2015), Sanni and Hashim (2013), Chigara et al (2013) and Adam et al (2013) were of a totally different opinion as they said that cost control has no effect on financial performance in manufacturing companies because it is held back by external factors such as inflation and government regulations/laws. The aforementioned scholars focused on firms in the manufacturing and construction sector. This research looked at the effect of cost control on the financial performance of a company in the energy sector.

According to Utete (2016), ZETDC began to experience losses due to reduced dam levels at the Kariba Power Station which resulted in increased load shedding. This meant that revenue flowing into the company was decreasing since the service provided by the entity was now in short supply. Utete (2016) further cited that ZETDC began to import electricity from Eskom in South Africa and Hydro Cahora Basa in Mozambique to reduce the adverse effects of increased load shedding. However, Utete (2016) explained that the decision to import led to a sharp decline in the gross profit margin due to the high cost of power from suppliers outside the country. Nyoni (2016) reveals that the average cost of importing power from neighbouring countries is 9.42 cents per kWh whilst the purchase price of buying power locally from ZPC is 5.06 cents per kWh. This means that the cost of buying power locally is 46,28% cheaper than the purchase price of importing. It explained why ZETDC's gross profit went down adversely and hence making it difficult for them to cover other expenses because the cost of importing was too high. This is supported by Athalye et al (2015) who said that cheap suppliers result in an entity incurring low costs.

Nyoni (2016) further said that the losses resulted in the company proposing to sell power to the domestic market at 14,69 cents per kWh from 9.86 cents per kWh. This is an increase of 48,98% in the tariff that was going to erode away the adverse effect of high import costs. However, the proposed tariff increase by ZETDC was rejected by Zimbabwe Energy Regulatory Authority (Mhlanga, 2016). Instead, the company was urged to rely on cost control (Mhlanga, 2016). Utete (2016) also alluded to the fact that the company has used cost control to improve financial performance. It is also important to note that ZETDC cannot cut down on imports because it has to cover up for the deficit in local electricity generation (Nyanhanga, 2015). So this is a situation where cost of importing is too high, gross profit is low, losses are being incurred, the company cannot boost revenue through tariff increase and it only has relied on cost control to achieve a favourable financial performance. This is illustrated in Table 1.1 below.

Table 1.1 ZETDC analyses of unit costs and tariff

ZETDC		
	Power bought locally	Power imported
Tariff per kWh (cents)	9.86	9.86
Cost of purchase per kWh (cents)	(5.06)	(9.42)
Gross profit per kWh (cents)	4.80	0.44

(Source) The Guardian, November 2016

Table 1.1 documents the facts that the cost of buying power from Zimbabwe Power Company is 5.06 cents per kWh whilst cost of importing is 9.42 cents per kWh. The tariff for selling to consumers remained unchanged at 9.86 cents per kWh. The gross profit per kWh from buying locally is 4.80 cents meanwhile it is only 0.44 cents when importing. Ultimately, the resultant gross profit margin from buying locally is 48,68% whilst gross profit margin from importing power is 4,46%.This elaborates the financial constraints within the company because the gross profit margin of 4.46% is dismally low, which is a 44.22% decline from the usual gross profit margin. The effectiveness of cost control that has been employed within the company to improve financial performance was analysed thoroughly in this research.

As a means to do away with losses, ZETDC was also forced to cut down the amount of power it purchases from the Dema Diesel Plant by 50% which means that ZETDC now pays US$8 million per month instead of the US$16 million it used to incur towards that (Mambo, 2016). This cost control measure was meant to do away with the continued losses that were experienced by the company. Precisely, during the year ended 2013, 2014 and 2015, ZETDC made a profit before tax of US$ 22,3 million, a loss of US$ 118,3 million and a loss of $140 million respectively (Nyanhanga, 2015). The financial performance of the company continued to decline rapidly. The research therefore focused on analysing the impact of cost control on the financial performance of this company that is in the energy sector

1.2 Statement of the problem

ZETDC is experiencing financial constraints as a result of deficits in local electricity generation and also high cost of importing power from neighbouring countries. The cost of importing is high as compared to the tariff for selling to consumers of the electricity. The company has relied on cost control to do away with the losses being incurred. This research sought to establish the effectiveness of cost control on the financial performance of this entity that is within the energy sector.

1.3 Main research question

What is the impact of cost control on the financial performance of ZETDC?

1.4 Research objectives

- To determine how cost control enhances the financial performance of ZETDC.
- To ascertain the effectiveness of cost control methods employed by ZETDC to improve financial performance.
- To determine other cost control techniques that can be used by ZETDC to enhance financial performance
- To identify those challenges faced by cost control on improving the financial performance of ZETDC.

- To identify factors resulting from poor cost control that adversely affect financial performance.

1.5 Research questions

- How does cost control enhance financial performance?
- How effective are cost control methods used by ZETDC to improve financial performance?
- What other cost control techniques can be used by ZETDC to enhance financial performance?
- What are the challenges faced by cost control on improving the financial performance of ZETDC?
- What are the factors caused by poor cost control to negatively affect financial performance?

1.6 Delimitations

The research will cover the operations of ZETDC from the period of 2013 to 2015. This is a company that is in every province in Zimbabwe; however the research will focus only on ZETDC – Bindura District Office. The study will also focus on people in the finance and engineering sections of the company.

1.7 Significance of the study

This research will help ZETDC and ultimately other companies in the energy sector on how best they can employ cost control to improve financial performmance. The challenges faced by cost control on improving financial performance are highlighted and recommendations on how best they can be overcome were stated. The research fulfils the requirements of

Midlands State University for a student to complete his/her degree programme. The findings of this research contribute to the body of knowledge hence the information therein is helpful to other scholars. This dissertation also equipped the researcher with the knowledge and skills of finding information, analysing it and interpreting it to give solutions to problems based on genuine facts.

1.8 Limitations

Data was not collected from the whole target population; the study was conducted on a sample created hence findings are persuasive and not conclusive. However, the researcher used a large sample to minimise sampling error. Some information was also considered to be confidential in the organisation hence it could not be given to the researcher. However, in such instances the researcher had to rely on external sources such as newspaper articles and other scholarly material.

1.9 Assumptions of the study

This case study of Zimbabwe Electricity Transmission and Distribution Company fairly represents all companies in the energy sector thus challenges being faced by the organisation are assumed to apply to all entities in the sector. The sample group is also assumed to typify the whole target population.

1.10 Definition of key terms

- Cost control - According to Premalal et al (2015) cost control is a method of monitoring costs to remove unnecessary expenditure.
- kWh – This is a unity of electricity measured in kilowatt-hours (Nyoni, 2016)

- Load shedding – This is a method used to control power usage on the national grid by cutting electricity supply in some areas at specific times (Mhlanga, 2016)
- Power tariff – this is the charge of a unit of electricity to customers (Nyanhanga, 2015).
- Financial performance – the degree to which an organisation meets its financial targets or objectives e.g. profit objective (Athalye et al, 2015).

1.11 Summary

This chapter focused on describing the need to research the effectiveness of cost control on financial performance. The scenario of ZETDC was used as a case study. An overview of cost control and financial performance was given in relation to the problems within ZETDC. The next chapter discussed the literature review on the research problem thus it guided the researcher on what should be looked at within the entity being used as a case study.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

This chapter discussed information and conclusions from various scholars on the subject of cost control and financial performance within organisations. The chapter mainly highlighted the arguments of scholars concerning the issue at hand and this helped the researcher with key points to consider about cost control and financial performance.

2.1 How cost control enhances financial performance

Much has been said about the effects of cost control on a firm's financial performance and these include; better decision making, rise in profitability, proper utilisation of resources and improved supervision of workers (Wong, 2015). These are explained in detail in the following paragraphs.

2.1.1 Increase in profitability

According to Marx (2012) and Warusawitharana (2016), a company that exercises cost control will definitely yield large profits thus enhancing the financial performance of the organisation. Watson et al (2013) also say that cost control will stop many companies from being financially distressed and hence establishes the financial performance of the organisation. Cost control is guaranteed to increase profitability thus enhancing financial performance through increase in efficiency that enables an entity to produce as per the market demand (Olalekan and Tajudeen, 2015). Furthermore, Olalekan and Tajudeen (2015) say the calculation of economic order quantities and re-order levels is a result of cost control to minimise storage costs thus positively affecting the profitability and overall financial performance of an organisation. Nalwade and Parakh (2013) also say that companies have objectives such as increasing profits and this is successfully achieved through cost control thus establishing a good financial performance of the organisation. Companies will increase their profits through cost control that is particularly integrated with accounting information systems thus enhancing financial performance (Maiga et al, 2013).

On the other hand, Oluwagbemiga et al (2014) says there is a positive relationship between profits and direct labour costs and hence the moment you try to control such costs, profits will drop as a result of decrease in productivity thus adversely impacting the financial performance of the organisation. In relation to this, Watson et al (2013) says the employees of an organisation are the biggest asset and yet contribute the highest non production overheads, hence trying to control labour costs can be detrimental to the financial performance of the firm. Furthermore, Azis and Memom (2013) assert that some costs are not directly related to the production of an organisation, that is there are fixed costs and they cannot be controlled to increase profitability. This is also supported by Warusawitharana (2016) who said there are controllable costs and non-controllable costs. Non-controllable costs are beyond the influence of the organisation hence cost control cannot be applied to these to increase the profitability of the organisation (Warusawitharana, 2016).

According to Nyanhanga (2015), the profitability of ZETDC has declined from a profit before tax of US$22,3 million in 2013 to a loss of US$118,3 million in 2014 and a loss of US$140 million in 2015. This research looked into the effectiveness of cost control on the profitability of ZETDC.

2.1.2 Proper Utilisation of resources

Chigara et al (2013) assert that cost control enhances the financial performance of an organisation through the effective utilisation of resources. Utilisation means using resources to the maximum possible benefit without accumulating a lot of waste (Chigara et al, 2013). Cost control enables the organisation to identify resources that are being wasted and proffer solutions on how best they can be effectively used to improve the financial performance of an entity (Evaggelia et al, 2011). Maiga et al (2013) also supports the notion by saying that cost control ensures the maximum return from the assets employed by the organisation thereby increasing financial performance. Cost control makes the employees of an organisation to be cost conscious hence they are not wasteful in the use of resources thereby positively affecting financial performance (Hafez et al, 2015). This is also supported by Wen (2014) who says cost control will reduce the wastage of materials thus leading to greater financial performance of the organisation. Omotayo and Kulatunga (2016) also alludes to the same point by saying maintenance of equipment is a cost control measure and it prevents wastage of materials hence ensuring good financial performance.

However, Garvey et al (2012) argues that cost control decreases the motivation of employees hence they will be more wasteful than ever before thus causing a negative impact on the financial performance of the organisation. Furthermore, Garvey et al (2012) says the top management of an organisation is normally not held accountable for the wastage of resources and yet they consume a large chunk of the resources of the organisation, hence cost control will not lead to a proper utilisation of resources that improves financial performance. Chigara et al (2013) also argue that most organisations have not adopted information technology as a tool in cost control hence it is difficult to detect variances when cost information is not automated. This means that cost control will not foster an effective use of resources to increase the financial performance of the organisation (Chigara et al, 2013). Akenbor and Agwor (2015) also support the notion that cost control does not lead to proper utilisation of resources by saying cost management ignores significant external factors such as national economic policies and inflation. Otim et al (2012) also establish the fact that cost control has not led to an effective use of the entity's resources because of inadequate supervision and insufficient knowledge of cost control techniques.

According to the information provided by ZETDC's Inventory Utilisation Report, the company makes the effort to trace the administration of resources to see if they are being used effectively and efficiently. This research established how cost control has contributed towards the utilisation of resources within ZETDC.

2.1.3 Monitoring the performance of workers

According to Paula and Afredo (2012), cost control ensures that an organisation gets the maximum return from labour employed to enhance financial performance. The variance between standard costs and actual costs will be used as a performance tool against the workers (Akenbor and Agwor, 2015). Furthermore, Sharma and Rupen (2013) say that cost control is a motivation tool to the workers, as they will be inspired to work towards achieving predetermined standard costs thus enhancing the financial performance of the organisation. Wong (2015) support by saying cost control is a measurement tool for comparing what was planned and the current situation of the organisation. Cost control will help the management to determine if the employees are working towards accomplishing the set goals and objectives of an entity to enhance financial performance (Wong, 2015).

However Garvey et al (2012) assert that in a bid to monitor the performance of workers, cost control will actually demotivate employees hence reducing financial performance. Garvey et al (2012) elaborates by saying employees will become sceptical when they realise that the company policies are being dictated by cost control. Otim et al (2012) also argue that cost control should not be used as a performance tool to increase financial performance because it is not within the jurisdiction of the employee alone. Cost control is affected by so many external factors such as delays by customers to pay, theft and vandalism, hence it cannot be used as a performance tool against workers as a means of monitoring their contribution to the financial performance of the organisation (Otim et al, 2012). Shibani (2015) says most managers have insufficient knowledge of cost control methods hence it is unfair to use them as a performance tool against the workers as it will lead to deceiving results about contribution to the financial performance of the entity. This research established if cost control is being used for performance appraisal of workers within ZETDC and how it has affected the financial performance of the company.

2.1.4 Better decision making

Nalwade and Parakh (2013) assert that cost control enhances the financial performance of an organisation by improving the quality of decisions made concerning the prices of products. Customers are in search of high quality products provided at low prices and cost control can successfully do that (Nalwade and Parakh, 2013). Olalekan and Tajudeen (2015) also establish the fact that cost control enhances a firm's financial performance by prompting better decision making about the product mix of the organisation. Product mix refers to the exact quantity of goods produced to meet demand at the maximum revenue achievable (Olalekan and Tajudeen, 2015). Sanni and Hashim (2013) also reiterate that cost control enhances a firm's financial performance because it influences better decisions about the procurement methods used by an organisation.

On the other hand, Dixu (2013) assert that decisions as a result of cost control are likely to have a negative impact on the quality of the service provided by an organisation thus reducing financial performance due to declining sales demand. Aref (2012) further warns that organisations should not put their product quality at risk through decisions influenced by cost control. This defied Nalwade and Parakh (2013) who said cost control enhances decision making about providing high quality products at very low costs thus boosting the financial performance of an organisation. The mandate of ZETDC includes building new substations and connecting homes or new premises to the supply of electricity (www.zetdc.co.zw). This research revealed the impact of decisions about material, labour and transport costs needed to fulfil those tasks towards financial performance.

2.2 Effectiveness of cost control methods used by ZETDC to improve financial performance

2.2.1 Standard costing

According to Jain and Narang (2012), standard costing compares actual expenditure with planned costs with the aim of enhancing the financial performance of the organisation through minimising variances. Jain and Narang (2012) go on to say that the standard cost is a planned cost before actual production and it is not just a wild guess hence it entails what the cost of production should be. The aim of setting standard costs is to provide a basis for comparing budgeted costs with actual costs so that financial performance is effectively managed (Australia, 2012). Standard costing helps to reduce adverse variances which cause a poor financial performance and promote favourable variances which cause a good financial performance (Akenbor and Agwor, 2015). Maheshwari (2015) also support by saying that standard costing is a way of forecasting the profit of the business thus ensuring good financial performance of the organisation. Standard costing also helps managers to execute their duties effectively and to measure progress at each stage of production thus improving the financial performance of the business (Maheshwari, 2015).

However, Otim et al (2012) argues that standard costing will not positively impact the financial performance of the organisation due to lack of communication between employees and workers. Managers will not pass all the information to their subordinates hence employees perform certain tasks without a targeted cost in mind resulting in unwanted adverse variances that negatively impact the financial performance of the organisation (Otim et al, 2012). Garvey et al (2012) also say that standard costing does not enhance financial performance because reports of cost information are usually not timely. This means that details of variances between budgeted and actual costs will be received late by the responsible personnel thus making it too late for them to take remedial action that will foster a good financial performance (Mostafa and Shehata, 2011). According to the Variance Analysis Report generated by the Design and Construction System (DCS) of ZETDC, a comparison of budgeted costs and actual costs is made from the various projects done in the engineering department. A variance of +/-10% is considered normal whilst anything beyond that is investigated (Variance Analysis Report). This research established how standard costing has been effective in improving the financial performance of ZETDC.

2.2.2 Job Costing

Maheshwari (2015) asserts that job costing is also another way of enhancing the financial performance of the company. It helps the company to gain profits from customer orders and also similar job are easily costed in future thus fostering a good financial performance of the company (Andrejev, 2012). Job costing also enhances the financial performance of a company because the selling price or contract price will be above total cost hence a profit is guaranteed (Andrejev, 2012). Nalwade and Parakh (2013) support by saying that job costing is one method thus helps an organisation to fulfil its objectives hence a good financial performance is included in the package. Furthermore, Nalwade and Parakh (2013) strengthen the thought by saying that job costing maintains the competitive advantage of an organisation thus enhancing financial performance. Marx (2012) assert that job costing helps the firm to take responsibility for each task undertaken hence it minimises wastage and spoilage which leads to a good financial performance. Job costing increases the efficiency of organisational performance and all costs in the various departments can be easily traced or controlled hence it improves the financial performance of the organisation as a whole (Marx, 2012).

However, Jain and Narang (2012) assert that job costing is very costly to the organisation because it requires a lot of time and a lot of paper work hence it does not guarantee a good financial performance of the firm. The workload of paper work for different jobs may actually become complicated and reduce the efficiency of the organisation (Jain and Narang, 2012). Otim et al (2012) also assert that many clients have a tendency of delaying their payment of money as part of contractual obligation hence predetermined costs can be eroded away with inflation and this causes a negative impact on the financial performance of the organisation. Furthermore, Otim et al (2012) also say that workers have a tendency of using more than what was planned for a specific job hence this also erodes away the profit margin thus creating a stumbling block to the good financial performance of the organisation. Some external factors such as theft and vandalism also hinder the effectiveness of job costing hence it cannot be relied upon to enhance the financial performance of the organisation (Chigara et al, 2013). According to quotations produced by the commercial department of ZETDC, job costing is used to ascertain the costs of client requests. This research established how job costing has been effective in enhancing the financial performance of ZETDC.

2.3 Other cost control techniques or methods that can be used to enhance financial performance

2.3.1 Activity Based Costing

Jain and Narang (2012) says activity based costing is more reliable when calculating total production cost thus enhancing the financial performance of the organisation. Furthermore, Jain and Narang (2012) say the process involves the classification of activity cost pools and cost drivers to enhance a better financial performance of the firm. This process is done to allocate indirect expenses to products/services more accurately thus encouraging a good financial performance of the organisation through tracing the cost contributed by each activity (Hafez et al, 2015). Simply put, activity based costing helps in enhancing the financial performance by identification of activities that add no value to the firm and yet incurring costs (Garvey et al, 2012). Garvey et al (2012) also assert that activity based costing will help the organisation to concentrate their cost reduction techniques on those activities incurring huge costs thus enhancing financial performance.

However, Maheshwari (2015) denies that activity based costing enhances financial performance because of the complexity of the method. This method involves a lot of paperwork and laborious calculations hence this can be strenuous particularly for small firms to use this technique as a way of enhancing the financial performance of the organisation (Maheshwari, 2015). Some activities are also difficult to measure in terms of costs also hence organisation cannot rely on this technique to enhance their financial performance (Adeniji, 2011). Sanni and Hashim (2013) also say that activity based costing requires experienced personnel, total support from the executive and a lot of resources are required to put in place this technique hence this could end up damaging the financial performance of the organisation. Jain and Narang (2012) also criticises activity based costing by saying that reports from this technique do not present information as according to generally accepted accounting practise hence a company will be forced to compliment with another technique and this can be more costly thus hindering a good financial performance. Activity based costing technique also identifies a lot of irrelevant costs which are not helpful in decision making and this does not in any way enhance financial performance (Jain and Narang, 2012).

According to the Standard Operating Procedure (SOP) of the costing department, the company has a policy of charging 5% of a job or project cost as the administration cost, and this expense is included to come up with the total cost. Cost pools and cost drivers are not identified in the administration activities of the company to be able to trace costs (Standard Operating Procedure). This research established if activity based costing can be adopted by ZETDC to enhance its financial performance.

2.3.2 Transfer Pricing

Jain and Narang (2012) assert that transfer pricing is another technique of enhancing the financial performance of the organisation. Transfer pricing helps in measuring performance of subsidiaries and it inspires managers to maximise the return from their centres thus enhancing the financial performance of the organisation (Olabisi, 2012). This technique also allows for the buying division to purchase goods or services at the actual cost of production which is cheaper rather than at market based prices thus improving the financial performance of the company (Nalwade and Parakh, 2013). Nalwade and Parakh (2013) also assert that transfer pricing encourages negotiations between the selling division and the buying division hence making choices that foster advancement in the financial performance of the company since there is goal congruence between the subsidiaries. Transfer pricing also protects the organisation from stiff competition in the external environment hence promoting a good financial performance through stability of prices and cost (Pius, 2013). Hafez et al (2015) also support by saying that this cost control technique will definitely result in better financial performance of the company.

However Maheshwari (2015) criticises transfer pricing saying that it does not enhance the financial performance of the organisation. Maheshwari (2015) asserts that the buying division may fail to reach an agreement with the selling division hence in such a case; the transfer pricing method will fail to enhance the financial performance of the organisation. Rof (2012) also says that it is difficult for different departments within a company or different subsidiaries within a group to be aiming for the same goal hence companies cannot rely on transfer pricing to enhance their financial performance. Jain and Narang (2012) also criticises transfer pricing by saying that a lot of time and negotiation skills are required for the successful implementation of this method hence it does not guarantee in any way a good financial performance. This research established the possibility of implementing transfer pricing amongst the district offices of ZETDC as a means to improve its financial performance.

2.4 Challenges faced by cost control on improving financial performance

2.4.1 Lack of support from top management

According to Garvey et al (2012), one of the drawbacks which stop cost control from improving the financial performance of an organisation is the lack of support from top management and departmental heads. Garvey et al (2012) assert that the top executives are usually not concerned to see to it that cost control has been successfully implemented to enhance the financial performance of the organisation. Departmental heads also see cost control as an enemy of progress to their set goals and objectives and hence they do not fully adopt cost control to enhance financial performance (Sani and Allahverdizadeh, 2013). A lot of times, the top management are afraid of losing most of their fringe benefits as a result of exercising cost control hence they are adamant about it as a means to enhance financial performance (Olalekan and Tajudeen, 2015). Akenbor and Agwor (2015) assert that most managers choose to be ignorant about external factors that hinder the effectiveness of cost control to enhance financial performance. These external factors include political instability, inflation, government policies and reluctance to adopt new technology (Akenbor and Agwor, 2015). Management tend to forget that it is their responsibility to study these factors so that they can effectively use cost control to enhance financial performance (Akenbor and Agwor, 2015).

However, Sanni and Hashim (2013) argue that it is not lack of support from top management that hinders cost control to enhance financial performance. It is the use of inexperienced personnel that hinders the cost control of an organisation to enhance its financial performance (Sanni and Hashim, 2013). Sanni and Hashim (2013) go on to say that inexperienced workers make a lot of mistakes and poor decisions at times hence this is pervasive to the cost control objective of improving financial performance. The market is also unstable and this leads to unforeseen circumstances which cannot be blamed upon the top management when cost control is failing to improve the financial performance of the organisation (Ohia, 2011). Chigara et al (2013) also support that top management is not responsible for cost control failures, rather they say there is just lack of communication between managers and subordinates hence cost control is not coordinated effectively to enhance the financial performance of the organisation. This research ascertained the involvement of ZETDC management in improving the financial performance of the company through cost control.

2.4.2 Insufficient knowledge of cost control techniques

According to Chigara et al (2013), most workers have insufficient or inadequate information concerning cost control techniques or methods hence it is a major challenge to improving the financial performance of the organisation. This lack of knowledge leaves a gap in the effectiveness of cost control systems to enhance financial performance (Chigara et al, 2013). Furthermore, Chigara et al (2013) say that there is need for continuous professional development of workers through refresher courses and seminars to overcome the challenge of ignorance so that cost control can be effective to enhance the financial performance of the organisation. Maiga et al (2013) support by saying that most employees do not appreciate cost control systems hence they are not informed concerning the advantages of cost control to enhance the financial performance of their organisation. Cost control systems are effective when implemented with information technology and most workers are not well acquainted with changes in technology hence ignorance remain a major challenge of cost control to achieve a good financial performance (Maiga et al, 2013). Hafez et al (2015) also assert that inadequate knowledge of cost control systems have led to wrong application of cost control methods hence it is difficult to improve financial performance.

However, Watkins (2014) assert that the lack of knowledge is not really a challenge, rather it is the organisation that does not increase the awareness of its workers concerning the modus operandi of cost control systems as a tool to enhance financial performance. Watkins (2014) strengthens the thought by saying that if organisations prioritise increasing the awareness of employees; cost control will definitely result in greater profit margins thus increasing the financial performance of the firm. Jain and Narang (2012) also say cost control is a broad subject with a lot of concepts hence that should not be misinterpreted as insufficient knowledge of workers concerning cost control as a tool to increase the financial performance of the organisation. Furthermore, Jain and Narang (2012) say that cost control requires segregation of duties and separate different responsibilities amongst employees and once these are clearly defined in an organisation, it becomes easier for each to get information specific to their job needs hence inadequate knowledge of cost control to increase financial performance will not be a problem anymore. This research ascertained the awareness of employees of ZETDC concerning the subject of cost control and financial performance.

2.4.3 Heavy costs associated with cost control

Nalwade and Parakh (2013) are of the idea that there are also huge costs associated with the process of cost control hence it may not improve the financial performance of an organisation. Cost control does not mean reducing costs; it only means working towards the minimisation of wastage (Nalwade and Parakh, 2013). Akenbor and Agwor (2015) and Oluwagbemiga et al (2014) also support by saying that direct expenses are positively correlated with much needed productivity in the organisation but it does not guarantee good financial performance. There is need to study the ways in which costs vary with the level of production (Nalwade and Parakh, 2013). Furthermore, an effective cost control system requires integration with the latest technology and this is also costly to implement the use of recent software applications thus degrading the financial performance of the organisation (Akenbor and Agwor, 2015).

On the other hand, Premalal et al (2015) have got a different opinion as they say that heavy costs associated with cost control systems to enhance financial performance are caused by inability to recognise cost control techniques or methods which are the most suitable and effective for your particular business needs. Cost control is guaranteed to reduce costs once applied effectively and no heavy costs associated with it will reduce the financial performance of the organisation (Premalal et al, 2015). Hazarika (2013) also supports by saying that financial performance can only be improved by reducing costs, and once it is associated with heavy costs, it is no longer cost control. Simply put, cost control means reducing the cost per unit of production to enhance the financial performance of the business (Hazarika, 2013). Watkins (2014) also agrees by saying cost control simply means making affordable the product or service you supply to customers as an organisation to enhance financial performance and hence there are no heavy costs associated with it. This research determined if costs have arisen within ZETDC as a result of the implementation of their cost control systems to enhance financial performance.

2.4.4 Delays by clients to release money

Otim et al (2012) say that delay by customers to pay on time is also another challenge faced by cost control to enhance financial performance. Customers have a tendency of delaying to pay on time meanwhile a quotation would have been given to them already based on current prevailing market prices of inputs required (Otim et al, 2012). These customers will pay later when prices have gone up and this has got an adverse effect on the financial performance of the organisation. This is also supported by Akenbor and Agwor (2015) who says customers delay to pay money when prices are changing and this reduces the effectiveness of cost control to enhance the financial performance of the organisation. Standard costs are calculated based on current prices of materials with the assumption that the prices will not change and hence when customers delay to pay when inflation is going up, cost control will not achieve the objective of good financial performance (Akenbor and Agwor, 2015).

Athalye et al (2015) also reiterate the same point by saying suppliers are always changing their prices, hence when customers delay to pay, budgeted costs will seize to reflect the current market situation and this constraints cost control methods or techniques from enhancing financial performance.

However, Akenbor and Agwor (2015) also criticise their point of saying that delay by customers to pay is a major drawback for cost control to enhance financial performance. In their criticism, they say cost control is a procedure of estimating the total expenses involved in the production of one unit (Akenbor and Agwor, 2015). Since it is a process of estimating, the budgeted costs are also supposed to take into account unforeseen or unexpected circumstances so that the financial performance of an organisation is not put to risk (Ohia, 2011). Chigara et al (2013) also say that the delay by customers to pay is not really a challenge if the cost management personnel of an organisation work on producing accurate estimates of costs involved thus ensuring a progression in the financial performance of the firm. According to the Standard Operating Procedure of the ZETDC's engineering department, when customers require supply of electricity to their premises, the work commences upon payment from the customer. This research ascertained how cost control is affected by time taken by clients to pay and ultimately on the financial performance of the company.

2.5 Factors resulting from poor cost control to adversely affect financial performance

2.5.1 Wastage of resources

According to Olalekan and Tajudeen (2015), poor cost control causes wastage of resources and this has a negative impact on the financial performance of the organisation. Olalekan and Tajudeen (2015) assert that poor cost control will cause a firm to buy from suppliers more than what is necessary for production and those resources not utilised will degrade financial performance. Nalwade and Parakh (2013) also support by saying that poor cost control will lead to underutilisation of resources and this is never good news for a firm seeking to improve its financial performance. Akenbor and Agwor (2015) say that the more a firm is careless with cost control techniques or methods, the more it is inefficient in the use of its resources thus dragging the financial performance of the organisation. When there is poor cost control, it also means there is inadequate supervision of workers hence employees can use the resources of the organisation anyhow they like without anyone monitoring them and this obviously reduces financial performance (Akenbor and Agwor, 2015). The wastage of resources from poor cost control is fatal to financial performance (Azis and Memmon, 2013).

However, Chigara et al (2013) have got a different opinion as they say that the problem of poor financial performance through wastage of resources is not merely a result of poor cost control within the organisation. Poor cost control is also a result of several factors beyond the control of the organisation and these factors include market volatility, and government regulations (Chigara et al, 2013). As long as these factors are affecting the cost control of an organisation towards excellent financial performance, wastage of resources is not really the problem of poor cost control within the organisation (Evaggelia et al, 2011). Dixu (2013) also says poor cost control is failing to keep expenses within the confined limits, but it is somehow necessary to avoid compromising the quality of product we provide as an entity so that financial performance is not adversely affected by declining revenue as a result of low sales demand. It is much better to have many leftovers after we have produced products with high quality than to try to be conservative when we are producing poor quality products which will affect our financial performance negatively (Dixu, 2013). This research ascertained how poor cost control has affected the financial performance of ZETDC through the wastage of resources.

2.5.2 Losing cost competitiveness or competitive advantage

According to Nalwade and Parakh (2013), there is a cost competition that exists among firms and it determines whether an organisation will or will not enhance its financial performance. Poor cost control will cause a firm to produce at a higher cost as compared to other players in the same industry and this leads also to a higher price which is not attractive to customers thus this constraints the financial performance of the organisation (Nalwade and Parakh, 2013). Nalwade and Parakh (2013) strengthen their thought by saying customers always want high quality products at low prices hence producing at high cost is disastrous to the financial performance of the organisation. This is also supported by Oluwagbemiga et al (2014) who says poor cost control will cause an entity to lose its competitive advantage thus dragging the financial performance of the company. There is a significant positive relationship between cost control and the competitiveness of the firm in the market and hence it must not be taken lightly if the organisation is going to maintain its market share so that its financial performance is not reduced (Oluwagbemiga et al, 2014). Furthermore, if an organisation does not focus its cost control techniques on reducing production costs and administrative expenses, its financial performance will be in turmoil (Shibani, 2015).

However, according to Memon et al (2012), most organisations are not able to keep up within budgeted costs hence poor cost control is an issue affecting many firms and this means that losing cost competitiveness is not probable to rise with an adverse effect on financial performance. Furthermore, Memon et al (2012) highlight that most organisations are actually in need of improving their cost control methods or techniques so that their financial performance is enhanced. Khan and Beg (2012) also support by saying losing cost competitive advantage is not really an issue of cost control but quality. Organisations should not concentrate on reducing costs but they should focus on producing at a high quality and this is what determines the competitive advantage of a company which ultimately enhances financial performance (Khan and Beg, 2012). A lot of times, clients prefer buying goods or services with high quality regardless of the amount of costs hence poor cost control is not definite to reducing competitive advantage and ultimately causing poor financial performance (Khan and Beg, 2012). Andreason and Wind (2014) also assert that an organisation does not have to be a low cost player in the industry for it to achieve an excellent financial performance.

There are many alternative sources of electrical energy such as the use of solar energy and generators (Mambo, 2016). This research established if poor cost control within ZETDC has caused the company to lose its competitive advantage, when customers are seeking other sources of electrical energy.

2.5.3 Failure to achieve set goals and objectives

According to Nalwade and Parakh (2013), organisations set goals and objectives at the beginning of each financial year, however poor cost control will cause firms to miss their planned targets and this also adversely affects the financial performance levels projected or forecasted. The cost control of an organisation tries to ensure that the entity remains within the budgeted costs and once there is an adverse variance, this implicates disaster on financial performance (Oyewo, 2013). Wong (2015) is in support of the same ideas by saying all firms have a profit objective which enhances financial performance and this is only achievable through an effective application of cost control within the organisation. Wong (2015) further explain that poor cost control will hinder a firm from having an optimum production that meets market demand to enhance financial performance and this also leads to failure by the organisation to miss set goals or targets and objectives. Oluwagbemiga et al (2014) also support the notion by highlighting that there is a significant positive relationship between cost management practises and achievement of goals and objectives thus improving the financial performance of the organisation hence much emphasis has to be placed on cost control.

However, Akenbor and Agwor (2015) assert that poor cost control is a result of unforeseen circumstances or events and at that moment, it is necessary to ignore budgeted costs so that the company can achieve its production goals and this also does not worsen the financial performance of the organisation. The firm cannot stop producing because budgeted costs have been exceeded and this will definitely reduce the adverse effects on the overall financial performance (Emengini et al, 2014). This is also supported by Premalal et al (2015) who say that poor cost control leads to less profits thus devastating to the financial performance of the organisation however, had the company maintained its strict cost control policies, the financial performance will be in a much worse position. In order to achieve set goals and objectives of the organisation, cost control has to be flexible so that financial performance is not put at risk in the name of reducing costs (Premalal et al, 2015). Athalye et al (2013) also supports the argument by stating that poor cost control is a result of expensive suppliers hence failure to achieve goals and objectives is not within the control of the organisation. This research looked at how poor cost control has contributed to some of the failures by ZETDC to meet some of its goals and objectives.

2.5.4 Time overrun.

According to Khan and Beg (2012), poor cost control causes time overrun in the various projects being undertaken by an organisation and this has a negative effect on the financial performance of the firm. Time overrun means the organisation will take longer than expected to fulfil its tasks and hence more resources continue to be pulled out towards their completion and this is how it damages the financial performance of the entity (Khan and Beg, 2012). Mahadik (2015) also state that poor cost control reduces the productivity of the firm thus frustrating its financial performance. Low productivity entails that the organisation is producing less in a long period of time (Mahadik, 2015). Memon et al (2012) also highlight that poor cost control and time overrun go alongside together and their effect on financial performance is pervasive.

However, Wong (2015) says cost control is a plan for the quantities or resources that will be used to convert them into outputs and this has nothing to do with time factor. Simply put, cost control enhances the financial performance of the organisation through the best use of resources regardless of time taken (Aref, 2012). Chigara et al (2013) supports the same point by saying poor cost control is a result of unskilled labour which wastes the materials of the organisation thus causing poor financial performance and this does not mean in any way mean that the organisation will take longer than expected. This research ascertained the effect of poor cost control on time taken by the company to complete various tasks and how this ultimately affects financial performance.

2.6 Summary

The purpose of this chapter was to bring together as one piece of information other scholarly material concerning the impact of cost control on financial performance. The researcher looked at how cost control improves financial performance, effectiveness of various cost techniques, challenges faced by cost control and also the results of poor cost control. This guided the researcher on what to particularly look for within ZETDC, the organisation being used as a research unit. The next chapter discussed the research methodology.

CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

This chapter describes that the descriptive method was used to gather information relating to the impact of cost control on the financial performance of ZETDC. The chapter also revealed the target population which comprises the employees of the organisation used as a case study and ultimately the sample population created using stratified random sampling technique. How the data was presented and analysed is also explained to give direction on how the research outcome came about.

3.1 Research design

Ceswell (2013) defines a research design as the method that justifies how information is going to be gathered. Rajasekar et al (2013) also define research design as the plan and methods that will be employed by the researcher to successfully carry out his/her dissertation so as to produce findings that can be relied upon to solve the research problems. According to Ceswell (2013), a good research design must be able to solve the problem statement hence the approach to be taken by the researcher is very important as it determines the whole outcome of the research. According to Wyk (2012), there are three types of research designs which are; exploratory study, descriptive study and explanatory study. Exploratory research deals with discovering new information where little research has been done and explanatory research deals with identifying reasons behind the relationship of the variables under study i.e. why do certain variables relate the way they do (Wyk, 2012). Descriptive research aims to give an accurate presentation with more detail of the variables under study e.g. why are the variables not relating as expected (Wyk, 2012). The researcher therefore used descriptive study as it is the appropriate method for this research. This method is explained more in paragraph 3.1.1 below.

3.1.1 Descriptive research

According to Farthing (2015), a descriptive research helps to ascertain the current situation better i.e. what has really transpired in a given scenario. This approach is also helpful in that it adds more flesh to ideas that have been put forward with previous researchers (Farthing, 2015). This is also supported by Hale (2011) who said a descriptive research helps to bring out information regarding the factors underlying a research problem. This method therefore suited the research, where the researcher sought to bring out information on why cost control has not prevented the financial constraints within ZETDC. Descriptive research meant that the researcher was going to gather information in such a way that was going to demystify the organisational problems within ZETDC in order to come up with effective solutions.

3.1.2 Qualitative Approach

Kumar (2011) defines qualitative approach as a planned subjective procedure used to explain life's experiences and circumstances to give them meaning. Qualitative approach also looks at the way people respond to life's situations so that a better understanding of their society is obtained (Kumar, 2011). Ceswell (2013) said a qualitative approach is used to define a situation which cannot be measured in numerical terms. Rajasekar et al (2013) assert that qualitative approach is descriptive in nature (non-numerical) and its main aim is to portray or report a situation based on peoples' views, thoughts and opinions. In other words, the qualitative approach helped the researcher to gain understanding of how cost control has affected the financial performance of ZETDC based on the views and experiences of the company’s employees. The employees of the organisation were definitely in a better position to tell the limitations and benefits of cost control, effectiveness of cost control techniques being employed and results of poor cost control, and such authenticity makes the whole research outcome dependable.

3.2 Target Population

Vonk (2016) says a target population is a collection of people regarded as relevant to our study or research. According to Markey (2013), a target population is a group of people that are suited for a research to be undertaken.. ZETDC was used as the research unit and particularly the finance and engineering sections of the company thus focusing on the employees of that organisation. According to the organisational structure of ZETDC, engineering and finance are the two main sections of the company hence all departmentes operate under either of the two. The employees of the organisation have the first hand information of how cost control has affected the financial performance of their company. The researcher therefore used a target population of 33 employees. This target population is a total number of all workers at ZETDC – Bindura District Office as revealed by the organisational structure.

3.2.1 Sample size

Vonk (2016) defines a sample size as the group of people from our target population where we actually collect our research data. Sarantakos (2012) simply defines a sample size as representatives from the target population. Agbloyor (2012) points out that it is economical for the researcher to come up with a sample rather than using the whole target population. Stratified random sampling was used to come up with representatives from the target population. According to Nargundkar (2012), stratified random sampling ensures that all subgroups in a target population are represented. This therefore means that every department under the finance and engineering sections of ZETDC was represented. The sample comprises the sales manager, the accountant, 3 IT personnel, 8 accounting clerks, 4 accounting officers, 2 electricians and 1 personnel clerk giving a total sample size of 20 employees. The sample size is 60% (20/33) of the target population. Converse et al (2013) and Monkey (2011) said that the sample percentage should be above 50% of the target population. According to Jalil (2013), the sample size should be at least 30% of the target population. The sample of 20 participants from 33 employees is illustrated below.

Table 3.1 Sample size and total population

Level	**Total population**	**Sample size**	**% sample size**	**Interviews**
Top management (Sales manager)	2	1	50%	1
Middle management (accounting officers)	8	4	50%	1
Accountant (Middle management)	1	1	100%	1
IT personnel	3	3	100%	
Accounting clerks	12	8	66%	
Electricians	5	2	40%	
Personnel clerk	2	1	50%	
Total	**33**	**20**	**60%**	**3**

Table 3.1 illustrates a sample of 20 employees created from a target population of 33 workers. Table 3.1 also reveals that nearly all departments were represented by at least 50% of the employees under them. The researcher also planned to carry out 3 interviews as revealed by Table 3.1.

3.3 Primary data

According to Hox and Boeije (2013), primary sources are documents that have data which is directly linked with the situations and people under an area of study. High credibility can be placed on this data because of its authenticity and it is very unlikely to be unbiased (Hox and Boeiji, 2013). Mackey (2013) defines primary data as the original source material or the first hand information usually produced by a participant or a witness in an event. The researcher used primary data to come up with first hand information of how cost control has influenced the financial performance of ZETDC. This makes the information collected dependable because the data is not diluted by means of passing through other channels of communication. The data collected was therefore not biased since its sources were authentic and the participants in the sample were the ones experiencing the research problem under study.

3.4 Research instruments

Milne (2012) defines research instruments as the data collection tools that shall be used to gather up information for analysis. Furthermore, Milne (2012) asserts that the research instruments selected have a huge bearing on the relevance and reliability of information to be produced. Questionnaires and interviews were used to gather data which was used to accomplish the objectives of this research.

3.4.1 Questionnaires

A questionnaire is a document written down with questions, given to people in a sample group so that they respond to provide data (Hox and Boeije, 2013). Questionnaires requiring data to answer the research questions were given out to the participants in the sample. Hox and Boeije (2013) assert that questionnaires are an effective way of collecting qualitative data which is non-numerical in nature. The questions had suggested answers hence focusing the research instrument on the research objectives. According to Milne (2012), questionnaires are objective and the information is gathered in a much organised way. Questionnaires are a very quick way to collect information from several people at the same time; however people have to be given enough time to answer the questions (Milne, 2012).

3.4.2 The Likert Scale

The questions in the questionnaire were answered through the use of the likert scale. According to Bertram (2012), a likert scale is a response scale that categorises participants' choices or it shows people's opinions concerning a particular subject. It is used to show the level of agreement from participants concerning aspects under an area of study (Bertram, 2012). Bertram (2012) further points out that the likert scale is usually a 5-point scale with the following categories; 'strongly agree', 'agree', 'uncertain', 'disagree', and 'strongly disagree'. The various categories of the likert scale helped the researcher to group people's views and experiences on cost control and financial performance within ZETDC. The likert scale is a highly reliable scale, less time consuming and it avoids extreme answers from participants which are beyond what the research objectives seek to look at (Bertram, 2012). The likert scale can be clearly seen in appendix 3, which is a questionnaire attached at the end of this paper, page 95.

3.4.3 Interviews

Face-to-face interviews were also done to collect data from selected participants in the sample group. Muskat (2012) defines an interview as an objective conversation between two or more people with the aim of providing feedback regarding a particular subject. Although face-to-face interviews are time consuming, they are the most effective way of collecting high quality data and they offer a higher level of flexibility when compared to other methods of data collection (Muskat, 2012). The researcher can encourage participants to respond, can also make the questions clear, correct misunderstandings and follow up new ideas and this cannot take place with the use of questionnaires alone (Muskat, 2012). This gave the researcher great confidence on the interview method knowing that data collected was reliable. The researcher asked the questions and took down notes whilst the respondents were answering. The researcher's communication skills became handy in collecting reliable and credible information from participants in the sample group. Each interview was approximately ten minutes and they complemented the questionnaires hence the researcher was able to get a deeper understanding and appreciation of the area under study.

3.5 Reliability and Validity

3.5.1 Reliability

Thanasegaran (2012) defines reliability as the extent to which information is considered free from error and therefore yields accurate results. Information is considered reliable if research instruments will obtain the same results concerning the same subject of matter after being used by different researchers (Thanasegaran, 2012). The researcher used two data collection tools i.e. interview and questionnaires to ensure the reliability of data. Interviews helped the researcher to gain more insight into the data that had been collected through questionnaires thus ensuring dependability on data gathered. The interviews were also done on finance personnel who are well versed with the subject of cost control and financial performance. The sample group selected by the researcher represents every department at ZETDC Bindura District Office thus removing bias. As revealed by Converse et al (2013) and Monkey (2011), sample size must be at least 50% of the target population meanwhile the sample size of this research is 60% thus ensuring reliability of data gathered. Another important thing to note is that both interviews and questionnaires had the same questions created from the objectives of this research. The researcher used the triangulation method i.e. to compare data collected through the two research instruments for any differences thus ensuring reliability.

3.5.2 Validity

According to Thanasegaran (2012), validity is the extent to which a research instrument measures what it is supposed to measure. A research instrument is valid if it accurately measures what it is supposed to measure without being diluted by other factors (Thanasegaran, 2012). Validity inadequacies will lead to serious consequences on the whole research outcome hence it must not be taken lightly (Thanasegaran, 2012). The research questions and objectives were used in creating the questionnaires and the interview guides thus ensuring the validity of the research instruments because they focused on providing feedback that was relevant to the issue under study. When the researcher collected the questionnaires, the documents were inspected for errors and mistakes i.e. if respondents had followed instructions properly and this also ensured the validity of the research instruments.

3.6 Data presentation and analysis

3.6.1 Data presentation

The first step towards presentation of the data was to group and classify responses from questionnaires and interviews according to the research questions they were relating to. According to Potter (2013), the use of diagrams to present data enhances better understanding of the information gathered. Visual aids such as bar graphs, pie charts and tables were used to illustrate the data collected. Visual aids made it easy to analyse, scrutinise and interpret raw data that had been gathered. This made it easier to relate the findings with the problems of the organisation under study and also with the literature review discussed in Chapter 2.

3.6.2 Data analysis

According to Kumar (2011), data analysis ensures that sequences and trends are established from the data gathered so that appropriate conclusions will be given. The researcher mostly used the modal responses to come up with conclusions relating to situations taking place within ZETDC. Modal responses give a true picture of events taking place in a given scenario (Potter, 2013). Percentiles were also calculated in classifying the responses of the sample participants and this enhanced analysis of the data gathered.

3.7 Summary

The purpose of this chapter was to explain the procedures used to collect raw data. Descriptive research design was used in this study. The raw data was collected through interviews and questionnaires. Information regarding what the researcher did to ensure the reliability of the data gathered was also provided in this chapter. The next chapter discussed the results of the findings from the data gathered.

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

The purpose of this chapter was to present the data collected, and analyse it to come up with research findings. The research findings include; how cost control improves financial performance, effectiveness of various cost control techniques and limitations of cost control. The analysis was based on primary data collected through questionnaires and interviews.

4.1 Questionnaires Response Rate

The response rate shows us the number of questionnaires that were distributed and the ones that were returned back to the researcher by the respondents. In total, the researcher distributed 20 questionnaires to the sales manager, personnel clerks, accounting clerks, accounting officers, accountant, electricians and IT personnel. The researcher managed to return back 18 questionnaires from the 20 that were distributed and this gives a response rate of 90%. The following table describes the response rate.

Table 4.1 Questionnaire response rate

Respondents	**No. of questionnaires sent**	**No of questionnaires returned**	**Response rate**
Sales manager	1	1	100%
IT personnel	3	3	100%
Accounting clerks	8	7	87,5%
Accounting Officers	4	4	100%
Accountant	1	1	100%
Electricians	2	1	50%
Personnel clerk	1	1	100%
Total	**20**	**18**	**90%**

Although the researcher could not achieve a total response rate of 100%, 90% is reliable since it falls within the recommendations of some other scholars. Converse et al (2013) stated that the minimum response rate should be 60% whilst Monkey (2011) assert that it should be at least 70% to produce reliable results

4.2 How cost control enhances financial performance

4.2.1 Increase in profitability

Table 4.2 Responses on increase in profitability

	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Respondents	7	10	1	0	0
% of respondents	39%	55%	6%	0%	0%

Table 4.2 above reveals that 7/18 (39%) respondents strongly agree that cost control enhances the financial performance of the organisation through increase in profitability whilst 10/18 (55%) respondents also agree to the same notion. According to Table 4.2, 0/18 (0%) respondents strongly disagree and 0/18 (0%) respondents disagree that cost control increases the profitability of the organisation. Table 4.2 also stipulates that 1/18 (6%) respondents are uncertain about the relationship between cost control and profitability. Simply put, the 39% who strongly agree and the 55% who agree make up 94% respondents who confirm that cost control improves the financial performance of the organisation through increase in profitability. Olalekan and Tajudeen (2015) support this by saying cost control undoubtedly improves profitability through increase in organisational efficiency and this leads to better financial performance. Nalwade and Parakh (2013) and Maiga et al (2013) also allude to the same notion by saying that there is no way a firm can meet its profit objective without implementing cost control.

The 1/18 respondents who is uncertain is supported by Warusawitharana (2016) who assert that there are non-controllable costs in a firm which are beyond the organisation's influence hence increase in profitability is not guaranteed. Given that ZETDC's profitability has continued to decline from 2013 to 2015 as stated by Utete (2016), meanwhile a modal response of 94% respondents affirm that cost control increases profitability. The researcher concluded that cost control increases profitability; however profits are also dependant on other factors.

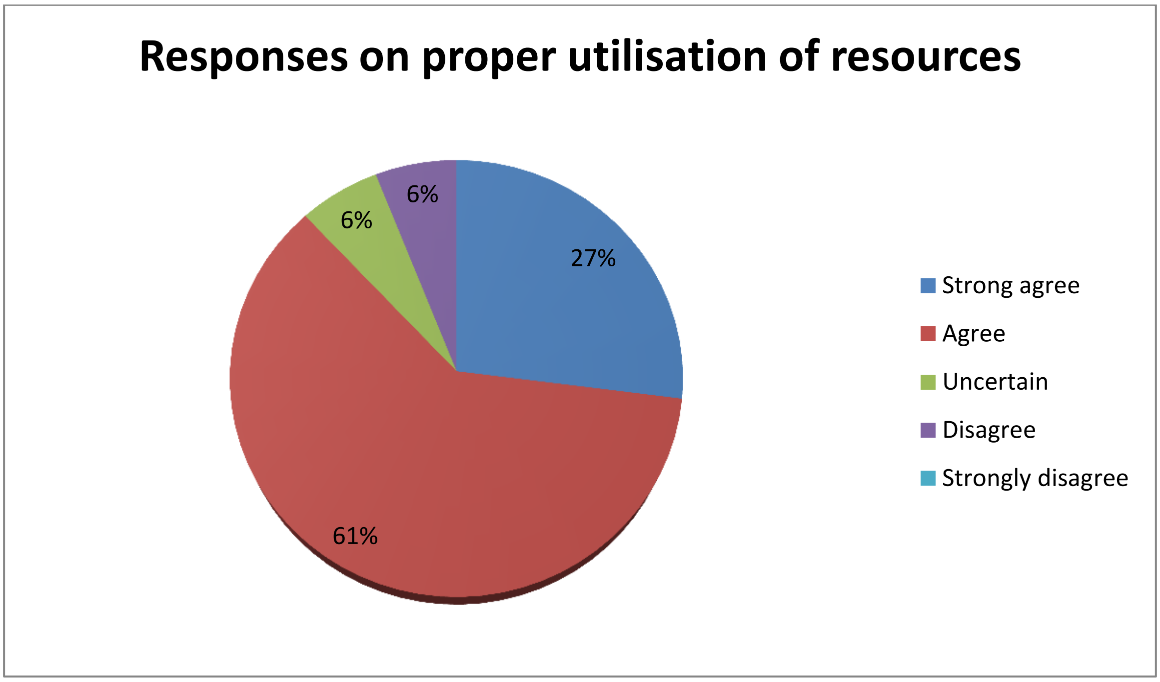
4.2.2 Proper Utilisation of Resources

Raw data: **Proper utilisation of resources**

	Strong agree	**Agree**	**Uncertain**	**Disagree**	**Strongly disagree**
Respondents	5	11	1	1	0

The raw data was used to extract the pie chart in Fig 4.1 following.

Fig 4.1 Responses on proper utilisation of resources



According to Fig 4.1 above, 27% (5/18) respondents strongly agree and 61% (11/18) respondents agree that cost control enhances the financial performance of the organisation through proper utilisation of resources. Fig 4.1 also shows that 6% (1/18) respondents are uncertain about whether cost control leads to proper utilisation of resources whilst another 6% (1/18) respondents disagree that cost control leads to proper utilisation of resources. 0% respondents strongly disagree that cost control enhances financial performance through proper utilisation of resources. In aggregate, 16/18 (88%) respondents (27% strongly agree and 61% agree) assert that cost control enhances financial performance through proper utilisation of resources. In support of this, Chigara et al (2013) stipulate that cost control ensures maximisation from resources thus enhancing the financial performance of the organisation. Furthermore, Wen (2014) says cost control prevents underutilisation of resources hence improving the financial performance of a firm.

The 1/18 respondents who is uncertain about whether cost control leads to proper utilisation of resources is supported by Akenbor and Agwor (2015) who say that the relationship between cost control and utilisation of resources should not be determined unless it takes into account several other important factors such as experience of workers and relationship between management and subordinates. The 1/18 respondents who deny that cost control leads to proper utilisation of resources has seen a negative impact of cost control on resource utilisation. The respondent is supported by Garvey et al (2012) who assert that cost control demotivates workers hence they underutilise resources thus causing a poor financial performance in the organisation. The internal audit of ZETDC has always fostered the effective utilisation of resources in the organisation as revealed by the department's reports and with a modal response of 88% who agree, the researcher concluded that cost control has enhanced the financial performance of the company through effective use of the resources in the company.

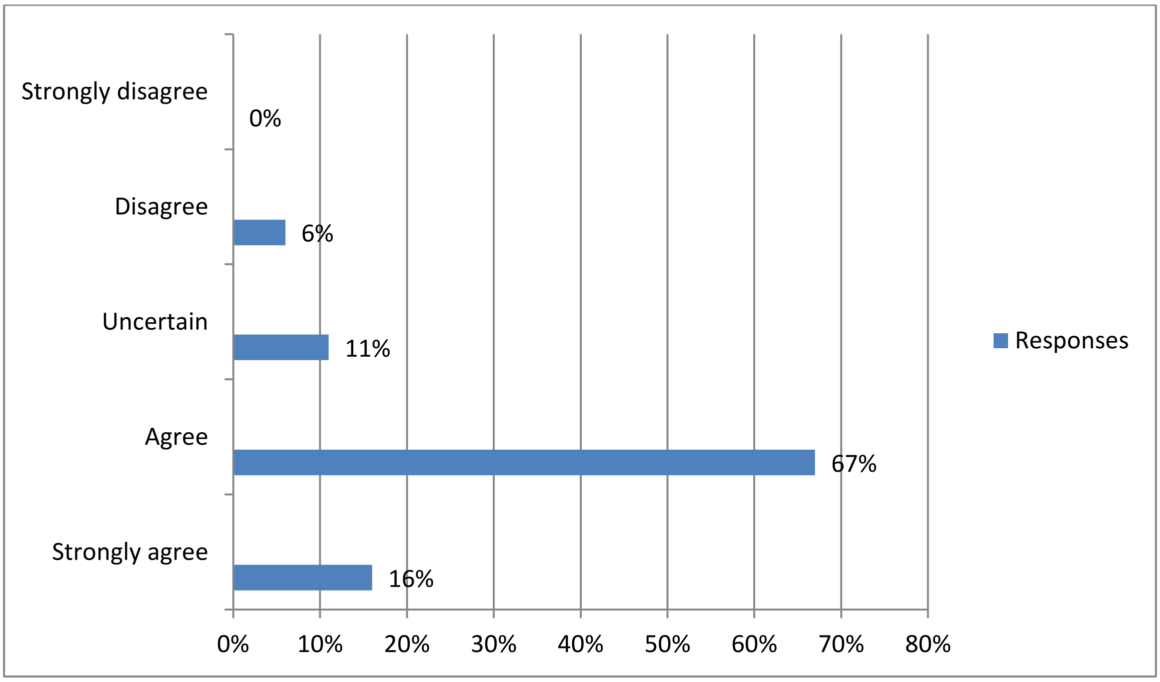
4.2.3 Monitoring performance of workers

Raw data: Responses on monitoring performance of workers

	Strongly agree	**Agree**	**Uncertain**	**Disagree**	**Strongly Disagree**
Respondents	3	12	2	1	0

The raw data was used to extract the Fig 4.2 following.

Fig 4.2 Responses on monitoring performance of workers



According to Fig 4.2, 16% (3/18) respondents strongly agree and 67% (12/18) respondents agree that cost control enhances the financial performance of the organisation through monitoring the performance of workers. Fig 4.2 also shows that 11% (2/18) respondents are uncertain about whether cost control improves financial performance through monitoring the performance of employees. 6% (1/18) respondents disagree and 0% respondents strongly disagree that cost control enhances financial performance through performance measurement of workers. Summatively, 15/18 respondents (3 strongly agree and 12 agree) confirm that cost control improves financial performance through tracking the performance of workers. This is well supported by Akenbor and Agwor (2015) who say that cost control ensures the full utilisation of labour employed thus achieving a better financial performance of the organisation. Wong (2015) also supports that by saying cost control compares current performance of workers and expected performance thus helping to work towards a better financial performance of the organisation.

The 2/18 respondents who are uncertain about whether cost control helps in monitoring performance of workers to improve financial performance do not appreciate how cost control can be used to evaluate the work of employees. They conform to Otim et al (2012) who say that cost control has no effect on performance measurement. The (1/18) respondents who disagree that cost control enhances financial performance through monitoring workers' performance is supported by Garvey et al (2012) who assert that cost control can be used to measure performance of workers but this reduces the morale of employees thus affecting financial performance negatively. There is no evidence that the productivity of workers in ZETDC is declining, and with a modal response of 15/18 respondents who agree, the researcher concluded that cost control has enhanced financial performance through monitoring the work of employees

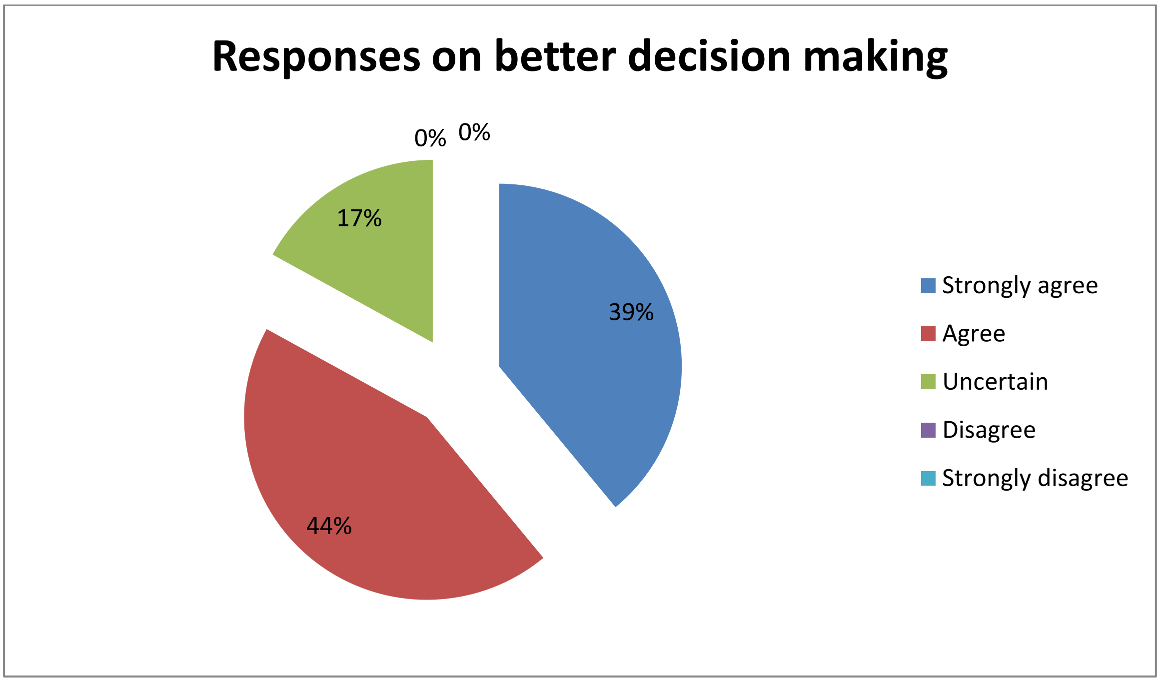
4.2.4 Better decision making

Raw data: Responses on better decision making

	Strongly agree	**Agree**	**Uncertain**	**Disagree**	**Strongly disagree**
Respondents	7	8	3	0	0

The raw data was used to construct the following pie chart.

Fig 4.3 Responses on better decision making



According to Fig 4.3, 39% (7/18) respondents strongly agree and 44% (8/18) respondents agree that cost control has enhanced the financial performance of ZETDC through better decision making. Fig 4.3 also reveals that 17% (3/18) respondents are uncertain about whether cost control enhances financial performance through better decision making. Fig 4.3 also stipulates that 0% (0/18) respondents strong disagree and 0% (0/18) respondents disagree that cost control enhances decision making which leads to better financial performance. In total, 83% respondents (39% who strongly agree and 44% who agree) affirm that cost control improves financial performance through better decision making. This is well supported by Nalwade and Parakh (2013) who assert that major decisions such as pricing can be made easy by cost control and this leads to a better financial performance of the firm.

The 3/18 (17%) respondents who are uncertain are supported by Dixu (2013) who says that cost control can sometimes lead to decisions that compromise product quality and this may not positively affect financial performance. ZETDC has not been allowed to implement its decision relating to tariff increase necessitated by high unavoidable import costs (Mhlanga, 2016). A modal response of 83% also confirms that cost control enhances financial performance through better decision making. The researcher concluded that cost control enhances financial performance through better decision making. However, the financial performance of ZETDC has continued to decline because they have been rejected by regulatory authorities to increase their tariff, a decision that arose because of high unavoidable import costs.

4.3 Effectiveness of cost control methods beind used by ZETDC

4.3.1 Standard costing method

Raw data : Responses on standard costing

	Strongly agree	**Agree**	**Uncertain**	**Disagree**	**Strongly Disagree**
Respondents	2	11	4	1	0

Fig 4.4 Responses on standard costing

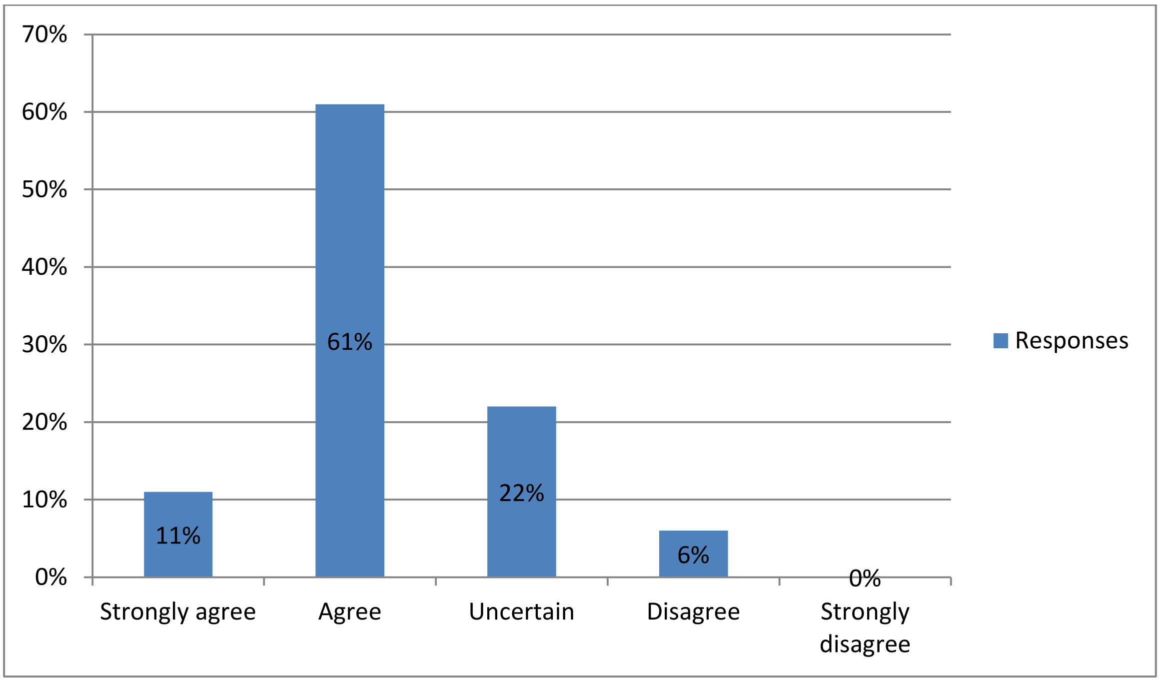


Fig 4.4 reveals that 11% (2/18) respondents strongly agree that standard costing has been effective in enhancing the financial performance of ZETDC. Fig 4.4 also shows that 61% (11/18) respondents agree that standard costing has been effective in improving the organisation's financial performance. Fig 4.4 also reveals that 22% (4/18) respondents are uncertain on whether standard costing has enhanced the financial performance of ZETDC. On the other hand, Fig 4.4 shows that 6% (1/18) disagree and 0% strongly disagree that standard costing has been effective in improving financial performance. Based on the statistics given above, a total of 72% (11% who strongly agree and 61% who agree) respondents confirm that standard costing has been effective in enhancing financial performance. In support of this, Jain and Narang (2012) and Maheshwari (2015) say standard costing is guaranteed to work towards improving the financial performance of an organisation because it focuses on minimising variances between budgeted costs and actual costs.

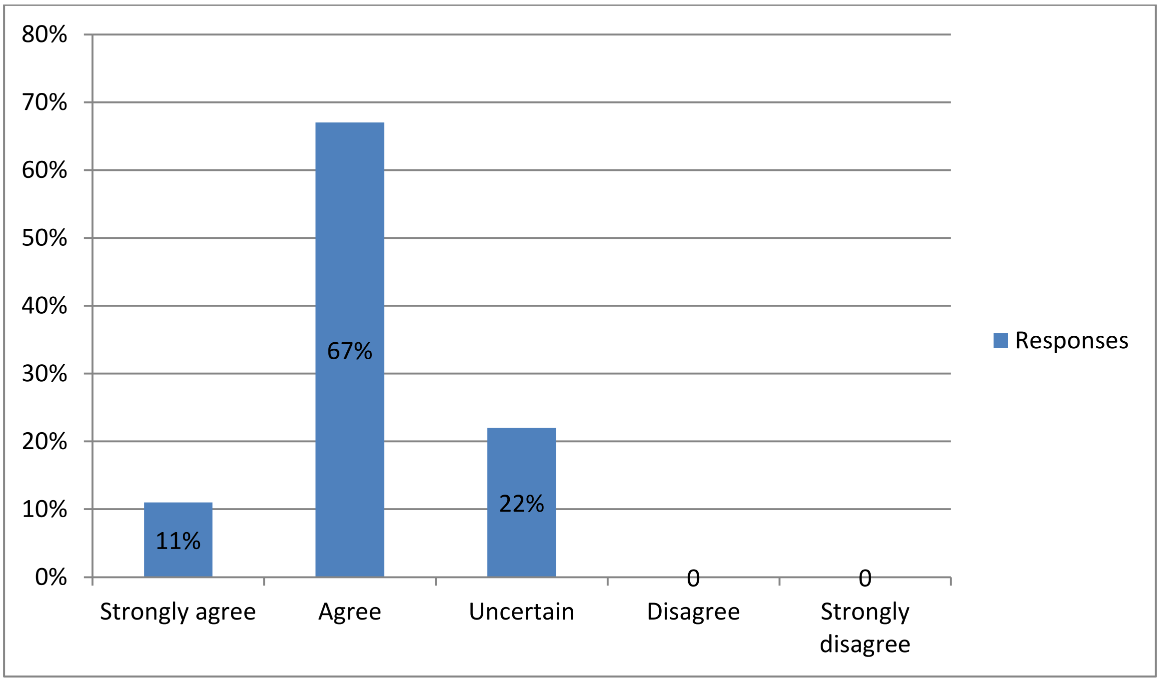
The 4/18 respondents who are uncertain do not appreciate standard costing. They are supported by Otim et al (2012) who say that lack of strong coordination between managers and subordinates may reduce the effectiveness of standard costing and ultimately this may not positively affect financial performance. The 1/18 respondents who disagree criticises the technique because of limitations with the method. The respondent is supported by Garvey et al (2012) who say that remedial action for variances between budgeted costs and actual costs take too long to be implemented hence the technique will not enhance financial performance. The standard operating procedure for the finance section of ZETDC ensures that variances are reported and necessary action is taken. Given also a modal response of 72% who agree, the researcher therefore concluded that the standard costing method has been effective towards improving the financial performance of ZETDC.

4.3.2 Job costing method

Raw data: Responses on job costing

	Strongly agree	**Agree**	**Uncertain**	**Disagree**	**Strongly disagree**
Respondents	2	12	4	0	0

Fig 4.5 Responses on job costing



According to Fig 4.5, 11% (2/18) respondents strongly agree that the job costing method has been effective towards improving the financial performance of ZETDC. Furthermore, Fig 4.5 also shows that 67% (12/18) respondents also agree that job costing has enhanced the financial performance of ZETDC. Fig 4.5 also stipulates that 22% (4/18) respondents are uncertain on the effectiveness of job costing towards financial performance. Fig 4.5 also shows that no one disagrees or strongly disagrees on the effectiveness of job costing towards financial performance as the response rating is 0% for both suggested answers. In summary, a total of 14/18 (2 who strongly agree and 12 who agree) respondents assert that job costing is effective when it comes to enhancing the financial performance of the organisation. This is affirmed by Marx (2012) and Maheshwari (2015) who say that job costing is guaranteed to enhance financial performance because it ensures that costs are recovered from job orders required by clients.

However, the 4/18 respondents who are uncertain on the effectiveness of job costing may not appreciate the job costing method that much. They are supported by Otim et al (2012) who say that job costing becomes ineffective in the sense that clients delay to pay when prices of materials are changing. The quotations of ZETDC's commercial department reveal that contract price is always above the costs incurred to perform customer orders and this is also in line with the modal response of 14/18 respondents who affirm the effectiveness of job costing. The researcher concluded that job costing has been effective towards improving the financial performance of ZETDC.

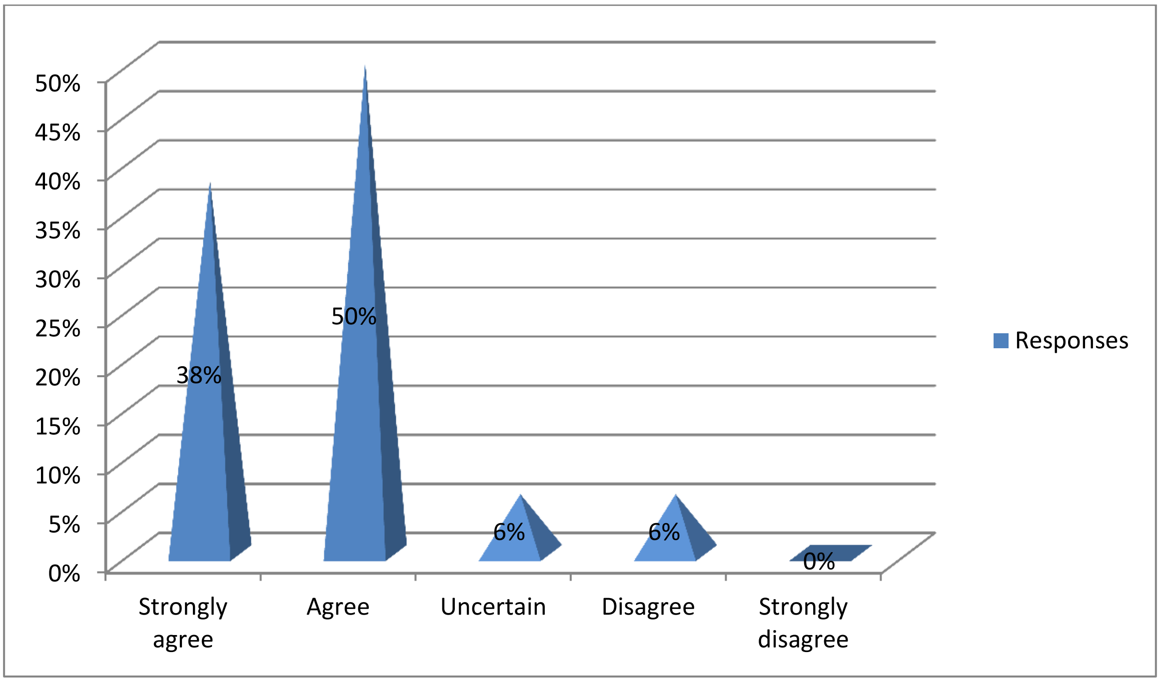
4.4 Other cost control techniques that can be used by ZETDC to enhance financial performance

4.4.1 Activity Based Costing technique

Raw data: Responses on activity based costing technique

	Strongly agree	**Agree**	**Uncertain**	**Disagree**	**Strongly disagree**
Respondents	7	9	1	1	0

Fig 4.6 Responses on activity based costing technique



According to Fig 4.6, 38% (7/18) respondents strongly agree that activity based costing will enhance financial performance. 50% (9/18) respondents also agree that activity based costing will improve financial performance. Fig 4.6 also shows that 6% (1/18) respondents are uncertain about the effect of activity based costing on financial performance. 6% (1/18) respondents disagree and 0% respondents strongly disagree that activity based costing will enhance the financial performance of the company. From the information, 16/18 respondents (7 who strongly agree and 9 who agree) are confirming that activity based costing will enhance financial performance. Their opinion is supported by Jain and Narang (2012) who say that activity based costing is definitely guaranteed to enhance financial performance because cost of activities are included accurately in calculating total production cost.

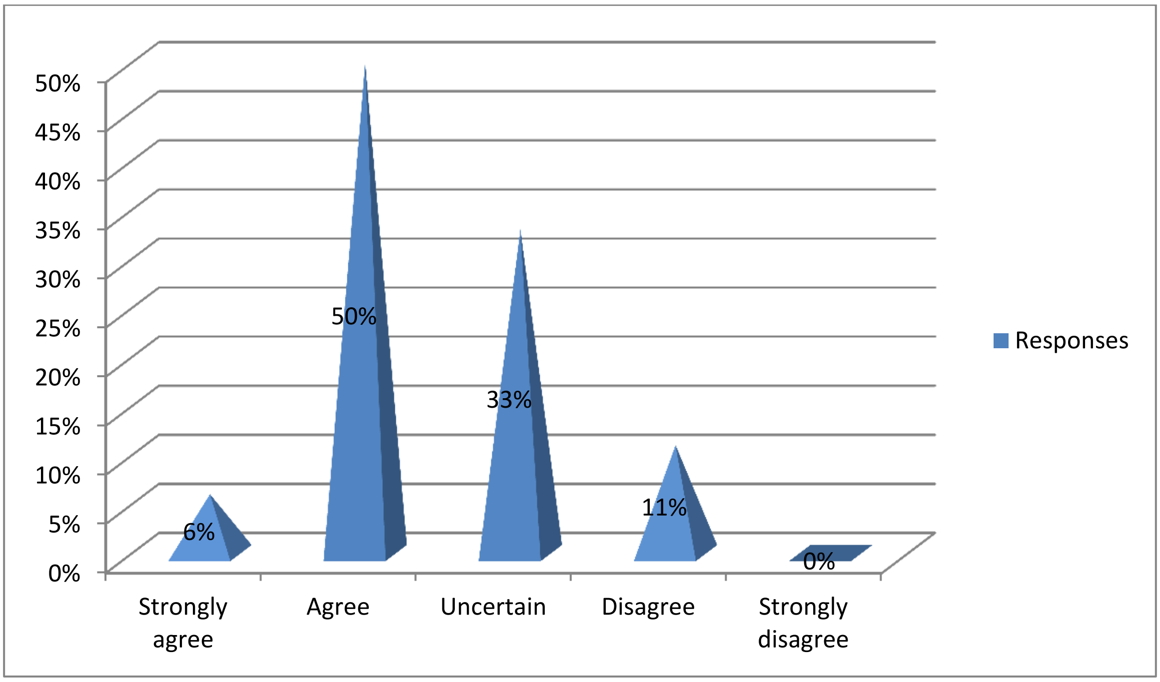
The 1/18 (6%) respondents who is uncertain concurs with Maheshwari (2015) and Sanni and Hashim (2013) who say that activity based costing is a complex method which requires well knowledgeable workers hence because of these factors, financial performance may not be impacted as desired. The 1/18 (6%) respondents who disagree knows the difficulty involved in applying the activity based costing technique. The respondent is supported by Jain and Narang (2012) who say that not all cost of activities can be broken down easily hence this method does not promote good financial performance. Given that this technique will calculate project costs of ZETDC more accurately with a modal response 16/18 respondents who agree, the researcher concluded that activity based costing will enhance the financial performance of ZETDC.

4.4.2 Transfer pricing technique

Raw data: Responses on transfer pricing

	Strongly agree	**Agree**	**Uncertain**	**Disagree**	**Strongly disagree**
Respondents	1	9	6	2	0

Fig 4.7 Responses on transfer pricing



According to Fig 4.7, 6% (1/18) respondents strongly agree that the implementation of transfer pricing amongst the company's branches will enhance the financial performance of ZETDC. 50% (9/18) respondents also agree that transfer pricing will improve the financial performance of the organisation. Fig 4.7 also shows that 33% (6/18) respondents are unsure about the effect of the transfer pricing technique on the financial performance of the organisation. Fig 4.7 also shows that there are 11% (2/18) respondents who disagree and 0% who strongly disagree that transfer pricing will have a positive impact on financial performance. From the statistics, a total of 10/18 respondents (1 strongly agree and 9 agree) are totally affirming that transfer pricing will improve financial performance. In support of this, Jain and Narang (2012) assert that transfer pricing ensures that there is efficiency amongst all the sections of the company thus enhancing the financial performance of the organisation as a whole.

The 33% (6/18) respondents who are uncertain are not well versed with the transfer pricing technique. They are supported by Maheshwari (2015) who assert that transfer pricing is a difficult method which is understood by only a few. The 11% (2/18) respondents who disagree condemn transfer pricing because it can make things complicated amongst the branches of the organisation. This is supported by Jain and Narang (2012) who also criticises transfer pricing by saying that the method is not straightforward and also time consuming thus this can be pervasive on the financial performance of an organisation. According to Nyoni (2016), transfer pricing has been successfully implemented among the subsidiaries of ZESA Holdings which are ZPC, ZETDC, ZENT and Powertel and the modal response of 10/18 (56%) respondents who confirm that the technique will be effective among the organisation's branches could have based their judgment on this fact. The researcher therefore concluded that transfer pricing will enhance the financial performance of ZETDC if implemented amongst the different branches of the company.

4.5 Challenges faced by cost control

4.5.1 Lack of support from top management

Table 4.3: Responses on lack of support from top management

	Strongly agree	**Agree**	**Uncertain**	**Disagree**	**Strongly disagree**
Respondents	2	5	4	6	1
% of respondents	11%	28%	22%	33%	6%

Table 4.3 shows that 2/18 (11%) respondents strongly agree and 5/18 (28%) agree that the organisation is facing the challenge of lack of support from top management to implement cost control. Table 4.3 also shows that 6/18 (33%) respondents disagree and 1/18 (6%) respondents strongly disagree that top management is not supporting to implement cost control. 4/18 (22%) respondents are also uncertain if there is lack of support from top management to implement cost control. A sum of 7/18 respondents (2 strongly agree and 5 agree) affirm that there is lack of support from top management to implement cost control in the organisation. This is supported by Garvey et al (2012) who pointed out that one of the major challenges of cost control to improve financial performance is that it is not given enough attention by the management.

7/18 respondents (6 disagree and 1 strongly disagree) deny that they is lack of support from top management to implement cost control. These are supported by Sanni and Hashim (2013) who say that lack of support from top management is never a problem to implement cost control but rather unforeseen circumstances such as market instability. The 4/18 respondents who are uncertain can be likened to Chigara et al (2013) who assert that lack of support from top management as a challenge is not practical since they are the ones who desire good financial performance. The minutes of the 2016 annual general meeting of ZETDC clearly reveal that ZETDC's top management is enthusiastic about the success of cost control to enhance financial performance. Most of the 7/18 respondents who confirm support of top management are in the middle management and most of the 7/18 respondents who deny management support are in lower level management. The researcher therefore concluded that coordination between management and subordinates is very weak and this ultimately affects cost control negatively.

4.5.2 Insufficient knowledge of cost control techniques

Raw data: Responses on insufficient knowledge of cost control techniques

	Strong agree	**Agree**	**Uncertain**	**Disagree**	**Strongly disagree**
Respondents	2	4	2	10	0

Fig 4.8 Responses on insufficient knowledge of cost control techniques

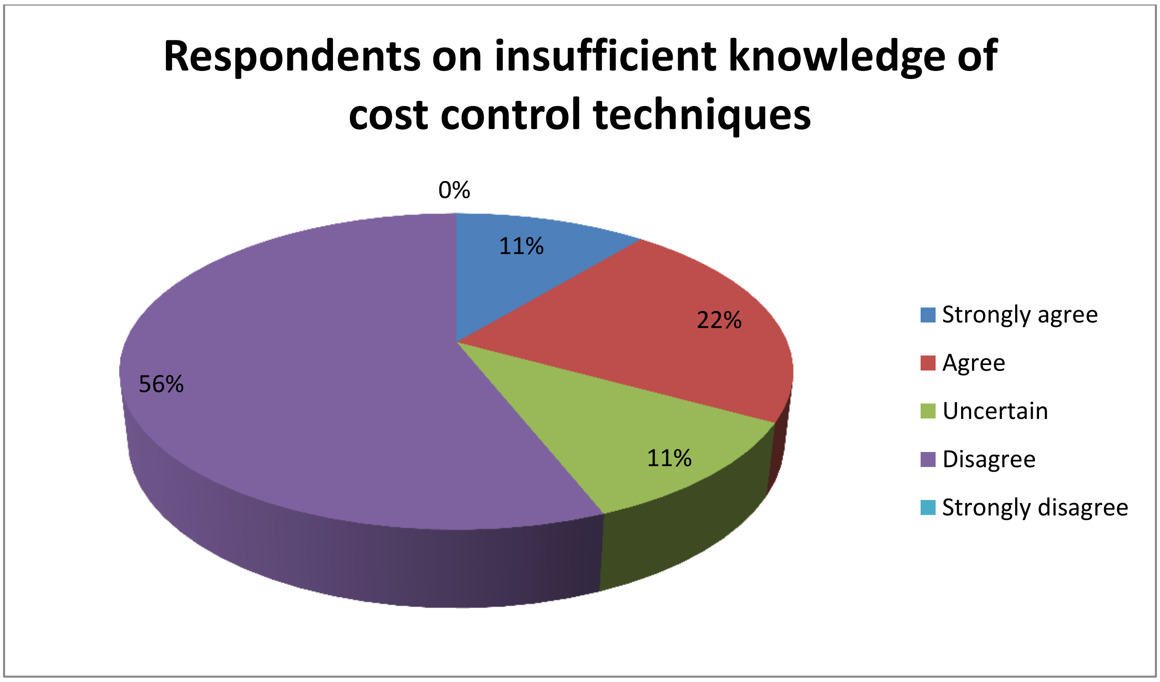


Fig 4.8 shows us that 11% (2/18) respondents strongly agree that the organisation is facing a challenge of insufficient knowledge of cost control techniques to enhance financial performance. 22% (4/18) respondents also agree that there is inadequate knowledge of cost control methods. Fig 4.8 also shows that 11% (2/18) respondents are uncertain if there is insufficient knowledge of cost control techniques. Fig 4.8 also reveals that 56% (10/18) respondents disagree and 0% respondents strongly disagree that there is insufficient

knowledge of cost control techniques within the organisation. Putting together those who agree and strongly agree, 6/18 respondents acknowledge that that the company faces a challenge of insufficient knowledge of cost control techniques amongst employees and this holds back good financial performance. This position is well supported by Chigara et al (2013) who affirm that most workers have inadequate knowledge of cost control techniques and this is why cost control seems not to be improving financial performance as anticipated.

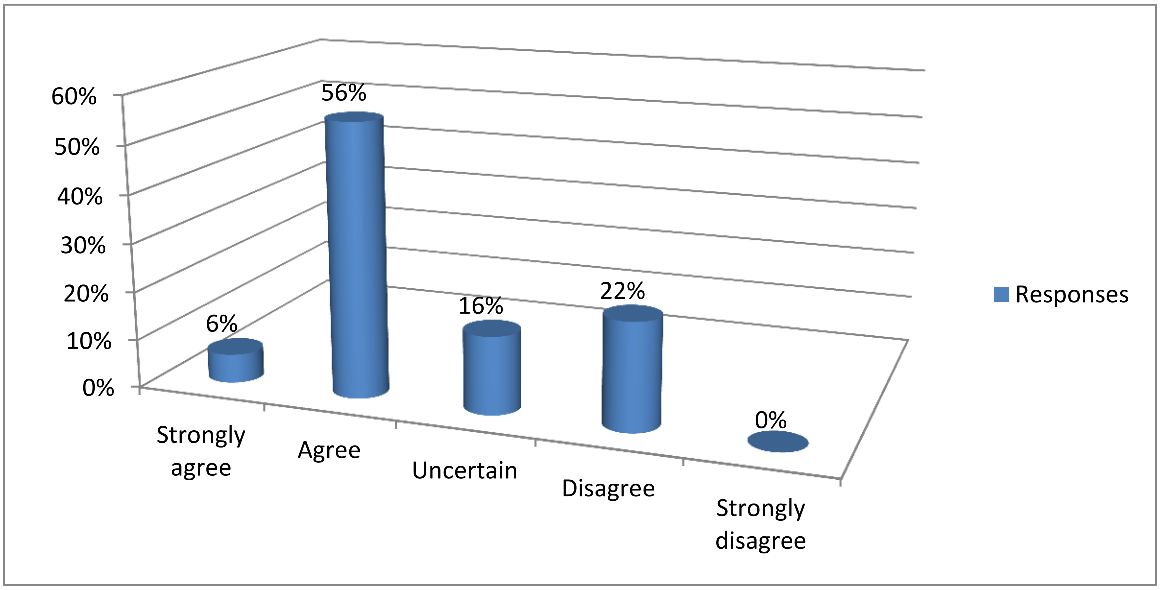
The 2/18 respondents who are uncertain coincide with Jain and Narang (2012) who say that cost control is a broad subject hence this should not be misinterpreted as unawareness of workers concerning cost control techniques. 10/18 (56%) respondents deny the challenge of insufficient knowledge of cost control techniques within the organisation. In support of this, Watkins (2014) asserts that when duties are well segregated in an organisation, the problem of insufficient knowledge of cost control techniques will not arise. The standard operating procedure of the human resources department clearly express that ZETDC recruits workers with the relevant experience and knowledge. Based also on a modal response of 56% respondents who disagree, the researcher concluded that there is no insufficient knowledge of cost control techniques within the organisation.

4.5.3 Heavy costs associated with cost control

Raw data: Responses on heavy costs associated with cost control

	Strongly agree	**Agree**	**Uncertain**	**Disagree**	**Strongly disagree**
Respondents	1	10	3	4	0

Fig 4.9 Responses on heavy costs associated with cost control



According to Fig 4.9, 6% (1/18) respondents strongly agree that there are huge costs associated with implementing cost control within the organisation. There are also 56% (10/18) respondents who agree that there are heavy costs associated with cost control. Fig 4.9 also shows that there are 16% (3/18) respondents who are uncertain if there are heavy costs associated with implementing cost control. According to Fig 4.9 also, there are 22% (4/18) respondents who disagree and 0% respondents who strongly disagree that indeed the organisation is incurring a lot of costs to implement cost control. From the information, 11/18 respondents (1 strongly agree and 10 agree) acknowledge that there are heavy costs associated with implementing cost control within the organisation. This position is well supported by Akenbor and Agwor (2015) who assert that effective cost control requires the use of latest equipment and this will attribute to more costs being incurred.

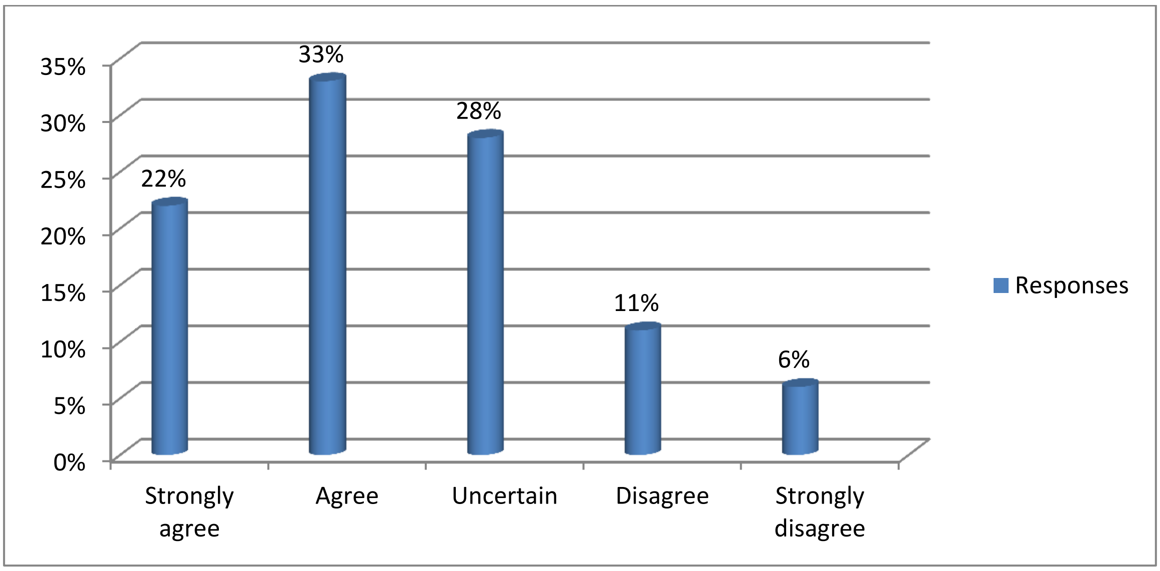
The 3/18 respondents who are uncertain are supported by Nalwade and Parakh (2013) who say that cost control only means to prevent wastage of resources hence costs are not expected to accumulate. The 4/18 respondents who disagree that there are heavy costs associated with implementation of cost control are well supported by Hazarika (2013) who simply says that it is no longer cost control if more costs are being incurred. As a means to cut costs, ZETDC has embarked on a restructuring programme which includes upgrading its computerised information systems to increase organisational efficiency, and this is costly to the company as well (Nyoni, 2016). This is in line with a modal response of 11/18 respondents who agree, the researcher concluded that there are heavy costs associated with implementing cost control within the organisation.

4.5.4 Delays by clients/customers to pay

Raw data: Responses on delays by clients to pay money

	Strongly agree	**Agree**	**Uncertain**	**Disagree**	**Strongly disagree**
Respondents	4	6	5	2	1

Fig 4.10 Responses on delays by clients to pay money



According to Fig 4.10, 22% (4/18) respondents strongly agree that delays by clients have been a drawback to cost control within the organisation. 33% (6/18) respondents also agree that delays by customers to pay are a problem to cost control within the company. Fig 4.10 also shows that 28% (5/18) respondents are uncertain on whether delays by clients to pay are affecting cost control in the organisation. Fig 4.10 also shows that 11% (2/18) respondents disagree and 6% (1/18) respondents strongly disagree that delays by clients to pay is affecting cost control. The information extracted shows that a total of 10/18 respondents (4 strongly agree and 6 agree) acknowledge that delays by clients have been hindering cost control within the organisation. The respondents are supported by Otim et al (2012) who say that clients have a habit of delaying to pay when bills or quotations would have been given to them already based on current economic situation and this impacts financial performance negatively.

The 5/18 respondents who are uncertain concur with Akenbor and Agwor (2015) who say delays by clients to pay is unlikely to affect cost control since accurate cost estimates are inclusive of the fact that customers can delay to pay. Given that 2 disagree and 1 strongly disagree, it means that a total of 3/18 respondents deny that delays by clients to pay are a challenge to cost control. The trio are supported by Chigara et al (2013) who say effective cost control cannot be adversely affected with delays by customers to pay. The minutes of the 2016 annual general meeting of ZETDC also emphasised that a lot of customers owe the company. This clearly lines up with the modal response of 10/18 (55%) respondents who recognise that delays by customers to pay is a drawback to cost control. The researcher therefore concluded that delays by clients to pay are a major drawback to cost control thus resulting in poor financial performance.

4.6 Factors resulting from poor cost control

4.6.1 Wastage of resources

Table 4.4: Responses on wastage of resources

	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Respondents	5	7	1	5	0
% of respondents	28%	38%	6%	28%	0%

Table 4.4 shows that 5/18 (28%) respondents strongly agree that wastage of resources is a result of poor cost control. Table 4.4 also shows that 7/18 (38%) respondents also agree that wastage of resources arises from poor cost control. There is also 1/18 (6%) respondents who is uncertain if wastage of resources is a result of poor cost control. Table 4.4 also reveals that those who disagree are 5/18 (28%) respondents and those who strongly disagree are 0% respondents. This information means therefore that a total of 12/18 respondents (5 strongly agree and 7 agree) who concur that wastage of resources is a result of poor cost control within the company. In support of this, Olalekan and Tajudeen (2015) clearly say that poor cost control causes the reckless use of resources within an organisation. This is also supported by Nalwade and Parakh (2013) who say poor cost control lead to inefficiency in the use of resources thus impacting financial performance negatively.

The 6% (1/18) respondents who is uncertain is supported by Chigara et al (2013) who say that wastage of resources is a result of factors such as vandalism, errors and fraud. The 28%

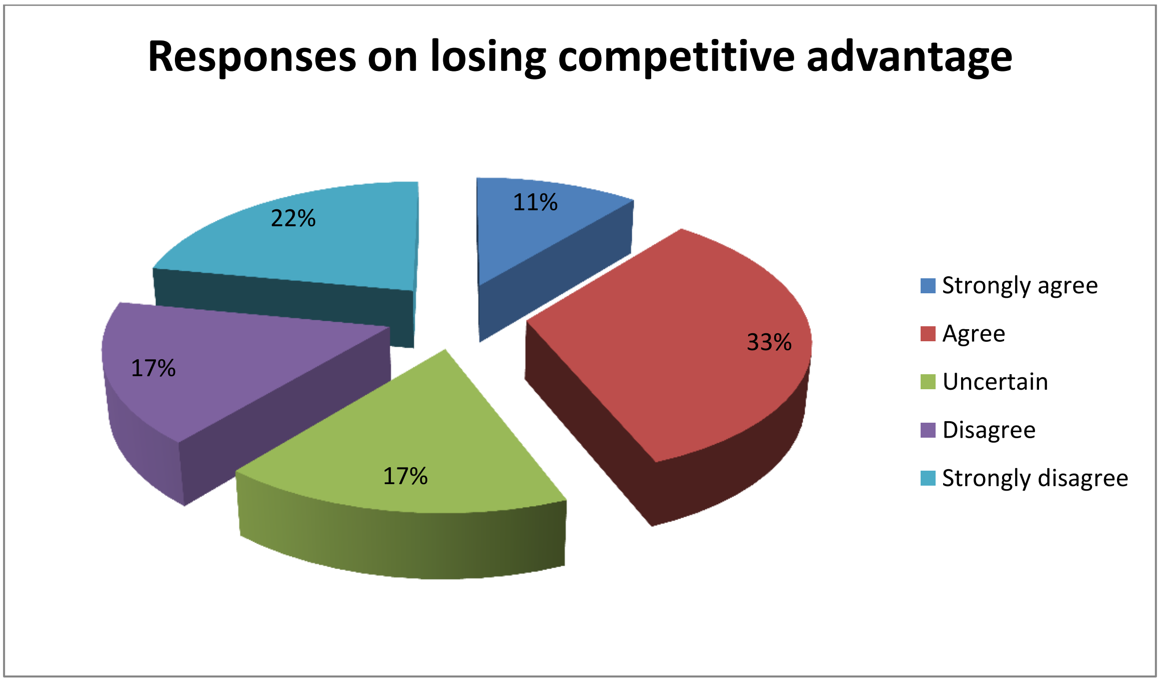
(5/18) respondents who disagree are supported by Dixu (2013) who says that the result of poor cost control is failing to keep costs within the limits and this does not mean resources have been wasted. According to Share (2014), policy overrides also take place within ZEDTC leading to consumption that is more than necessary. Based also on a modal response of 12/18 respondents who agree, the researcher concluded that wastage of resources is an effect of poor cost control that negatively affects the financial performance of ZETDC.

4.6.2 Losing competitive advantage

Raw data : Responses on losing competitive advantage

	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Respondents	2	6	3	3	4

Fig 4.11 Responses on losing competitive advantage



According to Fig 4.11, 11% (2/18) respondents strongly agree that ZETDC is losing competitive advantage as a result of poor cost control. Fig 4.11 also shows that 33% (6/18) respondents agree that the company is losing competitive advantage as an effect of poor cost control. 17% (3/18) respondents are also uncertain if poor cost control is causing the company to lose its competitive advantage. Fig 4.11 also shows that the percentage for those who disagree is 17% (3/18) respondents and for those who strongly disagree that ZETDC is losing competitive advantage are 22% (4/18) respondents. Summatively, 8/18 respondents (2 agree and 6 strongly agree) recognise that the organisation is losing its competitive advantage as a result of poor cost control. This is supported by Nalwade and Parakh (2013) who say that poor cost control causes a firm to compromise its product quality and this causes customers to change their preference.

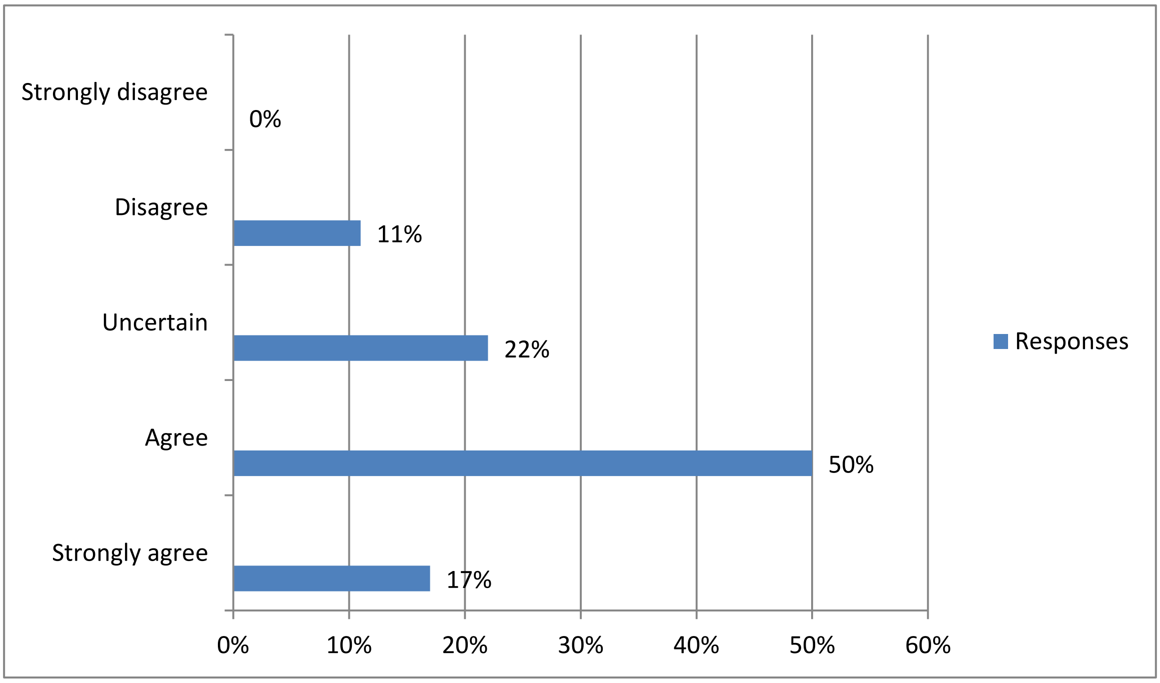
The 17% (3/18) respondents who are uncertain concur with Andreason and Wind (2014) who say that an organisation does not have to be a low cost player to maintain competitive advantage. Given that 3 disagree and 4 strongly disagree, it means that 7/18 respondents reject the idea that ZETDC is losing its competitive advantage, most likely because the company is a monopoly (www.zetdc.co.zw). Acording to Chawanda (2016), most clients of ZETDC are now seeking other sources of energy such as liquefied petroleum gas and generators. This is in line with the modal response of 8/18 (44%) respondents who acknowledge that ZETDC is losing its competitive advantage. The researcher therefore concluded that ZETDC has lost some competitive advantage as a result of poor cost control thus negatively affecting financial performance.

4.6.3 Failure to meet goals and objectives

Raw data: Responses on failure to meet goals and objectives

	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Respondents	3	9	4	2	0

Fig 4.12 Responses on failure to meet goals and objectives



According to Fig 4.12, 17% (3/18) respondents strongly agree that poor cost control is impacting financial performance negatively through failure to meet goals and objectives. Fig 4.12 also shows that 50% (9/18) respondents also agree that failure to meet goals is a result of poor cost control thus causing poor financial performance. There are also 22% (4/18) respondents who are uncertain if poor cost control is harming financial performance through failure to meet goals and objectives. Fig 4.12 also reveals that 11% (2/18) respondents disagree and 0% respondents strongly disagree the fact that poor cost control comprise financial performance through failure to meet goals and objectives. Conclusively, 12/18 respondents (3 strongly agree and 9 agree) are well affirming that poor cost control impacts financial performance negatively through failure to meet goals and objectives. This is well supported by Nalwade and Parakh (2013) and Wong (2015) who say the reason why organisations miss their targets is largely contributed by poor cost control.

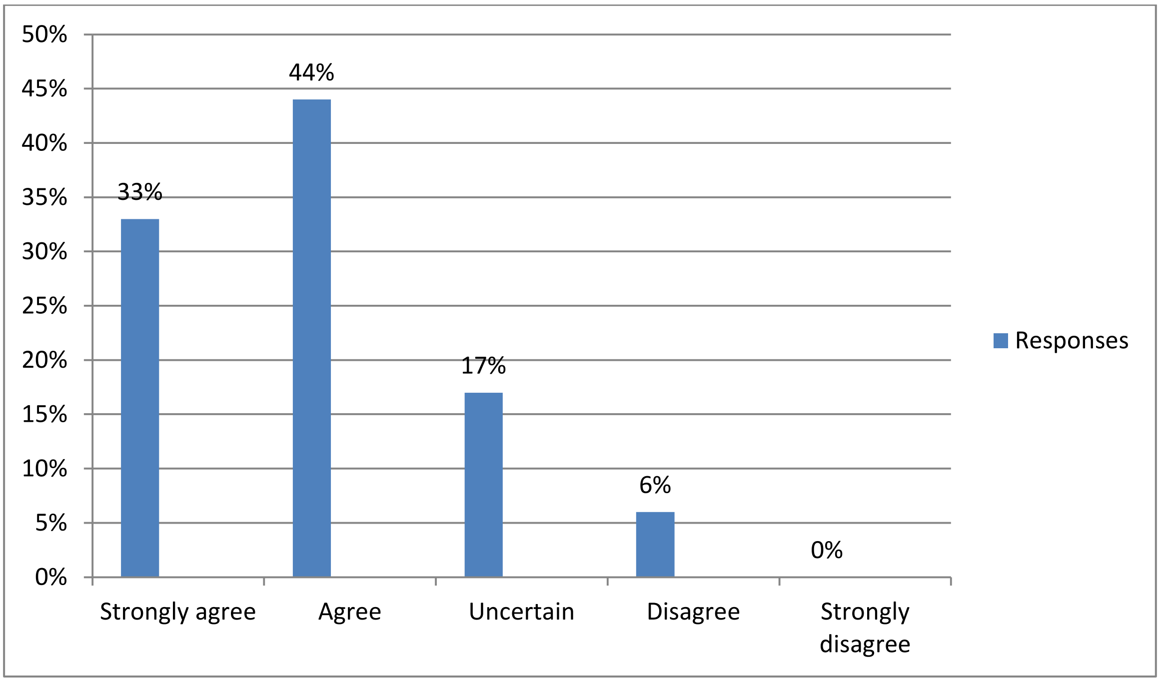
The 22% respondents who are uncertain do not see the link between poor cost control and failure to meet set goals to ultimately impact financial performance negatively. They are supported by Akenbor and Agwor (2015) who said that failure to meet goals and objectives does not mean an organisation has poor cost control. The 11% respondents who disagree have not seen that poor cost control contributes to failure by the organisation to achieve set goals. They are supported by Premalal et al (2015) who consent that cost control can be poor whilst a company is meeting its production goals or their sales target. The minutes of the 2016 annual general meeting of ZETDC reveal that the organisation has not been able to meet its profit objective and also targeted revenue. Based also on a modal response of 12/18 respondents who agree, the researcher concluded that poor cost control has threatened financial performance of ZETDC through failure to meet goals and objectives.

4.6.4 Delays in completion of tasks or projects / time overrun

Raw data: Responses on delays in completing tasks (time overrun)

	Strongly agree	**Agree**	**Uncertain**	**Disagree**	**Strongly disagree**
Respondents	6	8	3	1	0

Fig 4.13 Responses on delays in completing tasks



According to Fig 4.13, 33% (6/18) respondents strongly agree that poor cost control negatively affects financial performance through delays in completing tasks. Another 44% (8/18) respondents also agree that time overrun in the organisation is a result of poor cost control. Fig 4.13 also shows that 17% (3/18) respondents are uncertain if financial performance is held back by poor cost control through time overrun. 6% (1/18) respondents disagree and 0% respondents strongly disagree that time overrun within the organisation is a result of poor cost control. Summatively, a total of 14/18 respondents (6 strongly agree and 8 agree) concur that poor cost control negatively affects financial performance through time overrun or delays in completing tasks. These are supported by Mahadik (2015) who clearly says that poor cost control reduces the productivity of an organisation thus adversely affecting financial performance.

The 17% respondents who are uncertain are not sure of how poor cost control can cause an organisation to drag in completing tasks. They coincide with Wong (2015) who assert that poor cost control involves the abuse of resources and this does not mean that time taken to complete tasks will be prolonged. The 1/18 respondents who disagree does not consent that poor cost control causes employees to delay completion of their tasks. The respondent concurs with Chigara et al (2013) who expressly said that delays in completion of tasks by employees are not a result of poor cost control. Given that 14/18 (77%) respondents do not deny, the researcher concluded that poor cost control is impacting financial performance negatively through delays by employees in completion of tasks. This is also evidenced by the minutes of the 2016 Annual general meeting of the company which describes the rate at which new customers are being connected to electricity supply as very low

4.7 Interview Responses

As indicated in chapter 3, an interview guide was made for some of the participants in the sample group and these are; the sales manager, the accountant and the accounting officer in the credit control department (credit controller). The trio have a deeper understanding of the research problem and all three interviews were successfully held.

4.7.1 How cost control enhances financial performance

The first respondent pointed out that the cost control process increases the profitability of the company. The respondent explained that cost control will cut down all unnecessary costs thus resulting in a higher profit before tax. The respondent also pointed out the fact that cost control ensures that the company does not waste its resources but everything is properly accounted for. The respondent is well supported by Marx (2012) and Warusawitharana (2016) who say that one of the benefits of cost control is that it results in large profits being obtained. Chigara et al (2013) also said financial performance is enhanced by cost control through ensuring that resources are used effectively and efficiently. Chigara et al (2013) further assert that cost control prevents wastage of resources in the organisation.

The second respondent mainly emphasised the fact that cost control increases the company's profits. Furthermore, the respondent explained that the reason why ZETDC has taken its cost control seriously is to do away with financial losses that the company is incurring. The respondent also pointed out that cost control will ensure that the organisation gets the maximum return from its engineering projects. Lastly, the respondent said cost control is related with accountability meaning that it helps the company to be accountable for every resource that will be used. In support of this, Olalekan and Tajudeen (2015) say that cost control increases organisational efficiency and this also results in greater profitability of the firm. Cost control helps the organisation to achieve its profit goals (Nalwade and Parakh, 2013).

The third respondent mentioned the fact that a lot of customers owe ZETDC and little revenue is flowing into the company. The respondent therefore said cost control will help the organisation to function effectively from the little it is receiving. Furthermore, the respondent said cost control will ensure that there is proper use of funds in the organisation to prevent unnecessary losses. Maiga et al (2013) supported this by saying that cost control ensures that an organisation fully utilises the assets it has employed thus resulting in better financial performance. Cost control also helps employees to be more careful when they use the resources of the organisation (Hafez et al, 2015).

From the interview responses, the researcher therefore concluded that cost control enhances financial performance through increasing profitability. This fact is also revealed in the questionnaire responses. The researcher also concludes that cost control prevents the wastage of resources; this is also revealed in the questionnaires. Another factor that is revealed by the interview responses is accountability. Accountability is not brought out in the questionnaires. This helped to explain questionnaire responses which point out that cost control promotes effective utilisation of resources. Accountability helps the organisation to properly account for funds and resources so that there is justification to all expenditure. Accountability also elaborates that cost control helps employees to be cost conscious hence they are objective in excuting their duties.

4.7.2 Effectiveness of cost control methods used by ZETDC.

According to the first respondent, the various cost control techniques in the organisation have helped the company to operate at a better financial position. The respondent mainly talked about job costing and said it helps the company to generate profits from the various projects it undertakes. The respondent also said the cost control techniques in the organisation also help workers to spend the resources of the organisation within confined limits. Lastly, the respondent also said that the cost control techniques enforce responsibility and accountability amongst all the employees in the organisation. This is supported by Maheshwari (2015) who said cost control helps the employees of the organisation to perform their duties and tasks objectively thus ensuring a good financial performance. Marx (2012) also asserts that job costing helps the organisation to get a return from every project undertaken thus promoting good financial performance.

In answering the above question, the second respondent said that cost control techniques in the company help the organisation to achieve its profit objective. The respondent also said that cost control techniques help the company to plan carefully its expenditure so that every cost incurred is justifiable. According to the respondent, cost control techniques also help the various departments within the organisation to produce reports to the management that can assist in decision making. Lastly, the respondent said cost control techniques prevent wastage of resources thus ensuring a better financial performance. Jain and Narang (2012) support this by saying the standard costing techniques helps to produce budgeted costs so that employees work on minimising variances thus enhancing financial performance. Akenbor and Agwor (2015) also say that cost control techniques prevent reckless spending.

The third respondent started out by saying that cost control techniques within the organisation increase the ability to earn profits thus promoting good financial performance. The respondent also mentioned the fact that cost control techniques have helped in making financial decisions particularly job costing. According to the respondent, job costing helps to coming up with the contract price on various projects and this gives a guarantee that revenue above costs we have incurred will be generated. Lastly, the respondent also mentioned that cost control techniques have helped the organisation to avoid unnecessary costs which can disrupt good financial performance. In support of this, Nalwade and Parakh (2013) affirm that job costing is one method that helps a company to work effectively towards its goals and objectives thus ensuring good financial performance.

From the interview responses, the researcher therefore concluded that the costing methods of ZETDC promote the financial performance of the entity. This is also revealed by the questionnaire response. The interview responses also highlight that the cost control techniques of the company ensure that the organisation operates within the recommended expenditure. The latter is not revealed in the questionnaires. Another thing that came out from the interview responses is that cost control methods used by the company help them in planning towards better financial performance. This is not in the questionnaires. All this points out to the fact that the cost control methods of the company promote the financial performance of the entity.

4.7.3 Other cost control techniques that can be used by ZETDC to enhance financial performance

The first respondent mentioned that ZETDC does not have to employ other cost control techniques but that the organisation has to effectively apply the cost control techniques it is already using. However, an important thing to note from the respondent was the issue of transfer pricing. The respondent said transfer pricing amongst the subsidiaries of ZESA Holdings is also a key to good financial performance. In explaining this, the respondent said ZETDC and ZPC are both subsidiaries of ZESA Holdings. Furthermore, ZETDC has been buying electricity from ZPC which in turn has been planning to increase its tariff. The respondent said if ZPC increases its tariff, this will be a disaster to the financial performance of ZETDC. In support of this, Maheshwari (2015) says transfer pricing may fail to be effective in the sense that the buying division and the selling division may not agree on the price.

The second respondent said there are many other cost control techniques such as marginal costing, transfer pricing and activity based costing. However, the respondent believes that standard costing and job costing were carefully chosen because they best suit the organisational structure and its operations. The respondent mentioned that other cost control techniques such as activity based costing can enhance financial performance but they present a problem of complexity. This is well supported by Sanni and Hashim (2013) who say that activity based costing is a complex method which requires a lot of expertise, the costs required for successful implementation may end up dragging down the financial performance of an organisation. Maheshwari (2015) also say that it is difficult to implement transfer pricing amongst departments or branches of an organisation because they could be aiming for different goals and objectives.

The third respondent talked about company restructuring as a cost control measure. The respondent said that the introduction of prepaid meters has reduced workload in some departments and this suggests that some workers have to be transferred to other departments which require more manpower. The respondent also said that the other cost control techniques within the company are already effective but it is only that they are adversely affected by other factors beyond the control of the organisation. This will make it seem as though they are not improving financial performance, so the respondent said. This is well supported by Sanni and Hasim (2013) who said that external factors such as the economic and political environment can hold back cost control techniques to produce effective results thus making it appear as though they cannot improve financial performance.

From the interview responses, the researcher concluded that the activity based costing technique is a complex method to implement. This is not clearly revealed in the questionnaires. The transfer pricing technique has been working amongst the subsidiaries of ZESA Holdings of which ZETDC is part of successfuly. However, the technique might not be suited to operate within the organisation i.e. amongst the branches of ZETDC. This is not revealed in the questionnaires. The interview responses also talked about company restructuring as a cost control measures. This is not in the questionnaire responses as well. Company restructuring means cutting down workforce on departments with less workload and transferring employees to other sections which demand more manpower thus leading to better financial performance. The marginal costing method is also not suitable for ZETDC. This is not revealed in the questionnaires.

4.7.4 Challenges faced by cost control

The first respondent said that the major challenge that the company is facing is that they have a group of customers that continue to consume electricity but they have not been consistent in paying their bills. The respondent mentioned that prepaid meters have not been installed in most farms and this sector consumes a lot of electricity particularly for their irrigation, however they have been struggling to pay their bills. The end result is that little revenue is flowing into the company and this force the company to survive from the little it gets when costs incurred are high, so the respondent said. The respondent further said that the situation will dissolve when it becomes possible to install prepaid meters in the farming and mining sector meaning they will now have to pay for electricity first before they use it. Another interesting thing that the respondent said was that farmers are protected by the government in spite of their huge unpaid bills hence credit policies cannot be tightened on them. Otim et al (2012) and Akenbor and Agwor (2015) strongly support this by saying that customers have a tendency of delaying to pay when they have consumed the product already and this puts the organisation in a suffering position thus leading to poor financial performance.

The response of the second respondent was that the challenge being faced by the company on its cost control techniques is a lot of customers who owe the company. The respondent mentioned that if their debt collection process can redeem all revenue it is being owed by clients, cost control will not be held back anymore to enhance financial performance. Another thing that the respondent mentioned is that a lot of workers particularly in the engineering department do not fully adhere to the principles of cost control in the organisation. The respondent explained this by saying the engineering personnel concentrates on accomplishing their tasks and projects but the responsibility of cost control is left to the finance section. The respondent said they should be training workshops so that the organisation can strategise on how best to increase coordination between the engineering section and finance section so that cost control is executed effectively. Jain and Narang (2012) and Chigara et al (2013) support this by saying cost control is a broad subject hence there is need for organisations to continually train their personnel.

The third respondent mentioned the fact that cost control is held back by some other expenses incurred to implement cost control successfully. According to the respondent, the information systems of ZETDC such as Design and Construction System (DCS), Customer Integrated System (CIS) and Systems, Applications and Procedures (SAP) require an upgrade after a period of time. When these systems are upgraded, huge training costs are incurred to make workers acquainted with new information on how the upgraded systems will be used. The respondent believes that although these costs are necessary, they contribute to challenges faced by cost control to improve financial performance. This is well supported by Nalwade and Parakh (2013) who say that the process of cost control is also associated with costs that may slow down progress in financial performance.

From the interview responses, the researcher concluded that ZETDC has huge outstanding amounts from its customers and this has largely drawn back its cost control procedures to enhance financial performance. This is also seen in the responses of the questionnaires. The interviews also revealed that upgrading the computerised information systems of the organisation is a drawback of cost control as well. From time to time, training costs are incurred for workers to acquire new information on how upgraded systems will work and thus this contributes to financial constraints although in the long term organisational performance is improved. This challenge is also indicated in the questionnaire responses. Another factor brought about by the interviews is the need for strong coordination between the finance section and engineering section. The questionnaires do not reveal this point. This will also enhance the financial performance of the company. Another challenge ZETDC's cost control is facing is that government protects the farming sector and thus credit policies cannot be tightened on them meanwhile the farmers continue to consume a lot of electricity through irrigation without paying for it. This is not revealed in the questionnaires.

4.7.5 Factor caused by poor cost control

The first respondent mentioned that poor cost control causes resources to be wasted. When cost control is not effectively applied, the resources of the organisation are not well accounted for and they will be used recklessly. The respondent further said that employees will not work towards expected standards thus negatively affecting the financial performance of the organisation. The respondent also said that there are timelines for all the projects undertaken in the engineering section and poor cost control will cause targets to be missed. The respondent's opinions are well supported by Olalekan and Tajudeen (2015) who say that poor cost control will cause resources to be used recklessly thus negatively impacting the financial performance of the firm. Khan and Beg (2012) also said that poor cost control will cause an organisation to delay completion of projects thus dragging financial performance.

According to the second respondent, poor cost control causes the company to fail to meet its goals and objectives. The respondent explained that strategic planning is done on a yearly basis to determine the direction of the company and this process includes coming up with goals and objectives. Furthermore, the respondent said these goals are set in the assumption that cost control will produce the desired results in the company. The respondent also said that strategic goals set by top management also influence the departmental goals set by various sections in the company. Poor cost control will cause departmental goals to be missed and ultimately this negatively affects the strategic plans of the company, so the respondent said. Wong (2015) and Oluwagbemiga et al (2014) are of the same idea as they say that there is a positive correlation between cost control and accomplishment of goals in the organisation.

The third respondent emphasised that wastage of resources is an effect of poor cost control within the organisation. According to the respondent, top management expects the resources of the organisation to be used in a certain way and when there is poor cost control; workers will fail to meet expectations. The respondent also said that poor cost control will cause unnecessary costs to be incurred and this negatively affects financial performance. Akenbor and Agwor (2015) affirm this by saying poor cost control cause resources to be used recklesly and this is fatal to the financal performance of the organisation. Nalwade and Parakh (2013) also allude to the same thing by saying that resources are underutilised as a result of poor cost control, this is how financial performance is adversely affected.

From the interview responses, the researcher concluded that poor cost control negatively affects financial performance through wasting the resources of the company. This also coincided with responses given in the questionnaires. The interview responses also revealed that poor cost control causes the organisation to miss its goals and this was again shown in the questionnaires.

4.8 Summary

This chapter mainly dealt with analysing data collected through interviews and questionnaires. The research validity was stated to show that there was no bias in the collection of data. The primary data was illustrated and explained with the aid of tables, graphs, pie charts and descriptive summaries. The next chapter has summaries of preceding chapters and also the recommendations that the researcher came up with.

CHAPTER V

SUMMARIES, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter highlighted the major research findings about the impact of cost control on financial performance within ZETDC. A summary of preceding chapters was also given to explain this research in brief. The researcher also gave recommendations based on research findings on how best ZETDC can implement cost control successfully to promote a better financial performance.

5.1 Summaries of chapters

Chapter one showed that the relationship between cost control and financial performance has been looked at mostly within the manufacturing and construction sector by other scholars. The researcher therefore established a gap and decided to look at the impact of cost control on the financial performance of a company in the energy sector. ZETDC's financial performance has continued to decline regardless of cost control that has been implemented to ease its financial constraints. The objectives of this research were; to determine how cost control enhances financial performance, to ascertain the effectiveness of cost control techniques, to identify challenges faced by cost control and also to determine factors resulting from poor cost control. This research will help companies mostly within the energy sector.

Chapter two was a literature review of what other scholars have said about cost control and financial performance within organisations. The major thoughts revealed are that cost control enhances financial performance through better decision making, effective utilisation of resources, increasing the profits of an entity and monitoring performance of workers. Cost control is held back from operating effectively by lack of support from top management, delays by customers to pay amounts they owe to the entity, insufficient knowledge of cost control techniques and also heavy costs associated with its implementation. Methods such as standard costing, job costing, activity based costing and transfer pricing will result in a positive financial performance. The loss of competitive advantage, failure to meet goals, wastage of resources and delays in completion of projects/tasks are all products of poor cost control.

Chapter three showed that the descriptive research design was used to meet the objectives of this research. The descriptive research method was the most appropriate since its outcome is to establish why certain variables are not interacting as expected. The employees of ZETDC were used as the target population since they have the first hand information of what has transpired within their organisation. In total, there are 33 employees at ZETDC – Bindura District Office and a sample of 20 workers was used. Stratified random sampling technique was used so that every employee was represented. Primary data was collected from the sample population through questionnaires and interviews.

Chapter four revealed that the questionnaire response rate was satisfactory since 18 out of 20 questionnaires were successfully completed. All 3 interviews that were planned were successfully held. The conclusions from chapter four include that cost control enhances financial performance through increasing profits, proper utilisation of resources, monitoring performance of workers and better decision making. The costing methods of ZETDC are effective towards improving financial performance and there is no need to implement other techniques as reviewed by interview responses. The other conclusions reached are that there is adequate knowledge of cost control techniques within ZETDC and there are also heavy costs associated with implementation of cost control strategies within the entity. The cost control of the organisation is also being affected negatively by delays by customers to pay their outstanding amounts and weak coordination between management and surbordinates within the entity. The wastage of resources, loss of competitive advantage, failure to meet goals and delays in completion of projects/tasks were concluded to be results of poor cost control.

5.2 Major research findings

This research showed that cost control enhances financial performance through increasing profitability, proper utilisation of resources and monitoring performance of workers. Cost control also enhances financial performance through better decision making; however ZETDC has not been allowed to implement some of its options that arose as a result of cost control. In particular, the company proposed to increase their tariffs due to high unavoidable import costs, but they were denied by regulatory authorities.

The costing methods of ZETDC which are job costing and standard costing are also effective in enhancing the financial performance of ZETDC. Transfer pricing and activity based costing techniques will be complex to implement within the entity as revealed by interview responses hence they will not achieve the immediate desired results in the financial performance of the entity.

The cost control of ZETDC has also been limited from operating as desired by weak coordination between management and workers. Another challenge of cost control within the entity is that there are heavy costs associated with the implementation of cost control e.g. the upgrade of computerised information systems on a regular basis to increase organisational efficiency. Delays by customers to pay outstanding amounts they owe to the entity have also been holding back cost control within the organisation. In connection to the latter, farmers continue to consume electricity with huge outstanding bills, and credit policies cannot be tightened on them because they are protected by regulatory authorities. Lastly, wastage of resources, failure to meet goals and objectives, losing competitive advantage and delays in completion of projects/tasks have been results of poor cost control within the entity.

5.3 Recommendations

Negotiations should be promoted between ZETDC and regulatory authorities to strategise on how best to deal with the situation of high unavoidable import costs and yet the entity is not being allowed to increase its tariffs. Customers delaying to pay outstanding amounts should submit payment plans that clearly denote a monthly commitment towards finishing their debts. If clients do not adhere to the payment plans, ZETDC will now have to approach their regulatory authorities to consider the possibility of cutting electricity supply for long outstanding debtors. A cost benefit analysis should always be done for cost control strategies that come with more costs at implementation stage. If benefits outweigh costs, then the strategy can be implemented. Management should also ensure that there is adequate supervision of workers and also regularly review the organisation's internal controls to avoid wastage of resources, failure to meet goals and delays in completion of projects/tasks. Reviewing of internal controls will help to ensure that cost control policies and procedures are being adhered to by employees. Interaction between management and employees should be promoted so that coordination between them is not negatively affected.

5.4 Summary

The purpose of this chapter was to summarise the information in previous chapters. The conclusions from the analysis of the data collected were also given in this chapter to highlight the major findings of this research. Finally, the researcher also expressed opinions on what can be done to promote effective cost control within ZETDC.

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APPENDIX I

Midlands State University
Established 2000
Our Hands, Our Minds, Our Destiny

3221-5A Sarudzai Vareta Street
Aerodrome
Bindura

20 January 2017

The Network Manager
ZETDC
Bindura District Office

Dear Sir

RE: REQUESTING PERMISSION TO COLLECT RESEARCH DATA FROM YOUR ORGANISATION

I was once a student on attachment at ZETDC – Bindura District Office particularly in the finance section from 8 June 2015 to 31 January 2016. Currently, I am in my final year at Midlands State University and am doing a dissertation on the impact of cost control on financial performance. May you kindly grant me the permission to collect research data from your organisation. The research is purely for academic purposes and therefore the results will be treated confidentially and professionally.

Attached at the back is a letter also from Midlands State University. I look forward to hearing from you at your earliest convenience.

Yours sincerely

Masocha Walter

APPENDIX 2

Zimbabwe Electricity Transmission & Distribution Company

A Subsidiary of ZESA Holdings (Pvt) Limited

TEL: 263-067-23071/3
FAX: 263-067-22602

NORTHERN REGIONAL OFFICE
MEGAWATT HOUSE
5310 NORTH DRIVE
P O BOX 293
CHINHOYI

OUR REF: 115/1/CTM/stt
YOUR REF:

When calling with reference to this letter, please ask for C.T. Mundembe

31 January 2017

Walter Masocha
3221-5A Sarudzai Vareta Street
Aerodrome
BINDURA

Dear Sir

REF: REQUEST FOR PERMISSION TO COLLECT RESEARCH DATA

Reference is made in connection with the above subject.

Please be advised that permission to collect research data is hereby granted on condition that all the information collected will be used for academic purposes only and treated with high confidentiality.

Yours faithfully

ZIMBABWE ELECTRICITY TRANSMISSION AND DISTRIBUTION COMPANY
03 FEB 2017
RECEIVED
BINDURA DISTRICT

GENERAL MANAGER (N)

cc. Network Manager - Bindura

APPENDIX 3

QUESTIONNAIRE

Dear Respondent

My name is Walter Masocha, I am a student at Midlands State University studying Bachelor of Commerce Accounting Honours Degree. I am doing a research on the impact of cost control on financial performance using ZETDC as a case study. I am interested in your views or opinions regarding the questions which shall follow and this shall be used for academic purposes only

Instructions

1. Do not write your name.
2. Tick in the relevant box your response.

Questions

1. Which department are you employed to? ....
2. Which position do you hold in the organisation? ....

4) Cost control enhances financial performance through the following;

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
Increase in profitability					
Proper utilisation of resources					
Monitoring performance of workers					
Better decision making					

5) ZETDC uses standard costing to compare budgeted costs with actual costs and job costing to produce quotations for clients. These techniques have enhanced the financial performance of ZETDC;

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
Standard Costing					
Job Costing					

6) Activity based costing assigns the cost of each activity to product cost according to the actual consumption and transfer pricing involves divisions of a company transacting at a price for transfer of goods/services. These techniques will enhance the financial performance of ZETDC;

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
Activity Based Costing					
Transfer Pricing					

7) The following are challenges of cost control;

	Strong Agree	Agree	Uncertain	Disagree	Strongly Disagree
Lack of support from top management					
Insufficient knowledge of cost control techniques					
Heavy costs associated with cost control					
Delays by clients to pay					

8) The following are results of poor cost control;

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
Wastage of resources					
Losing competitive advantage					
Failure to meet goals and objectives					
Delays in completing tasks					

Thank you so much for your support

APPENDIX 4

INTERVIEW GUIDE

1. How does cost control enhance financial performance
2. How effective are the cost control techniques in your organization towards improving financial performance
3. What other cost control techniques can be employed in your organization to enhance financial performance
4. What are the challenges faced by cost control in your organization
5. What factors have resulted from poor cost control to negatively affect financial performance