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FACULTY OF COMMERCE
DEPARTMENT OF ACCOUNTING

**ANALYSING THE IMPACT OF COST CONTROL AND REDUCTION PRACTICES ON
MINING COMPANIES' PROFITABILITY. A CASE OF MIMOSA MINING COMPANY.**

BY:

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

Gweru: Zimbabwe, 2021

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Year: 2021

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I **Kudzai Mandaza R171900B** do hereby declare that this dissertation is a product of my own work and research except to the extent indicated in the acknowledgement, references and in the body of the report and that it has not been submitted in full or partial fulfillment of any other degree or at any university or institution.

.....
Researcher's signature

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Date

DEDICATION

This dissertation is dedicated especially to my family and friends because of their motivation and support throughout the research phase.

ACKNOWLEDGEMENTS

Sincere gratitude goes to the Almighty for without Him nothing is possible. I would also want to thank my parents for their unwavering support and encouragement. Special thanks goes to my research supervisor, Mr Nhorito, for his guidance and assistance. I would also like to express sincere gratitude to Mimosa Mine staff for their help in making this research a success through providing me with all the relevant information that I needed. Special thanks goes to Midlands State University faculty of Commerce for equipping me with the knowledge necessary to partake this research. Lastly I would like to thank my friends for their utmost love.

ABSTRACT

The concern of intensifying costs in the market which in turn affects profits of price takers necessitated this research. The purpose of this research was to analyze the impact of cost control and reduction practices on mining companies' profitability and Mimosa Mining Company was used as case study thereby generalizing the results to the mining industry. Research objectives and questions were established and these guided the researcher in coming up with relevant literature related to the study. The research employed a quantitative research methodology to enable numerical analysis of data. The research population consisted of twenty five respondents. A survey was conducted and data was collected using a questionnaire thereby answering the research questions. Data collected was presented in various ways such as contingency tables and graphs. The data was then analysed using linear regression on SPSS software so as to establish a relationship between the variables of the research. Some of the findings of this research were that there is a direct relationship between cost management and profits, there is an inverse relationship between costs and profits and there are cost management techniques which are effective and some which are not effective in the mining industry. The study recommended that cost management techniques which best suit an unstable economy should be adopted. Areas which the researcher thought needed further research were also highlighted.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter introduces the background to the study and the problem statement. It goes on to lay out the objectives of the study and the research questions. The chapter also highlights the assumptions and the significance of the study. It also draws its attention to the delimitations of the study and the limitations. The chapter also gives particular attention to the ethical considerations, definition of terms and is concluded with a summary.

1.1 Background to the Study

Mimosa Mine is in the mining and mineral processing industry mainly extracting platinum, palladium, rhodium, gold and other base metals which are nickel, copper and cobalt. Iridium, ruthenium and silver classified as precious metals are other metals which arises from the extraction. Mimosa Mine's vision is to remain in the lowest quartile of platinum producers by putting in place strongest cost control mechanisms to maintain or improve the company's profitability under this plight of falling metal prices. Despite the cost control mechanisms put in place by the mining company, its costs keep on intensifying due to various factors. The major one being Mimosa Mine is a price taker despite the fluctuating platinum prices.

A price taker is a market participant that is unable to dictate prices in the market. A price taker can also be defined as a company that must accept prevailing prices in a market and it cannot impact the market cost on its own, (Hayes, 2019). Mimosa Mine lacks enough power in the market to influence the prices at which it sells its platinum at. Since Mimosa Mine cannot control prices in the market, to increase profits it should decrease its costs. Moreover, there are also other factors that have led to the increase of Mimosa Mine's costs. There is hyperinflation currently in the

economy of Zimbabwe which has led to the surging of the company's production costs. Hyperinflation is rapid, inordinate, and wild broad cost increments in an economy (Kenton, 2020).

Moreover some mining companies have improved ways in which they were handling their logistics and procurement strategies. Mimosa mine therefore has to keep up with what other mining companies are doing so as to remain competitive but still striving to keep its costs low. There also have been a decrease in the company's profits due to oversupply in the market since Mimosa Mine is not the only platinum producer in the mining industry. Furthermore, there are other metals that can substitute platinum which are palladium and rhodium. Some countries such as the United States of America and Canada are even resorting to use palladium instead of platinum. This makes the demand of platinum to fall and hence decrease in profits. This is supported by Caveney (2019) who says, "At over at \$560 discount to palladium and an almost \$2,000 discount to rhodium, the demand for platinum should be rising. However, it is not." There is more diversity in the yearly production of palladium in the world than there is in the production of platinum, (Caveney, 2020). Volatility of commodity prices makes it difficult for the company to plan income and expenditure hence Mimosa Mine is focused on reducing costs more than ever. Due to the above problem of costs surging, there is need for cost management techniques that is cost control and reduction techniques to be implemented.

Cost control is a management tool for regulating costs so as to increase profits. Cost control can also be defined as the practice of recognizing and decreasing operational expenditure so as to increase profits, (Kenton, 2020). Cost reduction can be referred to as the practice of recognizing and eliminating of unnecessary expenditure to improve the profitability of a business, (Rihan, 2020). Profit maximization is the goal of any business and this can be achieved by cost cutting. In any organization the main goal is profit maximization however the fundamental constraint businesses are facing is the increase in operational expenditure, (Akeem, 2017). The major merit of cost control is that it leads to profit increase in companies, (Woodruff, 2020). Therefore by implementing cost management techniques, Mimosa Mine's main objective is to decrease its costs and hence increase its profits.

Since Mimosa Mine's costs are increasing, the company has started to implement cost reduction techniques. Cost reduction is decreasing costs related to production or other costs incurred without affecting the quality of the product, (UK essays, 2020). These include downsizing and voluntary

retrenchment, outsourcing and budgetary control. Downsizing is the decrease in the number of employees in the organisation, which can be accomplished through a few methods, for example, retrenchment, (Hellgren, et al, 2005). Downsizing can also be defined as the practice of decreasing workforce through layoffs, (Robins as cited in Ndlovu and Parumasur 2005). Mimosa Mine downsized its workforce some of which were inefficient since it had excessive workforce. This was done through a practice of voluntary retrenchment. Voluntary retrenchment is the point at which the worker volunteers and consents to be retrenched and not to sue the business for unfair dismissal in return of retrenchment benefits which is usually in form of money, (Laubscher and Vellem 2011). Mimosa Mine did a practice of voluntary retrenchment in 2014 whereby it retrenched 137 workers with retrenchment packages and that led to increase in revenue in that year since wages were cut. Retrenchment leads to decrease in wages because the reason that has prompted businesses downsizing is that it lessens payroll which thusly decreases the liability in the statement of financial position, (Gift and Gift 2015).

The other cost reduction technique is outsourcing. Outsourcing can be referred to the act of acquiring services from an outside organization if these were customarily performed internally, (Simchi-Levi, et al 2004). This is done to reduce labor costs and Mimosa Mine has been outsourcing labour from FC Platinum Holdings, its contracting company. Apart from outsourcing as a cost control measure, Mimosa mine uses zero-base budgeting as a budgetary control technique. A budget is a plan expressed in monetary terms and approved preceding the budgeted period, (Lucey (2010). This is done so as to reduce cost of production by eliminating wasteful expenditure so as to increase profits. Budgetary control impacts profitability because it leads to a decrease in operating expenditure and hence resources are directed to important activities, (Wesley (2012).

Since commodity prices are gradually increasing day by day which affects Mimosa Mine's profitability, cost management techniques have been implemented and they have an impact on profits. An organization with satisfactory cost structure has the higher possibility of accomplishing its benefit target, (Robert, 2007). This implies that costs and profits have an inverse relationship meaning the lower the expenses the higher the profits.

Mimosa may be implementing cost control measures but for effective cost control there are conditions that must be met. For cost control to be effectively put in place, data collection and data

analysis to examine variances and budget control and administration must be considered, (Anthony et al 2005). Data collection of how funds have been spent in the past and present so as to gain adequate understanding of their finances is important. Mimosa Mine have to take into consideration the above so that their cost control measures are successful.

Generally the cost of production in this economy are very high. Adding on to that, decrease in sales volume has led to decrease in profitability, (Mapakame, 2014). Increased costs have a negative impact on the operations, profitability and performance of an organisation, (Bloch, 2014). Cost pressures has contributed to the deteriorating operating environment in Zimbabwe, (Mhlanga (2017). Increase in cashflow and profitability is the major reason for cost cutting, (Deloitte 2016). Therefore due to the above problems faced by Mimosa Mine of surging costs, the researcher is convinced to come up with a detailed research on the impact of cost control and reduction practices implemented by Mimosa Mine on the company's profitability in an unstable economy.

1.2 Statement of the problem

Mimosa Mining Company is a price taker meaning the only variable it has control over is its costs and hence it is empirical and necessary to manage costs of the company so as to increase profits. Despite the cost control and reduction practices applied by Mimosa Mine to reduce operational and production costs, costs keep on increasing or intensifying. Costs have been increasing from the year 2014 to date hence Mimosa Mine has been operating beyond or in excess of its budget. Costs continue to surge even after implementing cost management measures. It is against this backdrop that this research seeks to evaluate the impact of cost control and reduction practices on the profitability of the company so as to come up with relevant recommendations.

1.3 Research objectives

The main objectives of the study are to:

- Establish the objectives of cost control and reduction
- Assess the cost management techniques implemented at Mimosa Mine
- Evaluate the impact of the cost reduction techniques on profits
- Assess the conditions for effective cost control

1.4 Research questions

- What are the main objectives of cost control and reduction?
- What are the cost management techniques implemented at Mimosa Mine?
- What is the relationship between cost reduction and profits?
- What are the conditions for effective cost control?

1.5 Significance of the study

- To the researcher

By undertaking the research, the researcher will develop research skills and gain an in-depth knowledge on cost management techniques. Moreover the research is in partial fulfilment of the requirements of Midlands State University's Bachelor of Commerce Accounting Honors degree.

- To Midlands State University

The research will be an addition to literature that future researchers will use as research material for further research.

- To Mimosa Mining Company

The research will give an insight to Mimosa Mine of the impact of the cost management techniques on profits in an unstable economy. Moreover the researcher will come up with recommendations at the end of the research of which the company might consider.

1.6 Assumptions of the study

- Information that is accurate and free from bias will be made available to the researcher upon request
- The targeted respondents will cooperate and answer questions truthfully
- Targeted respondents have a vast knowledge on the cost management techniques currently implemented at Mimosa Mine
- The researcher will have adequate financial resources to carry out the research

1.7 Delimitations of the study

The research focuses on the cost management techniques implemented at Mimosa Mining Company in Zvishavane. The research is limited mainly to the finance, supply chain, projects and planning and human resource departments from which the targeted population will be from. The research will therefore not extend to other departments at Mimosa Mine that are not involved directly in the cost management. The research will stretch from or was conducted from August 2020 to March 2021.

1.8 Limitations

- Confidentiality of information

Some information which the researcher deemed to be of high importance for the research could not be disclosed because of confidentiality reasons. However the researcher managed to convince the respondents that the information will be used for academic purposes only.

- Unable to travel

The researcher was unable to travel to Mimosa Mine to administer questionnaires to respondents because of the COVID-19 lockdown restrictions. However the researcher administered questionnaires through the email.

- Time

Due to bureaucracy at Mimosa Mine, the time at which the research was being conducted was prolonged. This is because you have to follow protocol that is go through certain procedures so as to acquire information. The researcher was patient enough to follow protocol. Moreover some respondents had work pressures and could not talk to the researcher for a long time. The researcher however managed to focus on vital areas of the research.

1.9 Ethical considerations

The researcher considered a number of ethical values whilst conducting this research study. Research ethics are principally inspired by moral issues brought when individuals are involved in a research, (Walton, 2013). The researcher allowed for informed consent by letting participants to

give their explicit consent to participate in the study. The researcher had respect for anonymity by refraining from referring to respondents by their names or divulging any sensitive information about them. The researcher also respected information obtained during the course of the research by not disclosing confidential information. The researcher maintained integrity by being honest and transparent throughout the research. Falsification which is manipulation of research findings to support claims was also avoided by the researcher. The researcher ensured to produce original work that is avoiding plagiarism and acknowledged the sources of where the other information was obtained from.

1.10 Definition of terms

- Cost control

Cost control is the practice of recognizing and decreasing operational expenditure so as to increase profits, and it begins with the budgeting process, (Kenton 2020).

- Cost reduction

Cost reduction can be referred to the practice of recognizing and eliminating of unnecessary expenditure to improve the profitability of a business, (Rihan, 2020).

- Profit

Profit describes the monetary benefit gained when income or revenue generated from a business' undertaking surpasses the expenditure, costs, and tax charges associated with sustaining the activity referred to, (Kenton (2020)).

1.11 Summary

This chapter introduced the background to the study and the research problem. It also established the objectives of the study, research questions and assumptions of the study. The chapter also laid out the significance of the study, delimitations, limitations and ethical considerations. It also focused on defining critical terms in this study and was concluded with a summary.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter introduces the literature related to this research study. The literature has been obtained from a number of sources including electronic journals and books and also various sources both primary and secondary from within the organisation under study contributed to the development of the literature review. As such, this chapter has been structured coherently starting with the conceptual framework. Research questions will be answered in this chapter.

2.1.0 Conceptual Framework

The conceptual framework of this research study is made up of the independent variable, mediator variable and dependent variable as shown below.

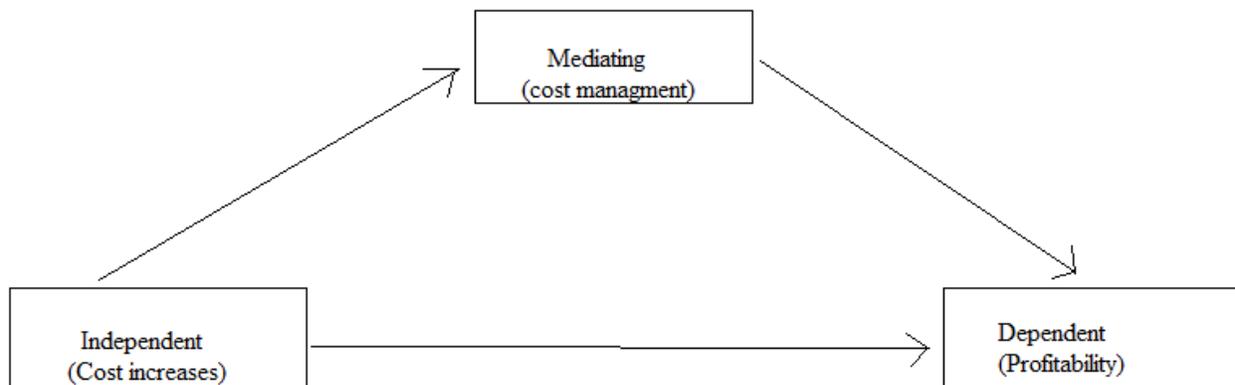


Fig 2.1: Conceptual framework

2.1.1 Dependent variable

The dependent variable of the study is profitability. A dependent variable is the expected effect or outcome variable of the research. A dependent variable is the response to the effects of independent variables, (Salkind, 2010). It is achieved after implementing cost management techniques. Profitability is excess of revenue over costs. Profitability can also be referred as the business's capacity to gain a return after its investments, (Horton 2019).

2.1.2 Independent variable

The independent variable of the study is costs increases. This is the expected cause of the problem. An independent variable is the variable that a researcher can manipulate, (Salkind, 2010). Costs are expenses necessary to operate a business. Costs can also be referred to materials and resources be it time or financial incurred during production of goods, (Nwokoye, et al, 2018).

2.2.0 Main objective of cost control and cost reduction

2.2.1 Cost Management

Cost Management is the process of controlling and reducing costs. It involves planning and then controlling the budget of the business. Cost management is estimating expenditure and then take steps to avoid the chance of going beyond the budget, (Rouse 2010). The objective is to lessen or reduce expenditure so as to increase costs.

2.2.2 Costs

Costs are unavoidable expenditure that are necessary and must be incurred when running a business. Costs can also be referred to materials and resources be it time or financial incurred during production of goods, (Nwokoye, et al, 2018). They are expenses incurred during the production process. Costs can also be defined as monetary value spent or incurred while producing a unit, (Oluwagbemiga, et al, 2014). From an economist view, cost is money forgone to achieve an objective. There are mainly two types of costs which are fixed costs and variable costs whereby fixed costs in the short run do not vary directly with output or production whilst variable costs vary directly with output, (Birchall, et al, 2020).

2.2.3 Cost control

This is not a temporary practice but rather a process which happens continuously. Cost control usually starts with the preparation of a proposed annual budget, (William, et al in Mutya 2018). Cost control is a process of assessing and monitoring the expenditure. It is a process which starts by identifying expenditure which needs attention and the reduce them so as to gain profits, (Kenton, 2020).

2.2.4 Objective of cost control

Cost control aims to increase profits in the business by reducing costs. There is an inverse relationship between costs and profits. If costs decreases then conversely profits increases. This make the main aim or objective of cost control to be profit maximization. Cost control is monitoring the expenditure incurred in the process of gaining funds so as to increase profits, (Kenton, 2020). The financial position of a business is determined by its costs and profits, (Agha, 2010). Cost control focuses on controlling total costs and aligning them with the established standards.

2.2.5 Cost control techniques

To control costs, various measures must be put in place and these varies from organization to organization. Managers needs to establish various cost control techniques to regulate or control costs which is more important that reducing costs, (Ahmed, 2005). Cost control therefore is made up of various methods that helps regulate or control operation costs and also ensure that costs stays within budget, (Sikka, 2003). Some of the cost control policies are shown below:

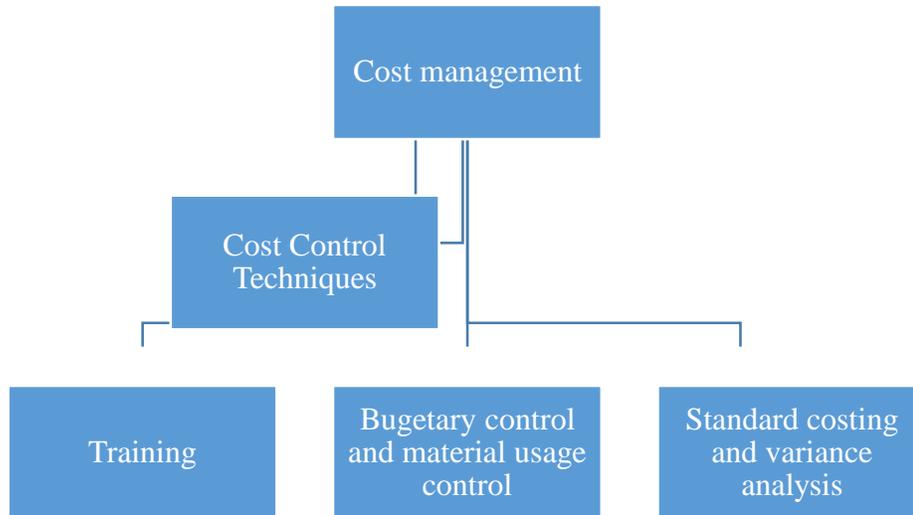


Fig 2.2: Cost control techniques

2.2.6 Cost reduction

Cost reduction is a process by which unnecessary costs are identified and then eliminated. Cost reduction aims at saving cost per unit so as to maximize profits. Cost reduction is reducing production costs without reducing the quality of the profit, (UK essays, 2018). Cost reduction can also be referred to the practice of recognizing and eliminating of unnecessary expenditure to improve the profitability of a business, (Rihan, 2020). Cost reduction involves decreasing all necessary production expenditure.

2.2.7 Objective of cost reduction

The objective of cost reduction is to increase profits by saving cost of production per unit. The main aim of cost reduction to increase profits, (Rihan, 2020). For profit maximization to occur some techniques must be implemented to reduce costs and there are shown below.

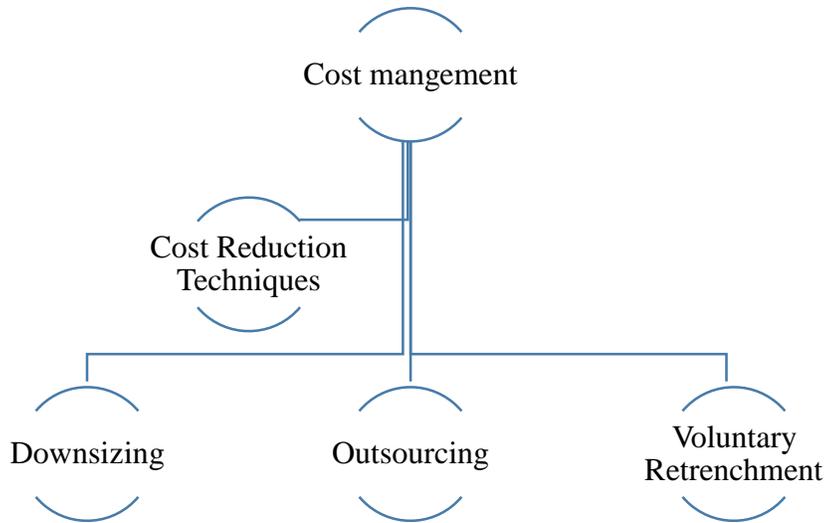


Fig 2.3: Cost Reduction techniques

2.2.8 Differences between cost control and cost reduction

Cost control focuses on total costs while cost reduction focuses on unit cost of production. Cost control aims to achieve set costs and cost reduction aims at reducing costs through implementing new measures, (Singh, 2020). Cost control is a preventive function whilst cost reduction is a corrective function. Cost control provides management with information on whether budgeted costs are in line with actual costs while cost reduction is for saving unit cost of production but without affecting the quality, (Surbhi, 2015). Cost control regulates costs to keep them within set limits whilst cost reduction deals with permanent reduction in unit costs of production. Cost control ensures costs control tally or do not go above the predetermined costs whilst cost reduction ensures reduction in cost of production per unit, (Kenton, 2020). Although there are differences between cost control and cost reduction, they have the same aim that is profit maximization. Reducing costs will increase profitability, (Maverick, 2020).

2.3.0 Cost Management techniques implemented at Mimosa Mine

2.3.1 Downsizing

Downsizing is the reduction of workforce intentionally so as to cut payroll costs. It is restructuring an organisation so as to improve its performance through competitiveness, (Thornhill, 2000). Downsizing is one of the various strategies which have been put in practice to restructure organizations' workforce to reduce costs, (Tikson, 2018). Organisations can downsize or reduce its workforce numbers by retrenching inefficient workforce and maintain multi skilled employees who can multi task or perform two or more tasks rather than a single worker. Training survivors to be able to perform additional tasks will contribute to the firm's performance, (Greenspan, 2002). Organisations downsize so as to improve the workers' flexibility, (Sparrow, 2000 in Macky, 2004). This can be achieved by substituting fulltime workers with part time workers. The market is ever changing and thereby making companies struggle to adapt and also cut costs. Companies then resort to downsize especially in this era of economic downturn. To achieve economic benefits, firms are then cutting payroll costs through downsizing, (Cascio, 2009).

2.3.1.1 Merits of downsizing

The main advantage of downsizing is that it leads to cutting payroll costs thereby increasing profits since profits and costs have an inverse relationship. Downsizing involves cost cutting and revenue expenditure of which both have effects on profitability, (Chalos and Chen, 2002). Downsizing is a reaction strategy to harsh market conditions and also when performance is poor (Hallock, 2009 and Love, 2000). This means it contributes to the good performance of companies. Downsizing helps firms eliminate slack which is excess capacity being maintained by the organisation, (Chalos and Chen, 2002). Downsizing is suitable for cost cutting when there is declines in demand and low earnings, (Chen, et al, 2001). Downsizing also improves efficiency and profitability as a managerial response to a decrease in profits, (McKinley et al, 2000).

2.3.1.2 Demerits of downsizing

Downsizing also has its disadvantages. It causes survivor syndrome meaning those remaining workers will have the fear of being retrenched next and this causes them to be absent minded during the working hours, (Elmuti, 2010). This leads to accidents in the workplace. Downsizing affects employees' morale, (Cooper, 2000). This makes them inefficient. Moreover, there are also costs associated with downsizing such as retrenchment packages and these are usually not budgeted for. One of the approaches of downsizing is retrenchment, (Gandolfi, 2013). Employees are affected in different ways by downsizing based on how they handle situations, (Devine et al, 2003). Since employees are affected differently, it would be better to introduce voluntary retrenchment so that those who can handle the situation better can be retrenched.

2.3.2 Voluntary retrenchment

Voluntary retrenchment is a downsizing approach. The only difference between voluntary and involuntary retrenchment is that for voluntary retrenchment there is a package usually money given to the employee. Voluntary retrenchment is when the employee volunteers to be retrenched in return for an amount of benefits usually in form of money and agrees not to sue the firm for unfair dismissal from his job, (Laubscher and Vellem, 2011). Voluntary retrenchment is a more legal downsizing approach and hence management usually resort to that, (Kaustav, et al, 2003). The employer assesses its business' needs and to curb losses, decreasing the workforce size is an option which might work, (Gordon, 2019). Voluntary retrenchment mostly benefits the firm since it will cut its payroll costs. However voluntary retrenchment may disadvantage the firm because of higher discretionary payment that the employees may demand which is different from compulsory retrenchment whereby a standard way of allocating the discretionary payments as in retrenchment is used.

2.3.3 Outsourcing

Outsourcing is a business practice whereby a firm gets services or jobs done by a third party which were traditionally performed within the organisation. Outsourcing labour from mainly FC Platinum Holdings is being put in practice at Mimosa Mine, (Mimosa Mining Company, Under the Tree, 2020). It's a practice whereby job functions are handled by a third party for lower labour

rates, (Overby, 2017). Outsourcing is hiring another company to perform services on its behalf that were previously performed in-house as a cost cutting measure. Outsourcing is solving problems of hiring and recruiting skilled labour in mining companies, (ACCA, 2015).

Outsourcing is a strategic practice in terms of how revenue which influence outsourcing and how in turn it impacts profits as a cost reduction measure, (Walker, 2007). Outsourcing is done in the interests of maximizing profits. This happens because payroll costs are reduced which will in turn increase profits, (Leavy, 2004) and it is also cost restructuring which seeks to address the issue of increase in costs of services to the business, (Gilley and Rasheed, 2000). Outsourcing labour is done through hiring contractors to perform job functions for the firm which were traditionally performed in-house. A contractor is company that works on a contract basis.

2.3.3.1 Merits of outsourcing

Outsourcing can reduce or save on labour costs. Outsourcing lowers labour costs because the outsourcing company and the internal employees are paid using different labour rates, the outsourcing company being paid using lower rates, (Twin, 2020). Outsourcing enables operations control which has an objective of cost reduction, (Bodislav, 2012 and Ford, 2000). When the decision for outsourcing focuses on consequences for competitive advantage, it can impact profitability, (Jennings, 2000). The main objective for outsourcing is to reduce costs which in turn increases profits, (Loch, et al, 2012). Hiring contractors save on labour costs because they only come when they are needed unlike with full time employers who have to be paid no matter the circumstances. Moreover contractors do not receive employment benefits and all the costs for performing the task is accounted for by them. Moreover office space and supplies are in the hands of the contractor which is an advantage to the organisation. There are less people on the payroll and moreover training of the contractors is their responsibility, (Dolgoi and Proth, 2013).

2.3.3.2 Demerits of outsourcing

Outsourcing besides being a cost management technique has its demerits. Since the contractors will be working in the same departments with the full time workers, they are likely to be exposed to confidential information of the company. Outsourcing therefore poses a risk of leaking of

confidential information obtained during the course of performing a job function, (Mistry, 2016). The full time workers may feel threatened or may have negative feelings due to fear of being replaced by the contractors which may demotivate them and that may lead them to being inefficient, (Bolo and Musengi, 2014). Outsourcing is not suitable for all the job functions and firms have to consider that before initiating the practice. It is more suitable for maintenance schemes of servicing equipment, (Baluke, 2013) and if that is not considered, outsourcing may not produce expected results.

2.3.4 Budgetary Control

2.3.4.1 Budget

A budget is a statement of financial resources which are set aside for conducting specific activities in the oncoming period. A budget is a plan expressed in monetary terms showing income and expenditure which is prepared and approved prior to the defined period so as to achieve a specified objective, (Chartered Institute of Management Accountants, CIMA, 2000). A good or well defined budget should be based on established norms or standards and enables comparison of costs and revenues, (Gregory, 2005). A budget can also be referred to as a comprehensive plan expressed in monetary terms which is prepared for the whole organisation for a period in the future to carry out specific functions for production, (Egbunike, 2014 and Lucey, 2003).

2.3.4.2 Budgeting

It is a process of expressing future in quantified terms. Resources are allocated to achieve strategic goals through predicting cash flows and profits and controlling spending. Budgeting is designed to provide firms with reliable information and make them aware of how they are spending financial resources such that they identify problem areas and rectify them, (Michalowska, 2014). It is a comprehensive measure to managing an organisation and if it is done properly, the objectives of the organisation are achieved, (Laynetwor, 2004). Budgeting is a key policy used as an instrument for the management of the firm, (Lambe, et al, 2015). Budgeting is a process which starts with establishing the corporate strategy which is the goals or targeted objectives. The strategy is then reviewed such that the budget is drafted and the approved. The budgeting process concludes with

monitoring and controlling actual results usually costs incurred and income gained with the budgeted and it is shown below.

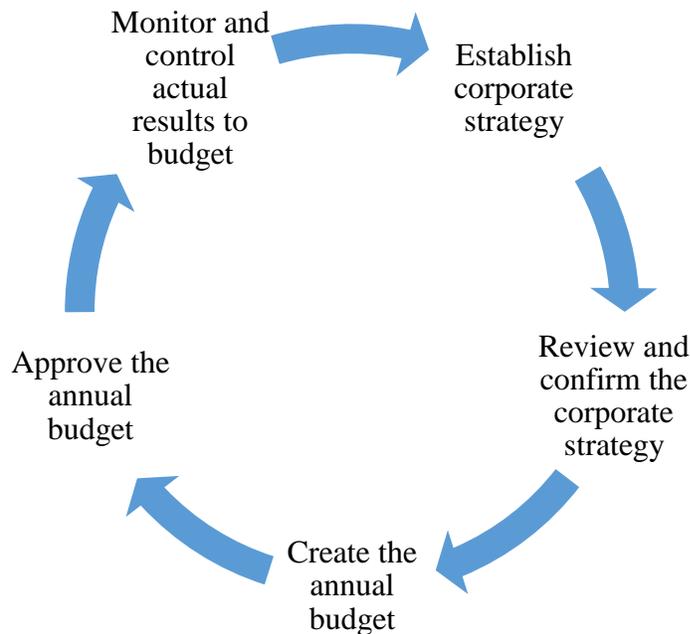


Fig 2.4: Budgeting Process

2.3.4.3 Budgetary Control

Budgetary control is a process whereby budgets are prepared prior to the defined period and are compared with actual for finding out if there are any variances. If there are any variances, corrective measures are taken. Budgetary control is a techniques whereby actual performance is compared with budgeted. It is the establishment of budgets to enable a continuous comparison with the actual performance to take remedial action after reporting on the variation, (CIMA, 2000). Budgetary control can also be viewed as a system which focuses on the preparation of a budget such that costs are controlled by aligning them to the budgeted and then lastly act on the results to achieve profitability, (Brown and Howard, 2002). Budgetary control is a process which starts with setting predetermined standards to enable measurement of actual performance against the budgeted so as to take corrective measures if there are any variances, (CIMA, 2000) and it is shown below.

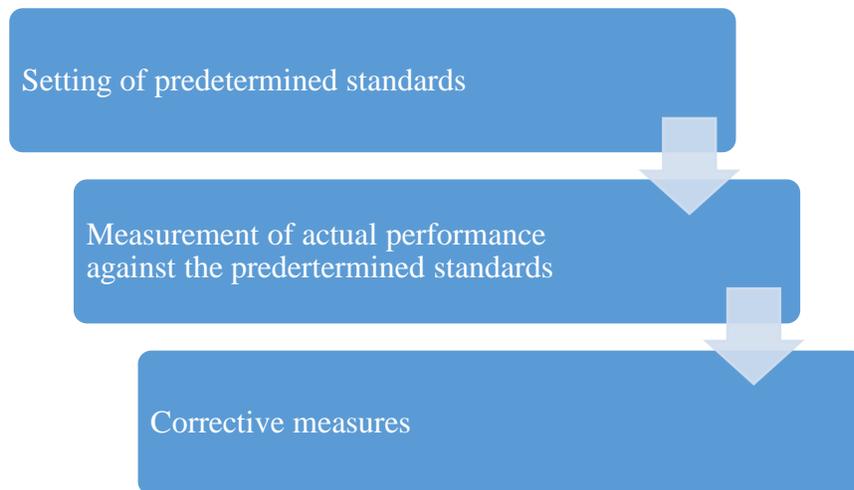


Fig 2.5: Budgetary Control Process

2.3.4.3 Conditions for effective Budgetary Control

Budgetary control can be used as a yardstick for assessing profits. It enables proper utilization of resources due to close supervision, (Drury, 2012). However if budgetary control is not put in place with the right techniques, it might not be efficient. There are conditions that must be met for it to be effective.

2.3.4.4 Goal setting

Goal setting positively impacts profitability. This is because managers will know exactly what they intend to achieve and then work towards that, (Dennis and Linders, 2013). Moreover, managers should set objectives that are clear when drafting budgets such that the organisation will understand them and work towards that as well, (William, 2013). Adding on, since goals would be clarified, it enables focus in the organisation, (Denvor, 2012). Goal setting also ensure optimum use of budgeted resources through performance appraisal basing on the preset goals.

2.3.4.5 Other conditions

Other conditions for effective budgetary control includes prior planning. Budgeting is prior planning and with that there is knowledge on how to undertake procedures according to the budget, (Stones, 2015). Prior panning is very useful since it allows for problem anticipation such that when

problems occur the management will have an idea on how to deal with it, (Floyd, 2014). Moreover, employees should be involved in the budgeting process like what is done at Mimosa Mine. Employees in every department should contribute to their departmental budget. This might motivate them and they become more efficient. Moreover employees directly involved in the production knows exactly the amounts of materials and chemicals they use and hence they must be involved in the budgeting process. Lastly, managers should communicate effectively with the employees such that they know the importance of being cost conscious.

2.3.4.6 Zero Base Budgeting

There are a variety of ways of budgetary control. Budgetary control is made up of an operation plan and the scope of the plan, (Lucey, 2003). Budgetary control emphasizes the efficient use of resources to attain a previously predetermined objective as shown in the plan, (Lucey, 2010). Budgetary control operates through different approaches and for Mimosa Mine zero base budgeting works for them. This is whereby a budget is prepared as if there were no existing resources previously. Mimosa uses the Zero-Based Budgeting Approach in which every expense item has to be justified before incorporation into the budget. Thus the budget starts from a "zero base" and every process within the organization is analysed for its needs. Budgets are then formulated from scratch taking into account what is needed for that particular year. Zero-based budgeting can lower costs by avoiding blanket increases or decreases to a prior period's budget. It is however a time-consuming process compared to traditional approach whereby previous budgeted amounts were just adjusted to suit current operating requirements.

Zero base budgeting is a management control tool for evaluation of both new and current operations and it allows for both budget expansions and reductions and also reallocates sources basing on the priority of the program. It starts with the assumption that the budget for the predetermined period is zero. The section head of each function asses the cost benefit analysis of activities under his control. It is no different to incremental budgeting because it focuses on the changes mainly increases that are likely to occur during the predetermined period. Zero base budgeting improves financial planning also costs behavior patterns are examined closely.

2.3.4.7 Merits of Budgetary Control

The purpose of budgetary control is to operate all the departments in the organisation economically and efficiently because management does forward planning by setting out a detailed plan which in turn will give the organisation a purpose and sense of direction. Budgeting ensures objectives are not different from the planned, (Akeem, 2017). Budgeting helps in correcting variances between actual and budgeted expenditure and also helps in reducing cost of production by eliminating wasteful expenditure thereby increasing profits. Moreover budgetary control positively impacts profitability because it leads to cost reduction because of continuous assessment of actual performance and also costs are wisely allocated, (Wesley et al, 2012 and Landiley, 2014).

Furthermore, budgetary control enhances correct allocation and usage of resources be it time or financial resources and also it enhances profitability through the efficient utilization of resources, (Tonly, 2012 and Anorld et al, 2014)). Adding on to that, budgetary control identifies wasteful activities to enable remedial measures to be taken and also it allows workers to be cost conscious, (Choga et al, 2013 and Hamilton et al, 2013). Budgetary control defines areas of responsibility and it is a yardstick action on which actual performance is assessed so that action is taken in the presence of variances. Budgetary control gives managers responsibilities and make them accountable, (Susan and Fortune, 2014).

2.3.4.8 Demerits of budgetary control

Budgetary control may be a control reduction technique but it also has its demerits. Budgets are prepared basing on estimates and there is a risk of those estimates being inaccurate. This makes budgets misleading if the estimates are wrong, (Chand, 2020). Moreover budgeting may be constraining to employees since they will be trying to reach the target which can be demoralizing if the targets are not met. Budgets are also prepared for the prior period and of which the future is uncertain especially in an unstable economy such as the one in Zimbabwe, (Kumar, 2020). Moreover if the employees are not willing to cooperate, the budgeting process can be very difficult to conduct. Lastly, budgeting does not give quick results and hence it is not suitable solution for every situation.

2.3.5 Wastage in material usage control

Materials constitutes a greater proportion of the total costs of products. These must be controlled to avoid wastages. Material control encompasses inventory control, and cost of production. Firms closely monitor their production costs using technology to ensure efficient management of materials. (Ondiek, 2009). If materials are managed wisely, the costs of production reduces and the benefits is passed on to consumers, (Gopalakrishnan and Sundaresan, 2006). Avoiding wastages ensures greater resource efficiency and in turn more profits. Problem areas needs to be identified so that wastages are eliminated. Every process in production should be tracked and addressed. For example at Mimosa Mine the core activities which constitutes the production process are face preparation, rock drilling, charging and blasting, lashing, crashing and floatation in that order, (Implats Annual Integrated Report, 2018). During all those processes certain chemicals including explosives and materials are used. The processes have to be assessed time to time to see if there are no wastages so as to take remedial action if they are any.

2.3.6 Standard Costing and Variance Analysis

2.3.6.1 Standard Costing

Standard costs are estimates of costs and are estimated realistically basing on the analysis of past and projected operating costs. Standard product costs are determined in advance and are then compared with actual costs to ascertain variances. Standard costing is a procedure which is effective in controlling costs to achieve the organizational goal which is profit maximization. Standard costing can also be defined as a management tool for decision making to enhance cost control and also for efficient and effective utilization of resources, (Akenbor and Agwor, 2015). Moreover standard costing is preparation of standard costs to compare them with actual costs and if there any variances the causes are then analyzed, (ICMA, London). The components of standard costing are as follows:

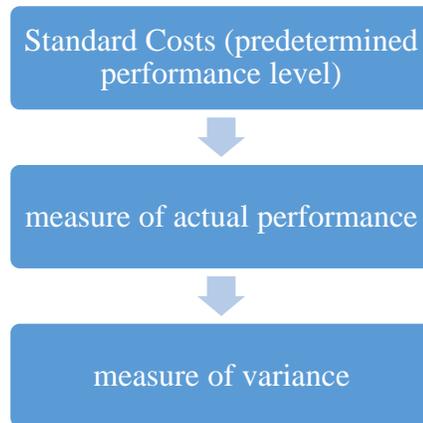


Fig 2.7: Components of standard costing

Standard costing is very useful technique to control costs because it leads to the analysis of variances which in turn will reduce costs and hence increase in profitability.

2.3.6.2 Variance analysis

Variance analysis is a procedure of determining differences between standard and actual costs so as to establish the causes of those differences. Variance analysis can be defined as evaluation of performance using variances for managerial action, (CIMA 2005). Variance analysis helps to improve operations, (Gauci, 2015). Its advantage is that it brings to light the variances which are differences between standard costs and actual costs. After these variances are established, the causes are analysed and then remedial action is taken. Variance analysis is a process which starts with computing the amount of the variance and end with corrective action being taken and the following are its steps:

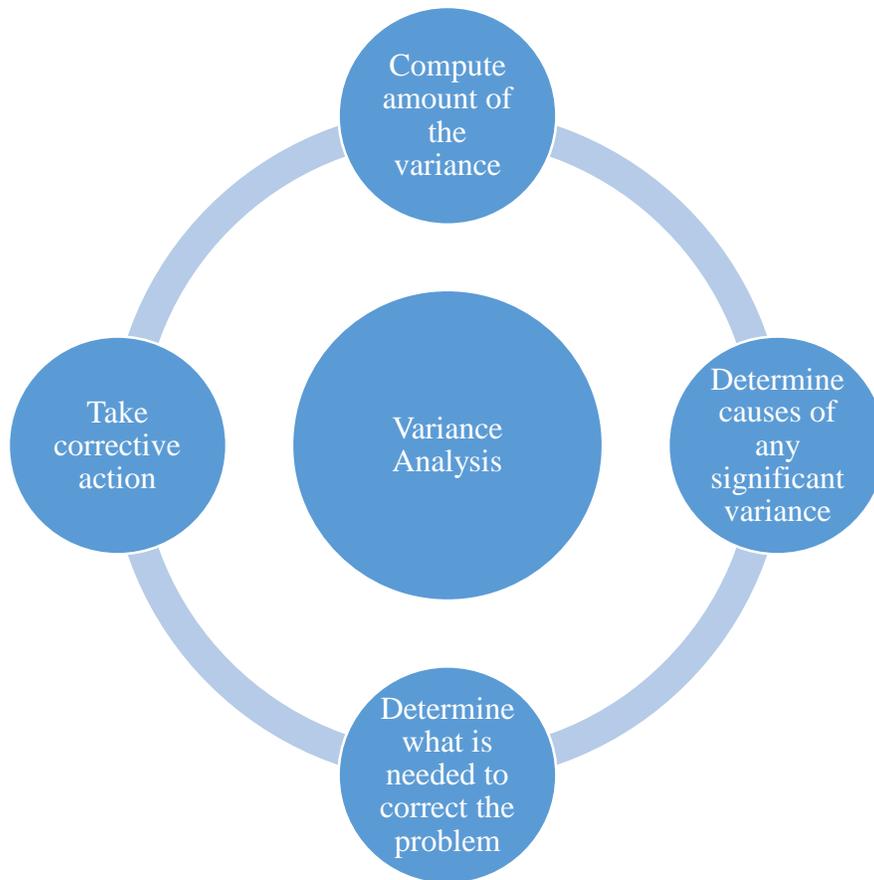


Fig 2.8: Variance analysis steps

2.3.6.3 Merits of standard costing and variance analysis

Standard costing and variance analysis has a number of advantages. It contributes to improved cost control and also management's decision making, (Wilkinson, 2013). Cost control is improved by setting standards for different types of costs incurred and then highlight variances which provide a starting point for judging the effectiveness of management for controlling costs for which they are responsible for. Moreover production costs are reduced because employees becomes cost conscious and also it allows for comparison of periodic costs. Standard costing and variance analysis enables management to plan for economic operations to ensure that the procedure is effective, (Agarwal, 2020). This is an advantage since there are a number of advantages associated with planning for instance it gives the organisation a sense of direction. Lastly standard costing enables coordination of all functions of the organisation.

2.3.6.4 Demerits of standard costing and variance analysis

Standard costing and variance analysis has its disadvantages. It leads to controversial limits for variances since it involves human judgement. Moreover some variances may not be reported by employees to conceal inefficiency hence if managers do not investigate these they may never find out. Moreover variance analysis causes low morale to employees since the managers will only focus on unfavorable variances and not applaud the employees for the favorable variances. Standard costing is also time consuming and labour intensive, (Wilkinson, 2013).

2.3.7 Training

Training is a process of enhancing employees' skills and capabilities for a particular job function. Training moulds the thinking of employees. Training is a strategy for a specific direction by teaching employees skills of particular job functions, (Abedin and Kohandeli, 2015). Training can also be defined as developing knowledge of relative jobs and also expertise so as to improve performance and efficiency of workers, (Swanson and Holton, 2009).

2.3.7.1 Importance of Training

Training is defined as the act of adding on to the knowledge and expertise of an employee on his job. Training is an ongoing process, it is not a one-time activity, (Compton, 2009). Training has several advantages. It leads to increased productivity due to efficiency of employees. Training also addresses employees' weaknesses such that they will have similar skills and knowledge. Training also increases innovation within the whole workforce which can contribute to the competitiveness of the firm. Most importantly, training leads to cost reduction because employees become cost conscious and thereby less wastages of time and other resources. Moreover employees can be trained on the importance of teamwork which is the most important factor of cost reduction, (Steinbach, 2013). It might be difficult to point out if certain training schemes are addressing the major areas which needs training, (Aguinis and Krager, 2009) hence training needs to be a continuous process, (Brow, 2002).

Employees are being encouraged to participate in cost cutting initiatives such that an employee who contribute anything beneficial will be rewarded at Mimosa Mine, (Mimosa Mine finance

policy, 2019). If employees are trained they become more efficient to the firm because they contribute beneficial strategies which can lead increases in profitability, (Daskin and Tezer, 2012). If employees are disengaged, it can affect profitability negatively, (Berens, 2013) hence it is important for employees to be given a room to contribute to decision making and also they can give feedback on the policies put to practice by the management. Moreover, satisfaction of employees through involvement leads to dedication, (Vandenabeele, 2014). Employees should also be involved in the cost cutting strategies because they do the major work. This is because job involvement and trust determine the effectiveness of the organisation, (Nasomboon, 2014). For employees to be involved, they therefore must be trained so that they become aware of what exactly they are supposed to contribute to.

2.3.7.2 In-house refurbishment of equipment as a result of training

To refurbish is to restore something to its original condition. Refurbishing equipment is reassembling and replacing components or parts of equipment to restore the equipment to the condition it was when it was originally manufactured. Refurbishment is removing accessories or components on vehicles and rebuilding them, (Jura, 2018). Some companies like Mimosa Mine purchases its machinery from other countries like Germany and usually in Zimbabwe such machinery and even their parts are difficult to find so they end up hiring the supplier of those equipment to service them which is costly. In-house refurbishment can become very useful in those instances. In-house refurbishment can save a company money because it is cheaper and it allows companies to familiarize with the equipment which in turn reduces accidents, (Hodgers, 2016). This can only be possible if employees are trained. In-house refurbishment is very significant to cost saving especially in this current market structure, (Taffe, 2011).

2.3.7.3 Reduction in Safety, Health and Environment (SHE) costs due to training

In terms of safety and health, the duties of all the employees and the employer should be stated, (Occupational Health and Safety policy, OHSAS, 2019). Employees should be trained in first aid, firefighting and equipment handling so as to eliminate risks since at the mine the environment has many hazardous items. There should be a committee that must be responsible for all the company policies and also responsible for training others, (OHSAS, 2019). To successfully implement the

policies there is need for employee involvement, dedication and also efficient communication on the importance of the policies, (OSHAS safety guidelines, 2019). Human error constitutes to workplace accidents and these must be compensated for hence need for training to reduce accidents. Training is very crucial because in case that an accident occurs there is need for an investigation on what caused the accident to be conducted and that is time consuming and costly and therefore training is important. It may be costly to train all employees but the cost is lower than that of compensating for accidents. Therefore training leads to reduction in SHE costs because it reduces workplace accidents which are costly to compensate and investigate. Moreover employees are one of the pillars of the company so if they are injured it can be costly to the company.

2.3.7.4 Demerits of training

Training has costs associated with it. There may be need for the organisation to hire experts to train the employees and they need to be paid. For employees to be trained, there is need for time to be spared for that to happen which may put a lot of pressure on employees since they have to balance work pressures and still have time for training. Training takes time from daily operations, (Arthur, 2018). Moreover training may involve more theory than application which may not be effective. There is no guarantee that the employees will stay at the organisation after being trained and hence the company might be assisting their competitors, (Arthur, 2018).

2.4.0 Relationship between cost reduction and profits

Profit is an excess of revenue over costs. Profits can also be defined as revenue that a firm gains after selling its products and after deducting all production and manufacturing costs, (McDonald, 2015). An organisation with a well-defined cost structure will most likely achieve its targeted benefits, (Robert, 2017). If costs are reduced, profits are increased. Reducing costs can also add to companies' profit margins, (Maverick, 2020). There is an inverse relationship between costs and profits, (Robert, 2017). This means when costs decrease, profits increase and when costs increase, profits decrease. However there is a direct relationship between cost reduction measures and profitability, (Akeem, 2017). This means that if cost reduction measures are increased, profitability will also increase.

2.5.0 Conditions for effective cost control

There are conditions that must be met for cost control to be effective. For cost control system to be successfully implemented, data collection, data analysis and budget control and administration must be taken into consideration, (Anthony et al, 2005). In terms of data collection, detailed cost data which is timely must be present. This is because management should be able to understand how the organisation's funds have been spent in the past and present so as to come up with effective strategies. In regards to data analysis, assessments needs to be done so that variances if they are present, cost control strategies needs to be implemented so that these variances can be rectified. For budget and control administration, prior planning will assist management to come up with effective cost control.

For cost control to be effective, management should be committed, (Grossy, et al, 2015). This means management should be very committed to coming up with strategies to reduce costs and thereby increasing profits. Moreover employees should be involved in the process because it makes the whole company to be united in the same vision, (Edwin, 2013). Employees really need to know the impacts of cost cutting so that they contribute. There is also need of effective communication to raise awareness to the employees, (Kinney, 2015). There is also need for close supervision of tasks and personal observation so that managers note problem areas. Aspects of an effective cost control are operational control where close supervision comes in and also accounting control, (Clement, 2015). Managers cannot control costs on their own, there is need for companywide involvement. Moreover every employee should understand the type of costs incurred in an organisation and there should be communication in terms of the importance of being cost conscious, (Kinney and Raiborn 2011).

2.7 Research gap

From the scholars cited above, there is a direct relationship between cost management techniques and profits. Both cost control and cost reduction techniques if implemented effectively can lead to increase in profits. There is an inverse relationship between costs and profits, (Robert, 2017). This means that if costs increases then profits decreases and if costs decreases then profits increases. That hasn't been the case for Mimosa Mine which is operating in a market with fluctuating prices. Mimosa Mine has been implementing cost management techniques for the past years but hasn't

been yielding successful results which is against findings of different scholars. It is against this backdrop that this research seeks to analyze the impacts of cost management techniques on profitability for a mining company operating in an unstable economy.

2.8 Summary

This chapter laid out the conceptual framework of the study and focused on the literature review related to the study as well as answering the research questions to come up with a research gap. The chapter was then concluded with a summary.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter introduces the research methodology and research design of the study. The chapter also establishes the population and data collection instrument used to collect vital data of the study. Data collection plan and data analysis plan is also focused on in this chapter. The chapter also pays particular attention to data management plan and is concluded with a summary.

3.1.0 Research methodology

This research adopted the quantitative research methodology with the aim of acquiring reliable and sufficient data.

3.1.1 Quantitative research methodology

Quantitative research methodology involves numerical analysis of data to test causal relationship between the variables of the research which is why it was suitable for this research. A quantitative research enables investigating phenomena that require measurement and quantification which involves a controlled design (Polit and Beck 2004). The method quantifies the research problem by generating numerical data and generalize the results to a larger group to explain a phenomenon. Graphs and tables were used in the study to provide unbiased results. In this study, the researcher used descriptive research design in an attempt to collect quantifiable data for statistical analysis through employing a structured method of data collection which is a survey and the use of a predetermined standard instrument of gathering data which is a questionnaire.

3.2.0 Research design

The research design of this study is descriptive research design and it was chosen because it aims to systematically explain the subject at hand and it was most suitable since the researcher had no control over the variables of the research.

3.2.1 Descriptive research design

A descriptive research design was adopted in the present study. A research design is the overall plan for acquiring answers to the research questions, (Polit and Beck 2004). It was appropriate because the researcher had little knowledge over the problem at hand and had to thoroughly explore it without any influence over the research variables but rather record what was present. The variables were thoroughly examined and the researcher did not try to control or manipulate any of the variables. The researcher considered a survey to be the most suitable method for quality data collection in this era of covid-19 with traveling restrictions since it can be conducted online.

3.2.2 Survey Research

A survey design provides a numeric description of opinions of a population, (Creswell, 2009) which is why it was considered to be suitable for this study. Survey research involves collecting quantified data from a predefined sample through their responses to survey questions. This was a preferred type of data gathering in this study because it involves structured questions which enhances objectivity. Structured survey questions were administered to respondents so as to acquire unbiased and trustworthy responses. Data collected was statistically analysed to come up with a meaningful research outcome. A standardized procedure of collecting data from respondents at a particular time interval which is a cross-sectional survey was used.

3.2.3 Cross-sectional survey

This study adopted a cross-sectional survey which is a type of an observational research that is used to analyze data of variables of the study at one given point in time or within a short period of time. Data was collected from a predefined population in a short period which is an advantage because it is less likely that respondents will quit the study before completion of data collection.

Participants were selected based on their knowledge of the subject at hand and the researcher aimed to include large samples to represent the whole population.

3.3 Population and sample

The target population of this study is comprised of employees from Mimosa Mine. The employees came from four departments which are finance, supply chain, projects and planning and human resource departments. The target population was selected based on their knowledge of cost management techniques implemented at Mimosa Mine and they are the ones directly involved in the implementation of these techniques. The population comprised of twenty five employees as shown below and there was no need for sampling because of the small population size.

| DEPARTMENT | POPULATION |
|------------------------------|------------|
| Finance | 10 |
| Supply Chain | 6 |
| Projects and Planning | 4 |
| Human Resource | 5 |

Table 3.1: Population

3.4.0 Sampling

The researcher decided to conduct a census and not to work with a sample since the population size was small.

3.4.1 Census

The researcher decided to conduct a complete enumeration which is a complete count. The researcher undertook a study of everyone in the population which is a census. Every person in the population was included in the survey. Primary data was collected since the researcher was the one who collected the data. A census was suitable for the study because it is very accurate since it

involves every person in the population and every respondent had input into the survey. Moreover a census was suitable for the research because the research population was small and hence the researcher could administer the questionnaires to every respondent.

3.5.0 Data collection instruments

In this research, a questionnaire was used as a research instrument. It was considered to be the most suitable by the researcher because they can be posted online to respondents because of the covid-19 traveling restrictions.

3.5.1 Questionnaire

A questionnaire is a research instrument which comprises of questions with the aim of collecting information from participants of the research. A questionnaire was the preferred type because it can cover every aspect of the subject at hand since all relevant questions will be included. Questionnaires were sent to respondents via email and to some respondents who had work pressures, a telephone conversation was made whilst the researcher wrote down the responses of the participants. The questionnaire comprised of mainly structured questions which were predetermined by the researcher so as to enhance objectivity. Most questions were close ended with a 5 point likert scale to determine the responses. A likert scale is a scale used in the research to represent participants' opinions with a rating scale as follows.

| OPTIONS | POINTS |
|-------------------|---------------|
| Strongly agree | 1 |
| Agree | 2 |
| Uncertain | 3 |
| Disagree | 4 |
| Strongly disagree | 5 |

Table 3.2: 5 point likert scale

3.6 Data collection plan

The researcher first conducted a pilot survey to improve efficiency of the main survey and also to test the instrument. The questionnaire was administered to 20% of the total sample which is five people. This made the researcher realize that questions on the questionnaire were proper and also the instructions on the questionnaire were clear since the respondents did not have any problems in answering the questions. Questionnaires were then administered to the whole population. Data was collected at Mimosa Mine in a short period of time that is September 2020. The researcher did not have anyone to assist her in the administering of questionnaires since they were distributed via emails directly to the respondents.

3.7 Data analysis plan

Out of the 25 members of the total population, only 21 members responded as shown below.

| DEPARTMENT | POPULATION | RESPONDENTS |
|-----------------------|------------|-------------|
| Finance | 10 | 10 |
| Supply Chain | 6 | 4 |
| Projects and Planning | 4 | 3 |
| Human Resource | 5 | 4 |

Table 3.3: Respondents

Regression analysis using SPSS software was then used to analyze the data acquired from the 21 respondents. Regression analysis is a quantitative research method used to establish the nature of the relationship between the dependent and independent variables of the research. Since there is only one independent variable in this research which is cost increases, a simple linear regression analysis was the most suitable regression method to establish a linear relationship between the dependent variable in this case, profitability and the independent variable of the research.

3.8 Data management plan

Data management plan is a written document that describes the data expected to be acquired during the course of the research and how it will be managed. It covers data collection, organisation and storage of the data and it makes the research process simple in the sense that it's easy to find data when needed and it avoids duplication of data. Both primary and secondary data was gathered. Data was reviewed during the course of the research to be altered if it no longer met the needs of the researcher. Responses from questionnaires were inputted and stored in spreadsheet format using Excel. Telephone conversations with employees who had tight work schedules which were recorded were stored on a flash drive. Data collected was backed up on an external hard drive because of the issue of viruses. Sensitive data acquired during the course of the study was protected using passwords.

3.9 Summary

This chapter introduced the research methodology and design of the study. Population, census and data collection instrument were also laid out. Data collection, analysis and management were also focused on. The chapter was concluded with a summary.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter presents data obtained from research participants by a means of a questionnaire and analyze it. The data is presented in a variety of ways such as graphs, tables and pie charts so as to present the data in a quantitative manner and also to give a pictorial representation of the data collected. After data presentation, data will be analysed using the SPSS software.

4.1 Response rate from the questionnaire

| Questionnaires administered to males | Questionnaires responded to | Questionnaires administered to females | Questionnaires responded to | Total response rate in % |
|---|------------------------------------|---|------------------------------------|---------------------------------|
| 15 | 13 | 10 | 8 | 84 |

Table 4.1: Response rate by gender

Twenty five questionnaires were administered to the research participants of which 15 (60%) were males and 10 (40%) were females. Out of those 25 targeted participants, 13 (62%) males and 8 (38%) females responded as indicated above. Therefore in total 21 participants responded and returned the questionnaire to come up with a total response rate of 84%.

4.2.0 Bio data

4.2.1 Gender

Female [8]

Male [13]

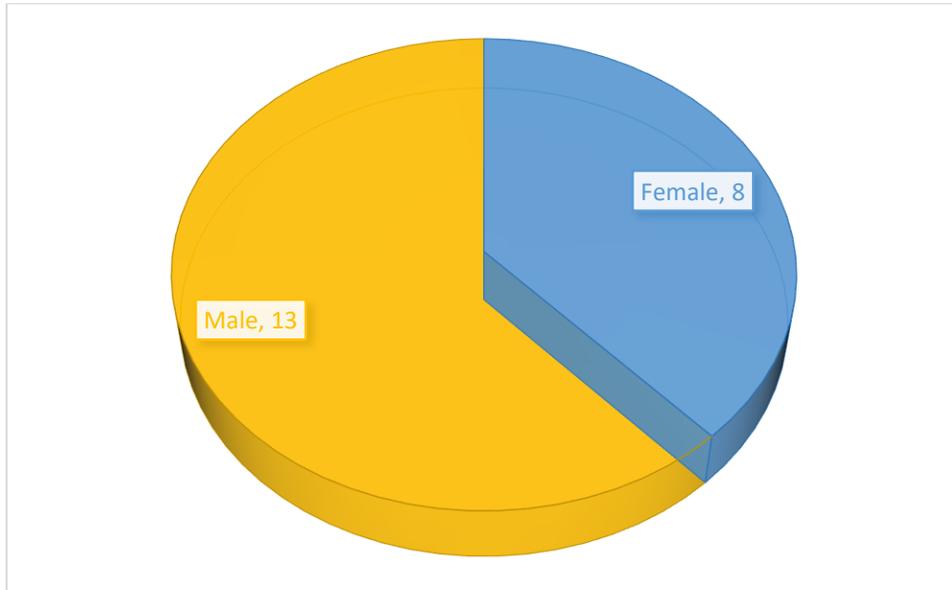


Fig 4.1: Gender composition

Source: Raw data from the research questionnaire

| Gender | | | | |
|---------------|-----------|---------|---------------|--------------------|
| | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Male | 13 | 61.9 | 61.9 |
| | Female | 8 | 38.1 | 100.0 |
| | Total | 21 | 100.0 | 100.0 |

Source: SPSS version 25

Figure 4.1 above shows that the majority of the respondents were males which were 13 (62%). Females who responded to the questionnaire were only 8 which is 38% of the total respondents.

4.2.2 Age

| | |
|-------------------|----|
| Between 21 and 30 | 10 |
| Between 31 and 40 | 7 |
| Between 41 and 50 | 3 |
| 51 and above | 1 |

Table 4.2: Age of participants

Source: Raw data from the research questionnaire

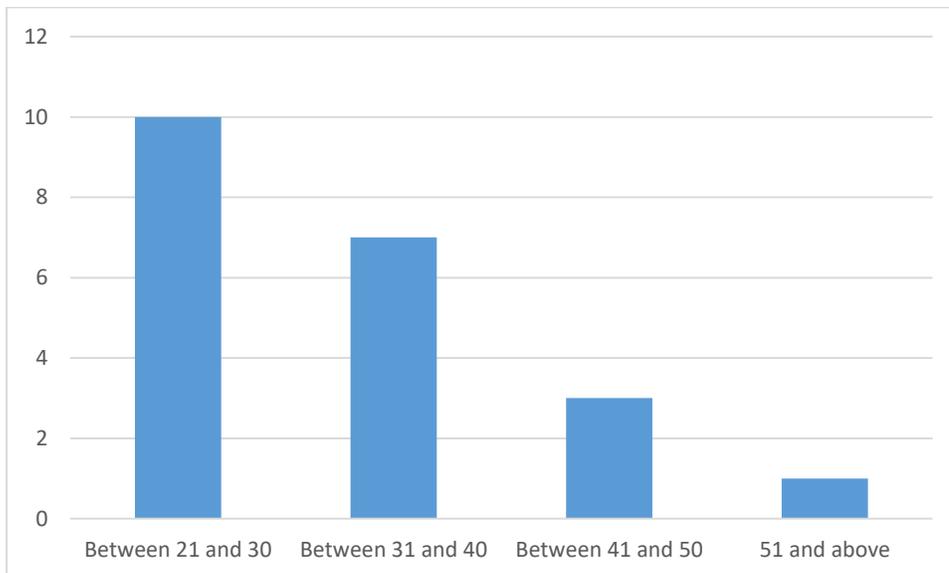


Fig 4.2: Age of participants

Source: Raw data from questionnaire

Age group

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Between 21 and 30 | 10 | 47.6 | 47.6 | 47.6 |
| Between 31 and 40 | 7 | 33.3 | 33.3 | 81.0 |
| Valid Between 41 and 50 | 3 | 14.3 | 14.3 | 95.2 |
| 51 and above | 1 | 4.8 | 4.8 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

From figure 4.2 above the age group with the highest number of participants was between 21 and 30 years which had 10 participants which is 48% of the total respondents. Age group 31 to 40 years had the second highest number of respondents which is 7 (33%) followed by age group 41 to 50 years which had 3 participants which is 14%. The age group which had the least number of participants is 51 years and above which had 1 participant which is 5% of the total sample.

4.2.3 What is your highest level of education attainment?

| | |
|----------------|----|
| A' level | - |
| Diploma | 7 |
| Honours degree | 10 |
| Masters | 4 |
| Other | - |

Table 4.3: Level of education attainment

Source: Raw data from questionnaire

Highest education qualification

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Valid A' level | 7 | 33.3 | 33.3 | 33.3 |
| Diploma | 10 | 47.6 | 47.6 | 81.0 |
| Honours degree | 4 | 19.0 | 19.0 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

From the total sample of 21 participants, 7 attained a diploma which is 33% of the total sample. 10 out of 21 participants attained an honors degree which is 48% of the total sample. 4 participants which is 19% of the total sample attained a Masters degree. None of the research participants has only A 'level and also none of the participants has a doctorate or other higher qualifications.

4.2.4 How long have you been in the organization?

| | |
|-------------------------|----|
| Below 5 years | 4 |
| Between 5 and 10 years | 10 |
| Between 10 and 15 years | 3 |
| Between 15 and 20 years | 4 |
| 21 years and above | - |

Table 4.4: Length of service

Source: Raw data from the research questionnaire

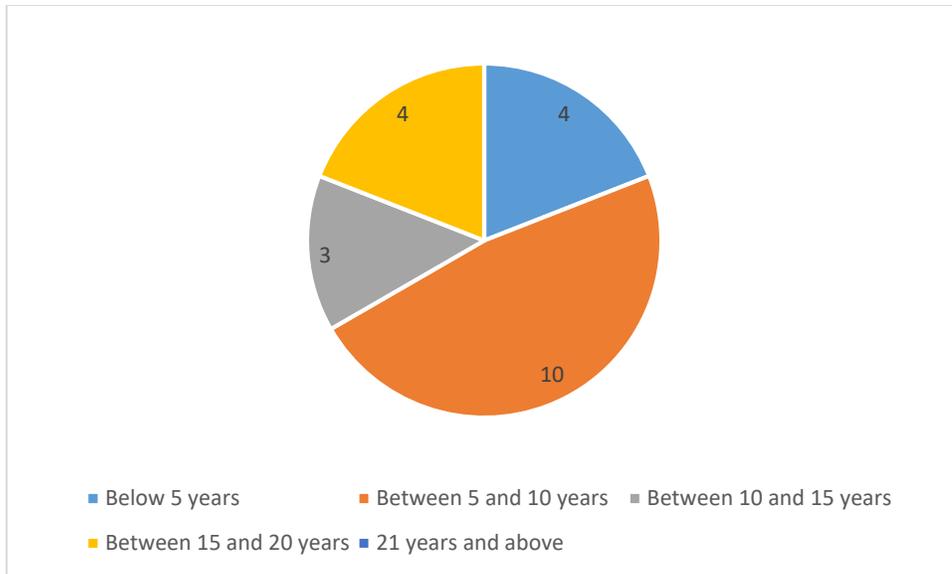


Fig 4.3: Length of service

Source: Raw data from the research questionnaire

Length of service

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------------|-----------|---------|---------------|--------------------|
| Below 5 years | 4 | 19.0 | 19.0 | 19.0 |
| Between 5 and 10 years | 10 | 47.6 | 47.6 | 66.7 |
| Valid Between 10 and 15 years | 3 | 14.3 | 14.3 | 81.0 |
| Between 15 and 20 years | 4 | 19.0 | 19.0 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

From figure 4.3 above, the majority of the respondents have been in the organisation for 5 to 10 years and they are 10 which is 48% of the total sample. Participants who have been in the organisation for below 5 years are 4 (19%) and also those who have been in the organisation for 16 to 20 years are 4 (19%). The second least number of participants have been in the organisation for 11 to 15 years are 3 (14%). None of the research participants have been in the organisation for more than 21 years.

4.2.5 Which level of management do you belong to?

| | |
|-----------------------|----|
| First-level managers | 14 |
| Middle-level managers | 5 |
| Top-level managers | 1 |
| Any other | 1 |

Table 4.5: Level of management

Source: Raw data from the research questionnaire

| Level of management | | | | | |
|---------------------|-----------------------|---------|---------------|--------------------|-------|
| | Frequency | Percent | Valid Percent | Cumulative Percent | |
| Valid | First-level managers | 14 | 66.7 | 66.7 | 66.7 |
| | Middle-level managers | 5 | 23.8 | 23.8 | 90.5 |
| | Top-level managers | 2 | 9.5 | 9.5 | 100.0 |
| | Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

From table 4.4 above, research participants who are first level managers are 14 (66%). Middle level managers are 5 (24%). Only 1(%) participant is a top level manager and the last participant (5%) does not belong to any of the already mentioned levels of management.

4.3.0 Objectives of cost control and reduction

4.3.1 Profits are being affected highly by surging operational and production costs.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|---------|-----------|----------|-------------------|
| 8 (38%) | 7 (33%) | 1 (5%) | 3 (14%) | 2 (10%) |

Table 4.6: Frequency of profits being affected by surging costs

Source: Raw data from the research questionnaire

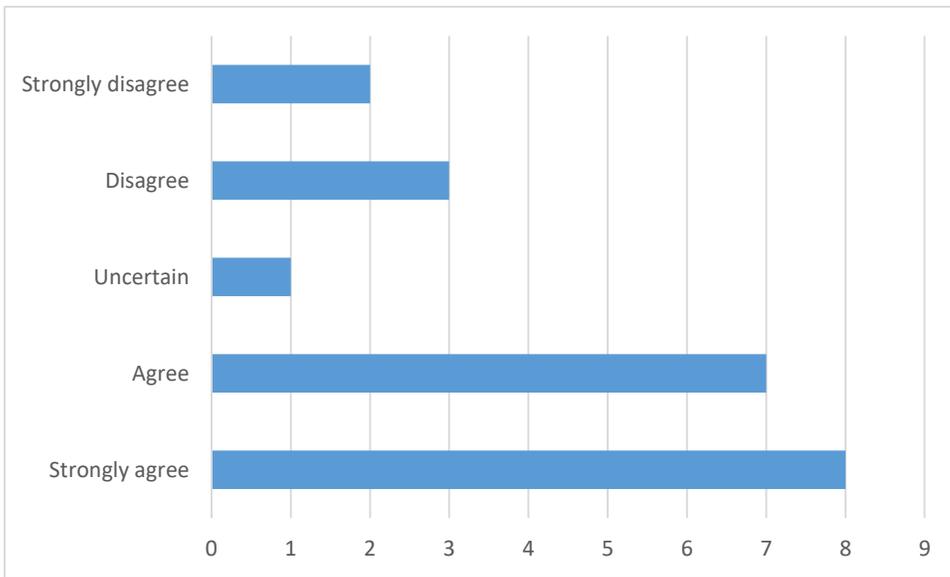


Fig 4.4: Frequency of profits being affected by surging costs

Source: Raw data from the research questionnaire

Profits are being affected highly by surging operational and production costs.

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly agree | 8 | 38.1 | 38.1 | 38.1 |
| Agree | 7 | 33.3 | 33.3 | 71.4 |
| Uncertain | 1 | 4.8 | 4.8 | 76.2 |
| Disagree | 3 | 14.3 | 14.3 | 90.5 |
| Strongly disagree | 2 | 9.5 | 9.5 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results from the likert scale above on the question if profits are being affected highly by surging operational and production costs indicates that 8 (38%) out of 21 respondents strongly agree that profits are being highly affected by surging operational and production costs. 7 (33%) out of 21 respondents agrees with the notion. 1 out of 21 (5%) respondents was uncertain if profits are being highly affected by surging operational and production costs. 3 (14%) out of 21 respondents disagreed that costs are being affected by the surging costs. 2(10%) out of 21 respondents strongly disagreed that costs are being highly affected by the surging operational and production costs. Therefore a mode of 15 out of 21 respondents that is 71% agreed that costs are being highly affected by the surging operational and production costs. Hence according to the research participants, costs are highly affected by increasing operational and productions costs in the mining industry.

4.3.2 Reducing costs directly leads to the increase in profits.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|---------|-----------|----------|-------------------|
| 6 (29%) | 6 (29%) | 4 (19%) | 2 (9%) | 3 (14%) |

Table 4.7: Cost reduction on profits

Source: Raw data from the research questionnaire

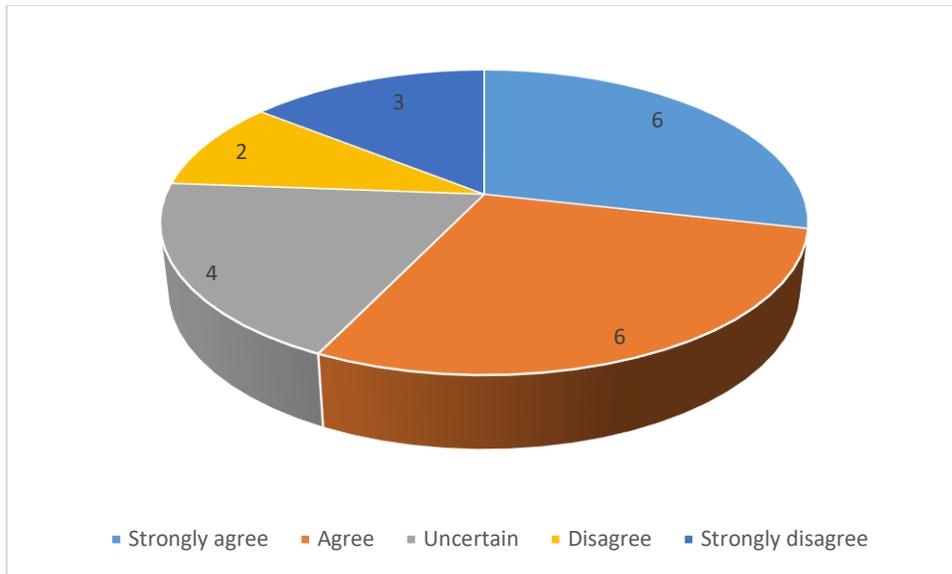


Fig. 4.5: Cost reduction on profits

Source: Raw data from the research questionnaire

Reducing costs directly leads to the increase in profits.

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Strongly agree | 6 | 28.6 | 28.6 | 28.6 |
| Agree | 6 | 28.6 | 28.6 | 57.1 |
| Uncertain | 4 | 19.0 | 19.0 | 76.2 |
| Disagree | 2 | 9.5 | 9.5 | 85.7 |
| Strongly agree | 3 | 14.3 | 14.3 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results from the likert scale above indicates that 6 out of 21 participants (29%) agrees that reducing costs directly leads to the increase in profits. 6 (29%) out of 21 participants also agrees that reducing costs directly leads to the increase in profits. 4 (19%) of 21 participants were uncertain of the idea. 2 out of 21 (9%) respondents disagreed that reducing costs directly leads to the increase in profits. 3 out of 21 (14%) respondents strongly disagreed that reducing costs directly leads to the increase in profits. Hence a mode of 12 out of 21 (57%) agreed that reducing costs

directly leads to the increase in profits. Therefore from the research participants' perspective reducing costs will directly lead to the increase in profit margins.

4.3.3 Is it always the case that cost control impacts profits positively?

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|---------|-----------|----------|-------------------|
| 3 (14%) | 4 (19%) | 3 (14%) | 5 (24%) | 6 (29%) |

Table 4.8: Cost control's positive impact on profits

Source: Raw data from the research questionnaire

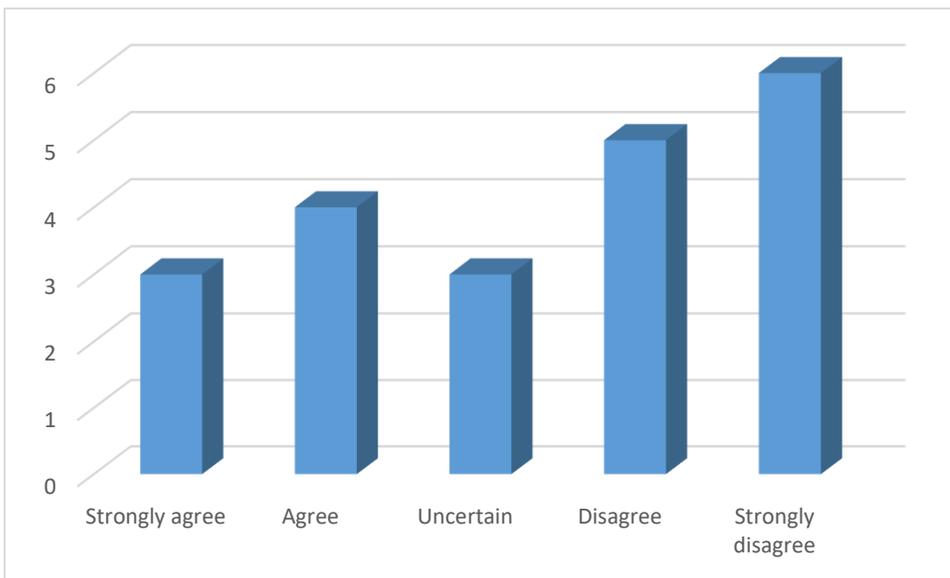


Fig: 4.6: Cost control's positive impact on profits

Source: Raw data from the research questionnaire

Is it always the case that cost control impacts profits positively

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly agree | 5 | 23.8 | 23.8 | 23.8 |
| Agree | 4 | 19.0 | 19.0 | 42.9 |
| Uncertain | 3 | 14.3 | 14.3 | 57.1 |
| Disagree | 5 | 23.8 | 23.8 | 81.0 |
| Strongly disagree | 4 | 19.0 | 19.0 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results from the likert scale on the question if it is always the case that cost control impacts profits positively shows different results. 3 out of 21 (14%) participants strongly agreed that it is always the case that cost control impacts profits positively. 4 out of 21 (19%) respondents agreed that it is always the case that cost control impacts profits positively. 3 out of 21 (14%) were uncertain of the notion. 5 out of 21 (24%) respondents disagreed that it is always the case that cost control impacts profits positively. 6 out of 21 (29%) respondents strongly disagreed that it is always the case that cost control impacts profits positively. Therefore a mode of 11 out of 21 (52%) disagreed that it is always the case that cost control impacts profits positively. Hence according to the research participants cost control does not always have positive impacts on profits in the mining industry.

4.3.4 The main objective of cost control and reduction is profit maximization.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|---------|-----------|----------|-------------------|
| 10 (47%) | 5 (24%) | 4 (19%) | 1 (5%) | 1 (5%) |

Table 4.9: Frequency of cost control and reduction objective being profit maximization

Source: Raw data from the research questionnaire

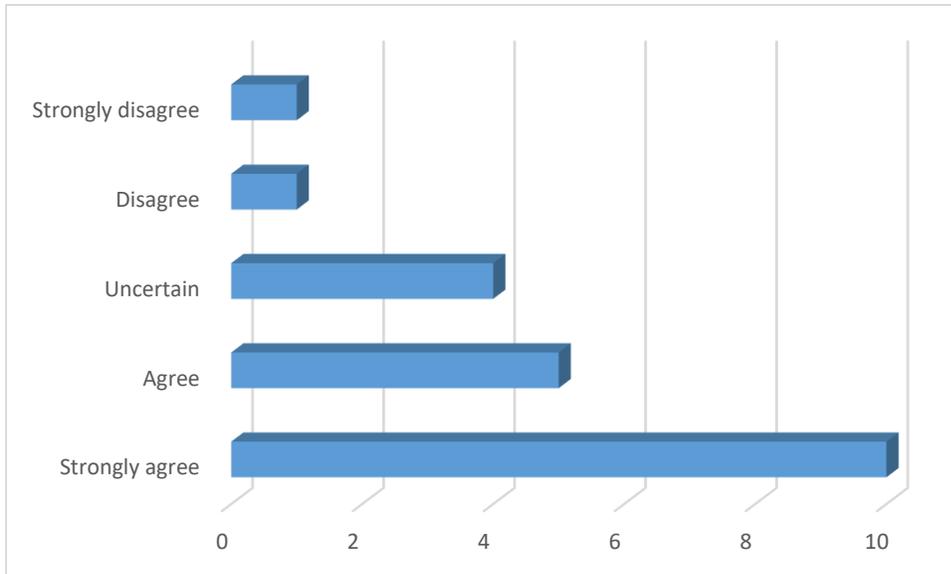


Fig. 4.7: Frequency of cost control and reduction objective being profit maximization
 Source: Raw data from the research questionnaire

The main objective of cost control and reduction is profit maximization.

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Strongly agree | 10 | 47.6 | 47.6 | 47.6 |
| Agree | 5 | 23.8 | 23.8 | 71.4 |
| Uncertain | 4 | 19.0 | 19.0 | 90.5 |
| Disagree | 1 | 4.8 | 4.8 | 95.2 |
| Strongly agree | 1 | 4.8 | 4.8 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results from the likert scale above on the question if the main objective of cost control and reduction is profit maximization follows. 10 out of 21 (47%) respondents strongly agreed that the main objective of cost control and reduction is profit maximization. 5 out of 21 (24%) respondents agreed that the main objective of cost control and reduction is profit maximization. 4 out of 21 (19%) were uncertain if the main objective of cost control and reduction is profit maximization. 1

out of 21 (5%) respondents disagreed that the main objective of cost control and reduction is profit maximization. 1 (5%) respondent strongly disagreed that the main objective of cost control and reduction is profit maximization. Hence a mode of 15 out of 21 (71%) agreed that the main objective of cost control and reduction is profit maximization. Therefore from the research participants' perspective, the main objective of cost control and reduction is profit maximization.

4.4.0 Cost management techniques

4.4.1 Which cost management techniques are currently being employed at your organisation?

| | Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|--|----------------|--------|-----------|----------|-------------------|
| Downsizing | 2 (10%) | 2(10%) | 7(32%) | 2 (10%) | 8(38%) |
| Voluntary retrenchment | - | 2(10%) | 5(24%) | 4(19%) | 10(47%) |
| Outsourcing | 13(62%) | 6(28%) | 2(10%) | | |
| Budgetary control | 11(52%) | 4(19%) | 3(14%) | 2(10%) | 1(5%) |
| Standard costing and variance analysis | 15(71%) | 4(19%) | 2(10%) | - | - |
| Material usage control | 11(52%) | 6(29%) | 3(14%) | 1(5%) | - |
| Training | 7(33%) | 5(24%) | 4(19%) | 3(14%) | 2(10%) |

Table 4.10: Cost management techniques

Source: Raw data from the research questionnaire

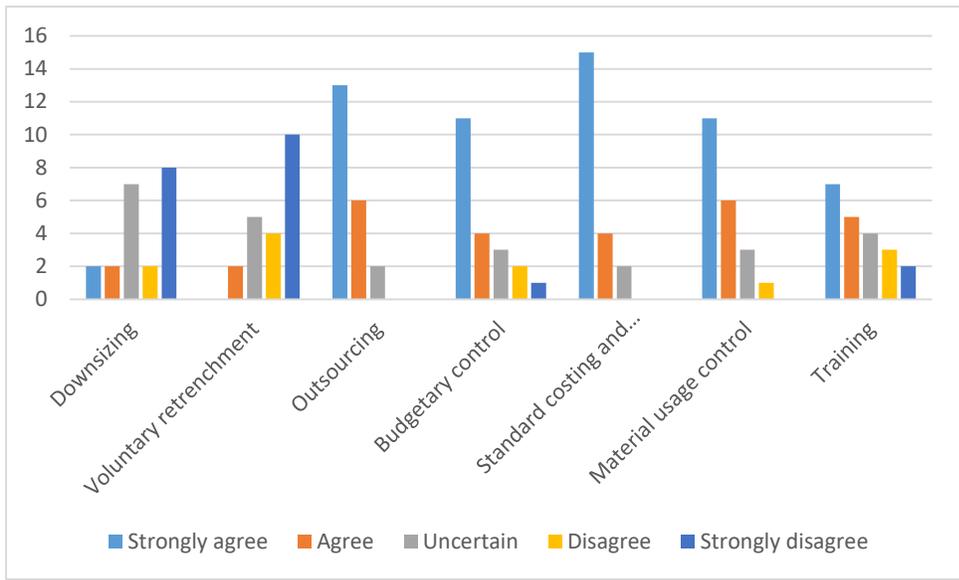


Fig 4.8: Cost management techniques

Source: Raw data from the research questionnaire

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Valid Strongly agree | 2 | 9.5 | 9.5 | 9.5 |
| Valid Agree | 2 | 9.5 | 9.5 | 19.0 |
| Valid Uncertain | 7 | 33.3 | 33.3 | 52.4 |
| Valid Disagree | 2 | 9.5 | 9.5 | 61.9 |
| Valid Strongly agree | 8 | 38.1 | 38.1 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results indicated above on cost management techniques currently being employed at Mimosa Mine in particular, downsizing follows. 2 out of 21 (10%) respondents strongly agreed that downsizing is being employed at the company. 2 out of 21 (10%) respondents agreed that downsizing is being employed at the company. 7 out of 21 (32%) respondents were uncertain if downsizing is being employed. 2 out of 21 (10%) respondents disagreed that downsizing is being

employed at the company. 8 out of 21 (38%) respondents strongly disagreed that downsizing is being employed at the company. Hence a mode of 10 out of 21(48%) respondents disagreed that downsizing is being employed at the company and therefore according to the research participants downsizing is not being employed at Mimosa Mine.

Voluntary retrenchment

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Agree | 2 | 9.5 | 9.5 | 9.5 |
| Uncertain | 5 | 23.8 | 23.8 | 33.3 |
| Valid Disagree | 4 | 19.0 | 19.0 | 52.4 |
| Strongly agree | 10 | 47.6 | 47.6 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results indicated above on cost management techniques currently being employed at Mimosa Mine specifically voluntary retrenchment follows. None of the respondents strongly agreed that voluntary retrenchment is being employed at the company. 2 out of 21 (10%) respondents agreed that voluntary retrenchment is being employed at the company. 5 out of 21 (24%) respondents were uncertain if voluntary retrenchment is being employed. 4 out of 21 (19%) respondents disagreed that voluntary retrenchment is being employed at the company. 10 out of 21 (47%) respondents strongly disagreed that voluntary retrenchment is being employed at the company. Hence a mode of 14 out of 21(67%) respondents disagreed that voluntary retrenchment is being employed at the company and therefore according to the research participants voluntary retrenchment is not being employed at Mimosa Mine.

Outsourcing

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Valid Strongly agree | 13 | 61.9 | 61.9 | 61.9 |
| Agree | 6 | 28.6 | 28.6 | 90.5 |
| Uncertain | 2 | 9.5 | 9.5 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results indicated above on cost management techniques currently being employed at Mimosa Mine in relation to outsourcing follows. 13 out of 21(62%) respondents strongly agreed that outsourcing is being employed at the company. 6 out of 21 (28%) respondents agreed that outsourcing is being employed at the company. 2 out of 21 (10%) respondents were uncertain if outsourcing is being employed. None of the respondents disagreed that outsourcing is being employed at the company. None of the respondents strongly disagreed that outsourcing is being employed at the company. Therefore a mode of 19 out of 21(90%) agreed that outsourcing is being employed at the company and hence from the research participants’ perspective outsourcing is being employed at Mimosa Mine.

Budgetary control

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly agree | 11 | 52.4 | 52.4 | 52.4 |
| Agree | 4 | 19.0 | 19.0 | 71.4 |
| Uncertain | 3 | 14.3 | 14.3 | 85.7 |
| Disagree | 2 | 9.5 | 9.5 | 95.2 |
| Strongly disagree | 1 | 4.8 | 4.8 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results shown above on cost management techniques currently being employed at Mimosa Mine in particular, budgetary control follows. 11 out of 21 (52%) respondents strongly agreed that budgetary control is being employed at the company. 4 out of 21 (19%) respondents agreed that budgetary control is being employed at the company. 3 out of 21 (14%) respondents were uncertain if budgetary control is being employed. 2 out of 21 (10%) respondents disagreed that budgetary control is being employed at the company. 1 out of 21 (5%) respondents strongly disagreed that budgetary control is being employed at the company. Hence a mode of 15 out of 21(71%) respondents disagreed that budgetary control is being employed at the company and therefore according to the research participants budgetary control is being employed at the company.

Standard costing and variance analysis

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Valid Strongly agree | 15 | 71.4 | 71.4 | 71.4 |
| Valid Agree | 4 | 19.0 | 19.0 | 90.5 |
| Valid Uncertain | 2 | 9.5 | 9.5 | 100.0 |
| Valid Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results presented above on cost management techniques currently being employed at Mimosa Mine in particular standard costing and variance analysis follows. 15 out of 21(71%) respondents strongly agreed that standard costing and variance analysis is being employed at the company. 4 out of 21 (19%) respondents agreed that standard costing and variance analysis is being employed at the company. 2 out of 21 (10%) respondents were uncertain if standard costing and variance analysis is being employed. None of the respondents disagreed that standard costing and variance analysis is being employed at the company. None of the respondents strongly disagreed that standard costing and variance analysis is being employed at the company. Therefore a mode of 19 out of 21(90%) agreed that standard costing and variance analysis is being employed at the company and hence according to the research participants standard costing and variance analysis is being employed at Mimosa Mine.

Material usage control

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Valid Strongly agree | 11 | 52.4 | 52.4 | 52.4 |
| Valid Agree | 6 | 28.6 | 28.6 | 81.0 |
| Valid Uncertain | 3 | 14.3 | 14.3 | 95.2 |
| Valid Disagree | 1 | 4.8 | 4.8 | 100.0 |
| Valid Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results presented above on cost management techniques currently being employed at Mimosa Mine specifically, material usage control follows. 11 out of 21 (52%) respondents strongly agreed that material usage control is being employed at the company. 6 out of 21 (29%) respondents

agreed that material usage control is being employed at the company. 3 out of 21 (14%) respondents were uncertain if material usage control is being employed. 1 out of 21 (5%) respondents disagreed that material usage control is being employed at the company. None of the respondents strongly disagreed that material usage control is being employed at the company. Therefore a mode of 17 out of 21(81%) respondents agreed that material usage control is being employed at the company and therefore according to the research participants material usage control is being employed at Mimosa Mine.

Training

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid Strongly agree | 7 | 33.3 | 33.3 | 33.3 |
| Valid Agree | 5 | 23.8 | 23.8 | 57.1 |
| Valid Uncertain | 4 | 19.0 | 19.0 | 76.2 |
| Valid Disagree | 3 | 14.3 | 14.3 | 90.5 |
| Valid Strongly disagree | 2 | 9.5 | 9.5 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results from the likert scale above on cost management techniques currently being employed at Mimosa Mine relating to, training follows. 7 out of 21 (33%) respondents strongly agreed that training is being employed at the company. 5 out of 21 (24%) respondents agreed that training is being employed at the company. 4 out of 21 (19%) respondents were uncertain if training is being employed. 3 out of 21 (14%) respondents disagreed that training is being employed at the company. 2 out of 21 (10%) respondents strongly disagreed that training is being employed at the company. Hence a mode of 12 out of 21(57%) respondents agreed that training is being employed at the company and therefore according to the research participants training is being employed at Mimosa Mine.

4.4.2 Which of the following cost management techniques have been effective?

| | Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|--|----------------|--------|-----------|----------|-------------------|
| Downsizing | - | 3(14%) | 3(14%) | 5(24%) | 10(48%) |
| Voluntary retrenchment | - | 2(10%) | 4(19%) | 3(14%) | 12(57%) |
| Outsourcing | 13(62%) | 5(24%) | 3(14%) | - | - |
| Budgetary control | 15(71%) | 3(14%) | 1(5%) | 1(5%) | 1(5%) |
| Standard costing and variance analysis | 10(48%) | 8(38%) | 3(14%) | - | - |
| Material usage control | 11(52%) | 7(33%) | 2(10%) | 1(5%) | - |
| Training | 6(28%) | 8(38%) | 4(19%) | 2(10%) | 1(5%) |

Table 4.11: Effective cost management techniques

Source: Raw data from the research questionnaire

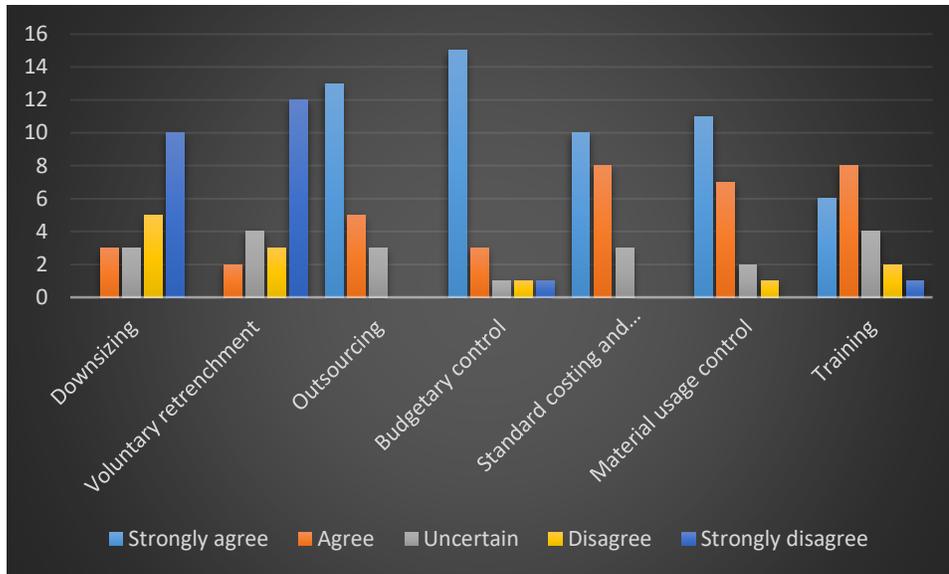


Fig: 4.9: Effective cost management techniques

Source: Raw data from the research questionnaire

| Downsizing | | | | |
|----------------|-----------|---------|---------------|--------------------|
| | Frequency | Percent | Valid Percent | Cumulative Percent |
| Agree | 3 | 14.3 | 14.3 | 14.3 |
| Uncertain | 4 | 19.0 | 19.0 | 33.3 |
| Valid Disagree | 5 | 23.8 | 23.8 | 57.1 |
| Strongly agree | 9 | 42.9 | 42.9 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results presented above on cost management techniques currently being employed at Mimosa Mine which have been effective in particular, downsizing follows. None of the respondents strongly agreed that downsizing has been an effective cost management technique. 3 out of 21 (14%) respondents agreed that downsizing has been an effective cost management technique at the company. 3 out of 21 (14%) respondents were uncertain if downsizing has been effective. 5 out of 21 (24%) respondents disagreed that downsizing has been an effective cost management technique at the company. 10 out of 21 (48%) respondents strongly disagreed that downsizing has been an effective cost management technique at the company. Hence a mode of 15 out of 21(71%)

respondents disagreed that downsizing has been an effective cost management technique at the company and therefore according to the research participants downsizing is not an effective cost management technique.

Voluntary retrenchment

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Agree | 2 | 9.5 | 9.5 | 9.5 |
| Uncertain | 4 | 19.0 | 19.0 | 28.6 |
| Valid Disagree | 3 | 14.3 | 14.3 | 42.9 |
| Strongly agree | 12 | 57.1 | 57.1 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results presented above on cost management techniques currently being employed at Mimosa Mine which have been effective relating to voluntary retrenchment follows. None of the respondents strongly agreed that voluntary retrenchment has been an effective cost management technique. 2 out of 21 (10%) respondents agreed that voluntary retrenchment has been an effective cost management technique at the company. 4 out of 21 (19%) respondents were uncertain if voluntary retrenchment has been effective. 3 out of 21 (14%) respondents disagreed that voluntary retrenchment has been an effective cost management technique at the company. 12 out of 21 (57%) respondents strongly disagreed that voluntary retrenchment has been an effective cost management technique at the company. Therefore a mode of 15 out of 21(71%) respondents disagreed that voluntary retrenchment has been an effective cost management technique at the company and hence from the research participants’ perspective voluntary retrenchment is not an effective cost management technique in the mining company.

Outsourcing

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Valid Strongly agree | 13 | 61.9 | 61.9 | 61.9 |
| Agree | 5 | 23.8 | 23.8 | 85.7 |
| Uncertain | 3 | 14.3 | 14.3 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results indicated above on cost management techniques currently being employed at Mimosa Mine which have been effective specifically outsourcing follows. 13 out of 21 (62%) respondents strongly agreed that outsourcing has been an effective cost management technique. 5 out of 21 (24%) respondents agreed that outsourcing has been an effective cost management technique at the company. 3 out of 21 (14%) respondents were uncertain if outsourcing has been effective. None of the respondents disagreed that outsourcing has been an effective cost management technique at the company. No respondent strongly disagreed that outsourcing has been an effective cost management technique at the company. Hence a mode of 18 out of 21(86%) respondents agreed that outsourcing has been an effective cost management technique at the company and therefore according to the research participants outsourcing is an effective cost management technique in the mining industry.

Budgetary control

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Valid Strongly agree | 15 | 71.4 | 71.4 | 71.4 |
| Agree | 3 | 14.3 | 14.3 | 85.7 |
| Uncertain | 1 | 4.8 | 4.8 | 90.5 |
| Disagree | 1 | 4.8 | 4.8 | 95.2 |
| Strongly agree | 1 | 4.8 | 4.8 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results presented above on cost management techniques currently being employed at Mimosa Mine which have been effective in particular, budgetary control follows. 15 out of 21 (71%) respondents strongly agreed that budgetary control has been an effective cost management technique. 3 out of 21 (14%) respondents agreed that budgetary control has been an effective cost management technique at the company. 1 out of 21 (5%) respondents was uncertain if budgetary control has been effective. 1 out of 21 (5%) respondents disagreed that budgetary control has been an effective cost management technique at the company. 1 out of 21 (5%) respondents strongly disagreed that budgetary control has been an effective cost management technique at the company. Hence a mode of 18 out of 21(86%) respondents agreed that budgetary control has been an effective cost management technique at the company and therefore from the research participants' perspective budgetary control is an effective cost management technique in the mining industry.

Standard costing and variance analysis

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Valid Strongly agree | 10 | 47.6 | 47.6 | 47.6 |
| Valid Agree | 8 | 38.1 | 38.1 | 85.7 |
| Valid Uncertain | 3 | 14.3 | 14.3 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results presented above on cost management techniques currently being employed at Mimosa Mine which have been effective relating to standard costing and variance analysis follows. 10 out of 21 (48%) respondents strongly agreed that standard costing and variance analysis has been an effective cost management technique. 8 out of 21 (38%) respondents agreed that standard costing and variance analysis has been an effective cost management technique at the company. 3 out of 21 (14%) respondents were uncertain if standard costing and variance analysis has been effective. None of the respondent disagreed that standard costing and variance analysis has been an effective cost management technique at the company. No respondent strongly disagreed that standard costing and variance analysis has been an effective cost management technique at the company. Hence a mode of 18 out of 21(86%) respondents agreed that standard costing and variance analysis has been an effective cost management technique at the company and therefore according to the

research participants, standard costing and variance analysis is an effective cost management technique in the mining industry.

Material usage control

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------|-----------|---------|---------------|--------------------|
| Strongly agree | 11 | 52.4 | 52.4 | 52.4 |
| Agree | 7 | 33.3 | 33.3 | 85.7 |
| Valid Uncertain | 2 | 9.5 | 9.5 | 95.2 |
| Disagree | 1 | 4.8 | 4.8 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results presented above on cost management techniques currently being employed at Mimosa Mine which have been effective in particular, material usage control follows. 11 out of 21 (52%) respondents strongly agreed that material usage control has been an effective cost management technique. 7 out of 21 (33%) respondents agreed that material usage control has been an effective cost management technique at the company. 2 out of 21 (10%) respondents were uncertain if material usage control has been effective. 1 out of 21 (5%) respondents disagreed that material usage control has been an effective cost management technique at the company. None of the respondents strongly disagreed that material usage control has been an effective cost management technique at the company. Therefore a mode of 18 out of 21(86%) respondents agreed that material usage control has been an effective cost management technique at the company and hence from the research participants’ perspective material usage control is an effective cost management technique in mining companies.

Training

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Valid Strongly agree | 6 | 28.6 | 28.6 | 28.6 |
| Agree | 8 | 38.1 | 38.1 | 66.7 |
| Uncertain | 4 | 19.0 | 19.0 | 85.7 |
| Disagree | 2 | 9.5 | 9.5 | 95.2 |
| Strongly disagree | 1 | 4.8 | 4.8 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results shown above on cost management techniques currently being employed at Mimosa Mine which have been effective in particular, training follows. 6 out of 21 (28%) respondents strongly agreed that training has been an effective cost management technique. 8 out of 21 (38%) respondents agreed that training has been an effective cost management technique at the company. 4 out of 21 (19%) respondents were uncertain if training has been effective. 2 out of 21 (10%) respondents disagreed that training has been an effective cost management technique at the company. 1 out of 21 (5%) respondents strongly disagreed that training has been an effective cost management technique at the company. Hence a mode of 14 out of 21(67%) respondents agreed that training has been an effective cost management technique at the company and therefore according to the research participants, training is an effective cost management technique in the mining industry.

4.4.3 Cost management techniques always reduce unwanted expenses.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|---------|-----------|----------|-------------------|
| 3 (14%) | 6 (29%) | 2 (10%) | 3 (14%) | 7 (33%) |

Table 4.12: Frequency of cost management techniques reducing unwanted expenses

Source: Raw data from the research questionnaire

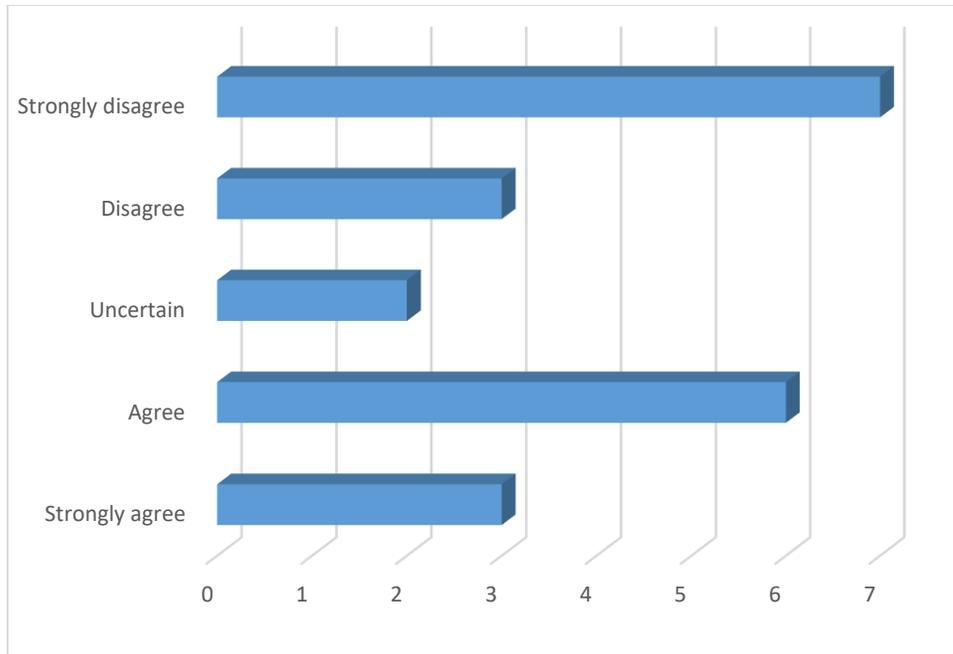


Fig 4.10: Frequency of cost management techniques reducing unwanted expenses

Source: Raw data from the research questionnaire

Cost management techniques always reduce unwanted expenses.

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly agree | 3 | 14.3 | 14.3 | 14.3 |
| Agree | 6 | 28.6 | 28.6 | 42.9 |
| Uncertain | 2 | 9.5 | 9.5 | 52.4 |
| Disagree | 3 | 14.3 | 14.3 | 66.7 |
| Strongly disagree | 7 | 33.3 | 33.3 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results presented on the question if cost management always reduce unwanted expenses are as follows. 3 out of 21 (14%) participants strongly agreed that cost management always reduce unwanted expenses. 6 out of 21 (29%) respondents agreed that cost management always reduce unwanted expenses. 2 out of 21 (10%) were uncertain if cost management always reduce unwanted expenses. 3 out of 21 (14%) respondents disagreed that cost management always reduce unwanted expenses. 7 out of 21 (33%) respondents strongly disagreed that cost management always reduce

unwanted expenses. Therefore a mode of 10 out of 21 (48%) disagreed that cost management always reduce unwanted expenses. Hence according to the research participants, cost management always reduce unwanted expenses in the mining industry.

4.4.4 Apart from the already mentioned cost management techniques, do you think there should be more?

Yes [4(19%)]

No [17(81%)]

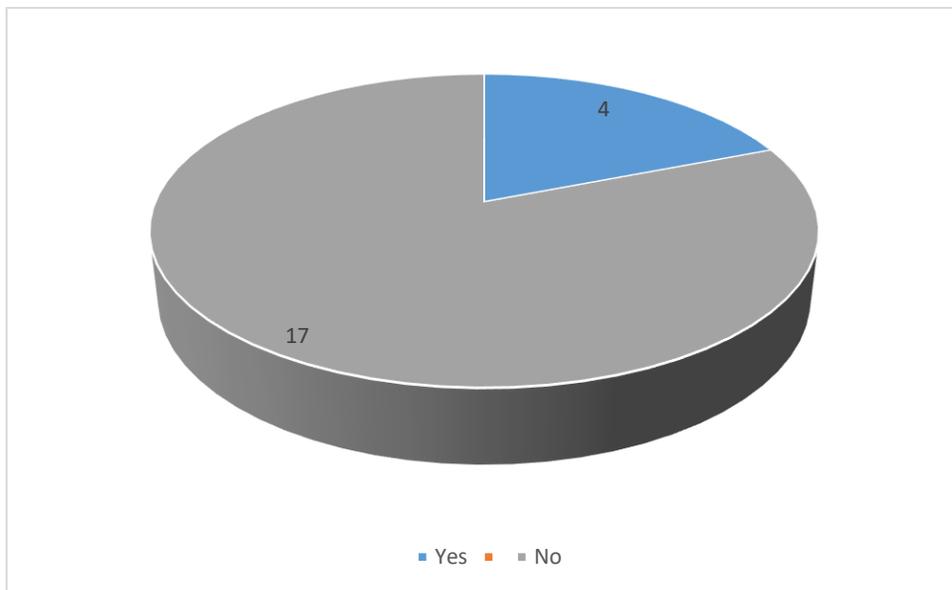


Fig 4.11: Frequency of if current management techniques are adequate

Source: Raw data from the research questionnaire

Apart from the already mentioned cost management techniques, do you think there should be more

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid Yes | 4 | 19.0 | 19.0 | 19.0 |
| Valid No | 17 | 81.0 | 81.0 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

If yes, please specify:

1. Benchmarking,
2. Effective specification controls on initial purchasing of heavy duty production machinery, spares and materials,
3. Target costing
4. Negotiating prices with suppliers

Source: Raw data from the research questionnaire

The results from figure 4.11 above on the question if the research participants think there should be more cost management techniques apart from the ones that already exist follows. 4 out of 21 (19%) respondents agreed that there should be more cost management techniques apart from the ones that already exist. 17 out of 21 (81%) respondents disagreed that there should be more cost management techniques apart from the ones that already exist. The respondents went on to suggest that other controls such as benchmarking, effective specification controls on initial purchasing of heavy duty production machinery, spares and materials, target costing and negotiating prices with suppliers should be considered. Therefore a mode of 17 out of 21 (81%) disagreed that there should be more cost management techniques apart from the ones that already exist. Hence according to the research participants, the already existing measures are adequate for cost management.

4.5.0 Impact of cost reduction techniques on profits

4.5.1 There is a direct relationship between cost management and profits.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|---------|-----------|----------|-------------------|
| 9 (42%) | 6 (28%) | 2 (10%) | 2 (10%) | 2 (10%) |

Table 4.13: Direct relationship between cost management and profits

Source: Raw data from the research questionnaire

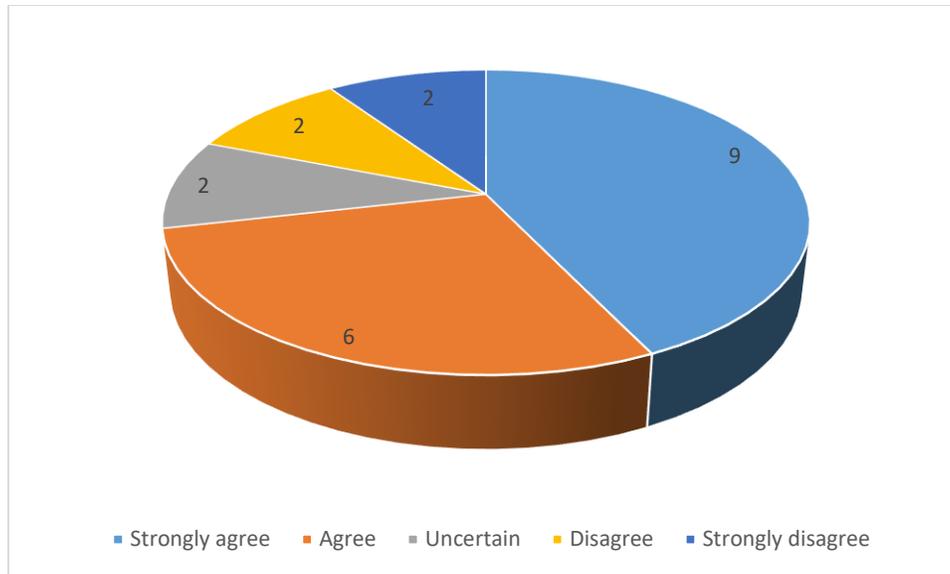


Fig 4.12: Direct relationship between cost management and profits

Source: Raw data from the research questionnaire

There is a direct relationship between cost management and profits.

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Strongly agree | 9 | 42.9 | 42.9 | 42.9 |
| Agree | 6 | 28.6 | 28.6 | 71.4 |
| Uncertain | 2 | 9.5 | 9.5 | 81.0 |
| Disagree | 2 | 9.5 | 9.5 | 90.5 |
| Strongly agree | 2 | 9.5 | 9.5 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results from the likert scale above on the question if there is a direct relationship between cost management and profits follows. 9 out of 21 (42%) respondents strongly agreed that there is a direct relationship between cost management and profits. 6 out of 21 (28%) respondents agreed that there is a direct relationship between cost management and profits. 2 out of 21 (10%) respondents were uncertain if there is a direct relationship between cost management and profits. 2 (10%) respondents disagreed that there is a direct relationship between cost management and profits. 2 out of 21 (10%) respondents strongly disagreed that the main objective of cost control and reduction is profit maximization. Therefore a mode of 15 out of 21 (71%) respondents agreed that there is a direct relationship between cost management and profits. Hence from the research

participants' perspective, there is a direct relationship between cost management and profits meaning the more the cost management practices, the more the profits.

4.5.2 There is an inverse relationship between costs and profits.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|---------|-----------|----------|-------------------|
| 7 (33%) | 7 (33%) | 3 (14%) | 3 (14%) | 1 (6%) |

Table 4.14: Inverse relationship between costs and profits

Source: Raw data from the research questionnaire

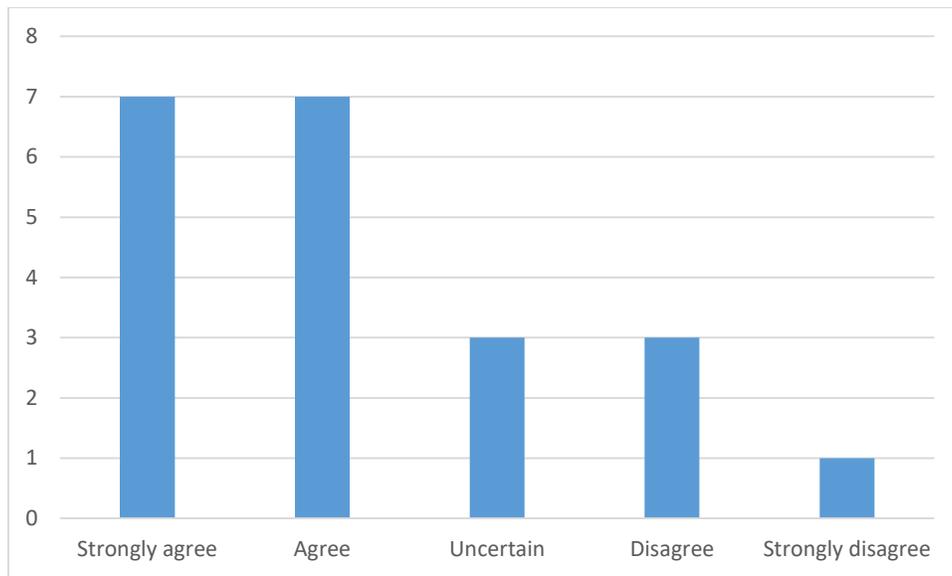


Fig 4.13: Inverse relationship between costs and profits

Source: Raw data from the research questionnaire

There is an inverse relationship between costs and profits

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Valid Strongly agree | 7 | 33.3 | 33.3 | 33.3 |
| Agree | 7 | 33.3 | 33.3 | 66.7 |
| Uncertain | 3 | 14.3 | 14.3 | 81.0 |
| Disagree | 3 | 14.3 | 14.3 | 95.2 |
| Strongly agree | 1 | 4.8 | 4.8 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results from the likert scale above on the question if there is an inverse relationship between costs and profits follows. 7 out of 21 (33%) respondents strongly agreed that there is an inverse relationship between costs and profits. 7 out of 21 (33%) respondents agreed that there is an inverse relationship between costs and profits. 3 out of 21 (14%) respondents were uncertain if there is an inverse relationship between costs and profits. 3 out of 21 (14%) respondents disagreed that there is an inverse relationship between costs and profits. 1 out of 21 (6%) respondents strongly disagreed that there is an inverse relationship between costs and profits. Therefore a mode of 14 out of 21 (67%) respondents agreed that there is an inverse relationship between costs and profits. Hence from the research participants’ perspective, there is an inverse relationship between costs and profits meaning the lesser the costs, the more the profits.

4.5.3 Appropriate cost reduction measures always saves costs.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|---------|-----------|----------|-------------------|
| 9 (42%) | 5 (24%) | 2 (10%) | 3 (14%) | 2 (10%) |

Table 4.15: Appropriate cost reduction measures saving costs

Source: Raw data from the research questionnaire

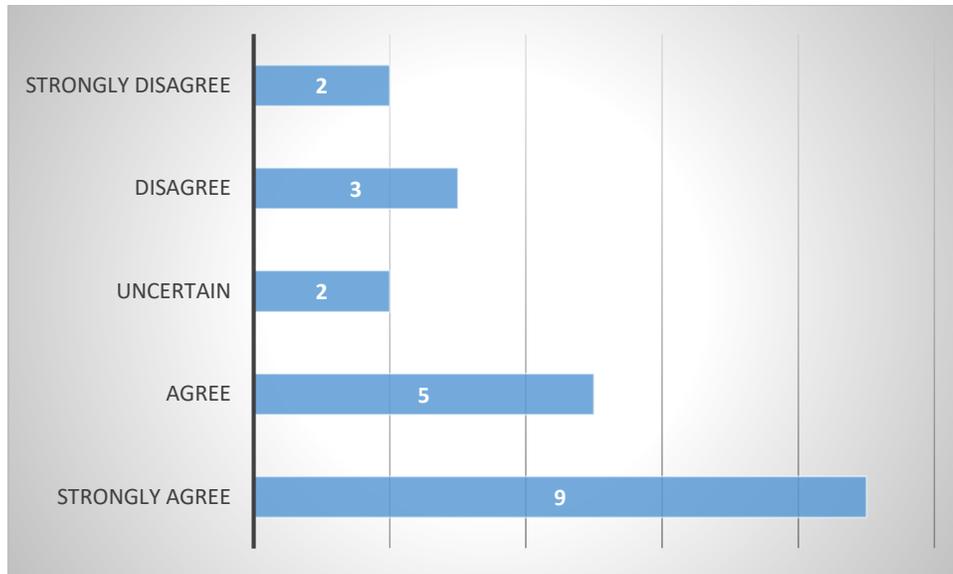


Fig 4.14: Appropriate cost control measures saving costs

Source: Raw data from the research questionnaire

Appropriate cost reduction measures always saves costs.

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Strongly agree | 9 | 42.9 | 42.9 | 42.9 |
| Agree | 5 | 23.8 | 23.8 | 66.7 |
| Uncertain | 2 | 9.5 | 9.5 | 76.2 |
| Disagree | 3 | 14.3 | 14.3 | 90.5 |
| Strongly agree | 2 | 9.5 | 9.5 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results from the likert scale above on the question if appropriate cost reduction measures always saves costs follows. 9 out of 21 (42%) respondents strongly agreed that appropriate cost reduction measures always saves costs. 5 out of 21 (24%) respondents agreed that appropriate cost reduction measures always saves costs. 2 out of 21 (10%) respondents were uncertain if appropriate cost reduction measures always saves costs. 3 out of 21 (14%) respondents disagreed that appropriate cost reduction measures always saves costs. 2 out of 21 (10%) respondents strongly disagreed that appropriate cost reduction measures always saves costs. Therefore a mode of 14 out of 21 (67%) respondents agreed appropriate cost reduction measures always saves costs.

Hence according to the research participants, there if appropriate cost reduction measures are put in place, it leads to cost saving.

4.5.4 Surplus revenue is assured by cost reduction.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|---------|-----------|----------|-------------------|
| 8 (38%) | 5 (24%) | 1 (5%) | 4 (19%) | 3 (14%) |

Table 4.16: Frequency of surplus revenue being assured by cost reduction

Source: Raw data from the research questionnaire

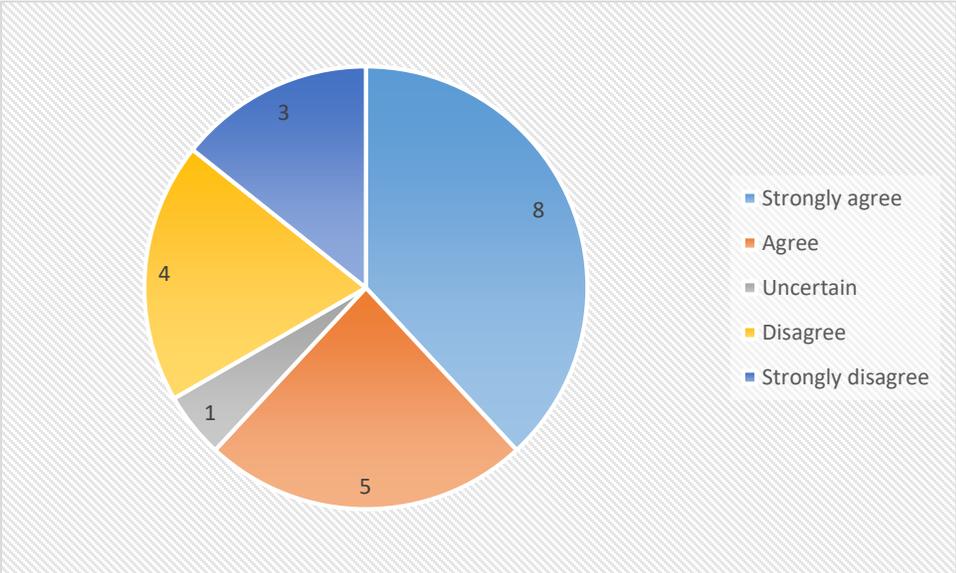


Fig 4.15: Frequency of surplus revenue being assured by cost reduction

Source: Raw data from the research questionnaire

Surplus revenue is assured by cost reduction.

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly agree | 8 | 38.1 | 38.1 | 38.1 |
| Agree | 5 | 23.8 | 23.8 | 61.9 |
| Uncertain | 1 | 4.8 | 4.8 | 66.7 |
| Disagree | 4 | 19.0 | 19.0 | 85.7 |
| Strongly disagree | 3 | 14.3 | 14.3 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results from the likert scale above on the question if surplus revenue is assured by cost reduction follows. 8 out of 21 (38%) respondents strongly agreed that surplus revenue is assured by cost reduction. 5 out of 21 (24%) respondents agreed that surplus revenue is assured by cost reduction. 1 out of 21 (5%) respondents was uncertain if surplus revenue is assured by cost reduction. 4 out of 21 (19%) respondents disagreed that surplus revenue is assured by cost reduction. 3 out of 21 (14%) respondents strongly disagreed that surplus revenue is assured by cost reduction. Therefore a mode of 13 out of 21 (62%) respondents agreed surplus revenue is assured by cost reduction. Hence according to the research participants, surplus revenue is as a result of costs reduction.

4.6.0 Conditions for effective cost control

4.6.1 Cost control relies heavily on management’s commitment.

| | | | | |
|----------------|---------|-----------|----------|-------------------|
| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
| 3 (14%) | 4 (19%) | 3 (14%) | 5 (24%) | 6 (29%) |

Table 4.18: Cost control’s reliance on management’s commitment

Source: Raw data from the research questionnaire

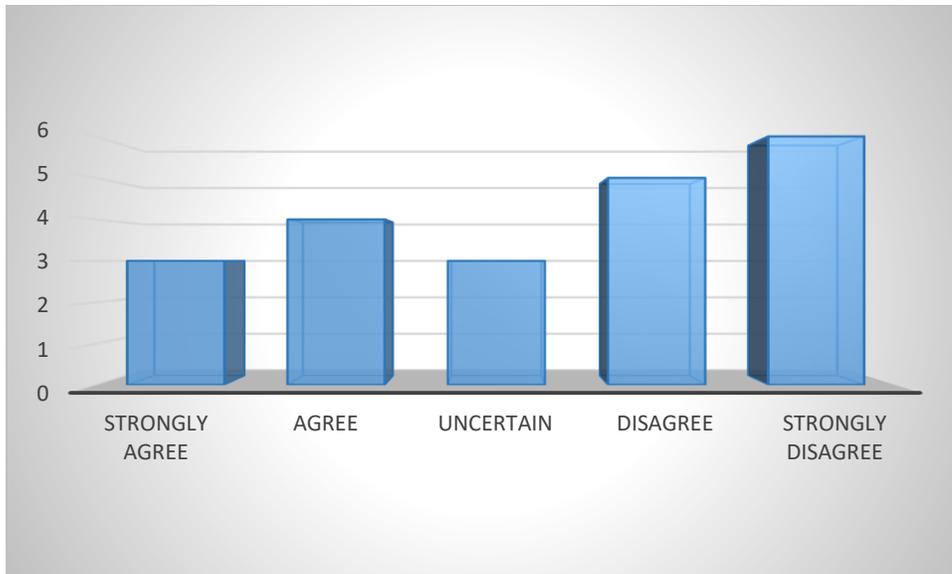


Fig 4.16: Cost control's reliance on management's commitment

Source: Raw data from the research questionnaire

Cost control relies heavily on management's commitment

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Strongly agree | 3 | 14.3 | 14.3 | 14.3 |
| Agree | 4 | 19.0 | 19.0 | 33.3 |
| Uncertain | 3 | 14.3 | 14.3 | 47.6 |
| Disagree | 5 | 23.8 | 23.8 | 71.4 |
| Strongly agree | 6 | 28.6 | 28.6 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results from the likert scale above on the question if cost control relies heavily on management's commitment is as follows. 3 out of 21 (14%) respondents strongly agreed that cost control relies heavily on management's commitment. 4 out of 21 (19%) respondents agreed that cost control relies heavily on management's commitment. 3 out of 21 (14%) respondents were uncertain if cost control relies heavily on management's commitment. 5 out of 21 (24%) respondents disagreed that cost control relies heavily on management's commitment. 6 out of 21 (29%) respondents strongly disagreed that cost control relies heavily on management's

commitment. Hence a mode of 11 out of 21 (52%) respondents disagreed that cost control relies heavily on management’s commitment. Therefore according to the research participants, cost control does not rely heavily on management’s commitment.

4.6.2 Training employees to be cost conscious is merely a waste of resources and should not be adopted in companies.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|--------|-----------|----------|-------------------|
| 2(9%) | 4(19%) | 1(5%) | 5(24%) | 9(43%) |

Table 4.18: Frequency of training being a waste of resources

Source: Raw data from the research questionnaire

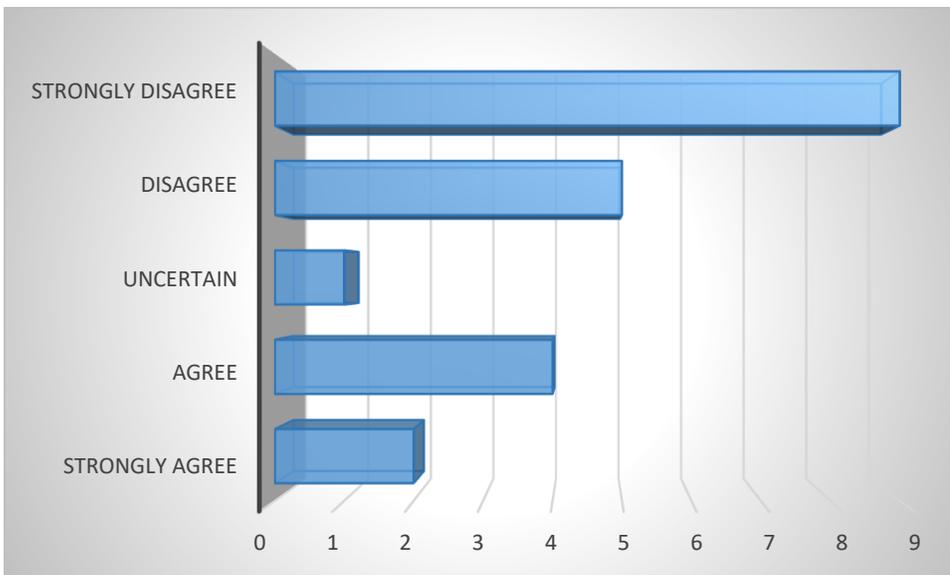


Fig 4.17: Frequency of training being a waste of resources

Source: Raw data from the research questionnaire

Training employees to be cost conscious is merely a waste of resources and should not be adopted in companies.

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Valid Strongly agree | 2 | 9.5 | 9.5 | 9.5 |
| Agree | 4 | 19.0 | 19.0 | 28.6 |
| Uncertain | 1 | 4.8 | 4.8 | 33.3 |
| Disagree | 5 | 23.8 | 23.8 | 57.1 |
| Strongly agree | 9 | 42.9 | 42.9 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results presented above on the question if training employees to be cost conscious is merely a waste of resources and should not be adopted in companies follows. 2 out of 21 (9%) respondents strongly agreed that training employees to be cost conscious is merely a waste of resources and should not be adopted in companies. 4 out of 21 (19%) respondents agreed that training employees to be cost conscious is merely a waste of resources. 1 out of 21 (5%) respondents was uncertain if training employees to be cost conscious is merely a waste of resources. 5 out of 21 (24%) respondents disagreed that training employees to be cost conscious is merely a waste of resources. 9 out of 21 (43%) respondents strongly disagreed that training employees to be cost conscious is merely a waste of resources and should not be adopted in companies. Hence a mode of 14 out of 21 (67%) respondents disagreed that training employees to be cost conscious is merely a waste of resources and should not be adopted in companies. Therefore according to the research participants, training employees to be cost conscious is vital in cost management and should be adopted in the mining industry.

4.6.3 Employee involvement in cost management initiatives is an important role in cost control.

| | | | | |
|----------------|--------|-----------|----------|-------------------|
| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
| 14(67%) | 3(14%) | 1(5%) | 3(14%) | - |

Table 4.19: Frequency of employee involvement being important

Source: Raw data from the research questionnaire

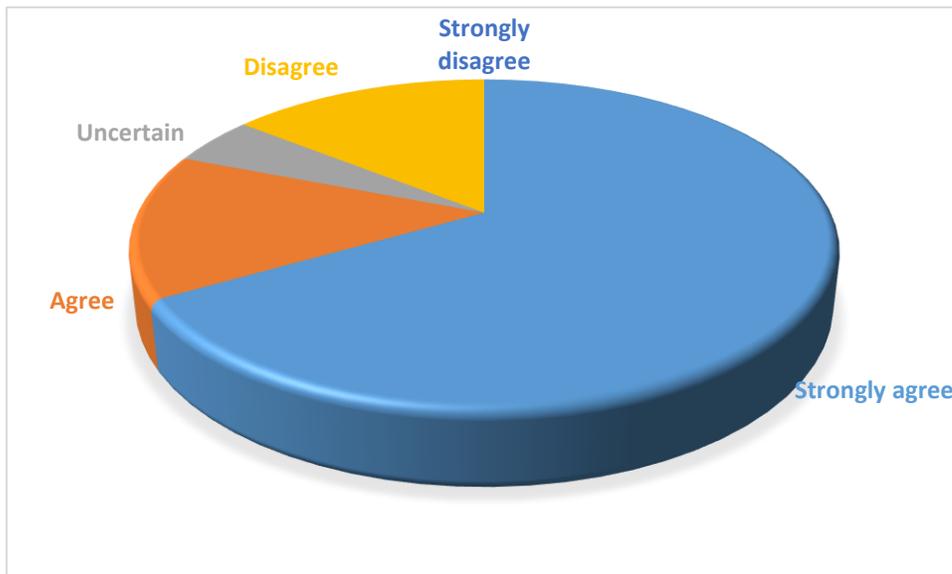


Fig 4.18: Frequency of employee involvement being important

Source: Raw data from the research questionnaire

Employee involvement in cost management initiatives is an important role in cost control.

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Strongly agree | 14 | 66.7 | 66.7 | 66.7 |
| Agree | 3 | 14.3 | 14.3 | 81.0 |
| Valid Disagree | 1 | 4.8 | 4.8 | 85.7 |
| Strongly agree | 3 | 14.3 | 14.3 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results presented above on the question if employee involvement in cost management initiatives is an important role in cost control follows. 14 out of 21 (67%) respondents strongly agreed that employee involvement in cost management initiatives is an important role in cost control. 3 out of 21 (14%) respondents agreed that employee involvement in cost management initiatives is an important role in cost control. 1 out of 21 (5%) respondents was uncertain if employee involvement in cost management initiatives is an important role in cost control. 3 out of 21 (14%) respondents disagreed that employee involvement in cost management initiatives is an important role in cost control. None of the respondents strongly disagreed that employee involvement in cost management initiatives is an important role in cost control. Hence a mode of 17 out of 21 (81%) respondents agreed that employee involvement in cost management initiatives is an important role in cost control. Therefore according to the research participants, it is vital for employees to be involved in cost management initiatives in the mining industry.

4.6.4 Without effective communication, cost control initiatives are ineffective.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|--------|-----------|----------|-------------------|
| 12 (57%) | 3(14%) | 4(19%) | 1(5%) | 1(5%) |

Table 4.20: Effective communication's effectiveness

Source: Raw data from the research questionnaire

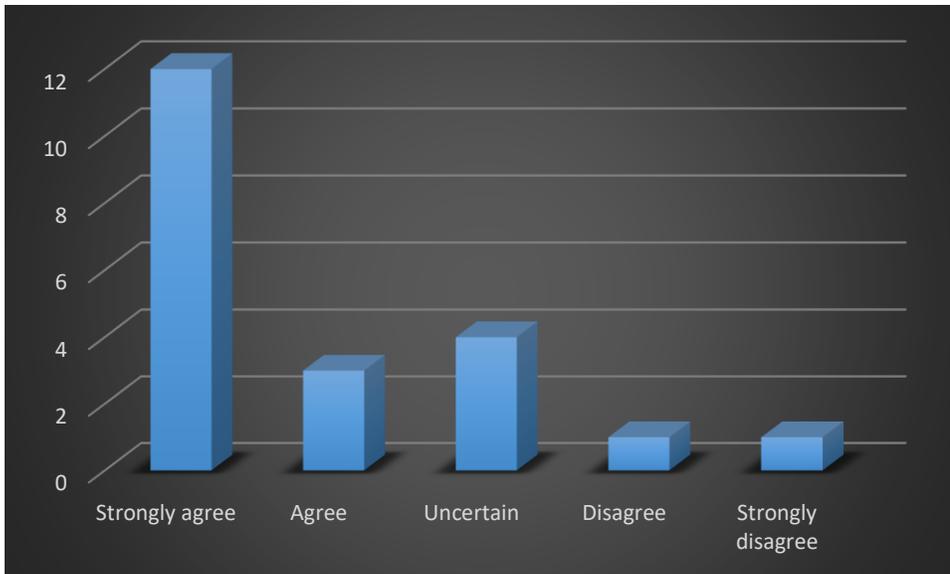


Fig 4.19: Effective communication's effectiveness

Source: Raw data from the research questionnaire

Without effective communication, cost control initiatives are ineffective.

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Strongly agree | 12 | 57.1 | 57.1 | 57.1 |
| Agree | 3 | 14.3 | 14.3 | 71.4 |
| Uncertain | 4 | 19.0 | 19.0 | 90.5 |
| Disagree | 1 | 4.8 | 4.8 | 95.2 |
| Strongly agree | 1 | 4.8 | 4.8 | 100.0 |
| Total | 21 | 100.0 | 100.0 | |

Source: SPSS version 25

The results from the likert scale above on the question if without effective communication, cost control initiatives are ineffective is as follows. 12 out of 21 (57%) respondents strongly agreed that without effective communication, cost control initiatives are ineffective. 3 out of 21 (14%) respondents agreed that without effective communication, cost control initiatives are ineffective. 4 out of 21 (5%) respondents were uncertain if without effective communication, cost control initiatives are ineffective. 1 out of 21 (5%) respondents disagreed that without effective communication, cost control initiatives are ineffective. 1 out of 21 (5%) respondents strongly

disagreed that without effective communication, cost control initiatives are ineffective. Hence a mode of 15 out of 21 (71%) respondents agreed that without effective communication, cost control initiatives are ineffective. Therefore according to the research participants, there should be effective communication for efficient cost control initiatives in the mining industry.

4.7.0 Data analysis

4.7.1 Relationship between cost management measures and profitability

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | |
|-------|-----------------------------|------------|---------------------------|------|-------|------|
| | B | Std. Error | Beta | | | |
| 1 | (Constant) | .611 | .158 | | 3.877 | .001 |
| | cost management measures | .437 | .080 | .780 | 5.439 | .001 |

a. Dependent Variable: profitability

Source: SPSS version 25

The findings that are shown in table above as depicted from SPSS version 25 entails that cost management is positively related to profitability. This means that as cost management is applied, profitability will increase. This is clearly shown by a t-test of 5.439 which is above 2 showing a positive relationship and a p-value of 0.001 that is significant at 5%. Hence there is a relationship between cost management and profitability.

4.7.2 Relationship between cost control and profitability

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|----------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | .423 | .345 | | 4.226 | .012 |
| 1 cost control | 1.038 | .236 | .711 | 4.404 | .012 |

a. Dependent Variable: profitability

Source: SPSS version 25

The findings that are shown in the table above as depicted from SPSS version 25 entails that cost control is positively related to profitability meaning as cost control is applied, profitability will in turn increase. This is clearly shown by a t-test of 5.439 which is above 2 showing a positive relationship and a p-value of 0.001 that is significant at 5%. Therefore there is a relationship between cost control and profitability.

4.7.3 Relationship between cost reduction techniques and profitability

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|------------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | .125 | .256 | | 6.489 | .031 |
| 1 cost reduction | 1.125 | .175 | .828 | 6.436 | .031 |

a. Dependent Variable: profitability

Source: SPSS version 25

The findings that are shown in the table above as depicted from SPSS version 25 entails that cost reduction techniques are positively related to profits meaning as cost reduction techniques are applied, profitability will increase. This is clearly shown by a t-test of 5.439 which is above 2 showing a positive relationship and a p-value of 0.001 that is significant at 5%. Hence there is a relationship between cost reduction and profitability.

4.8 Summary

This chapter presented data obtained from research participants by a means of a questionnaire and analyze it. The data was presented in different forms that is graphs, tables and pie charts so as to present the data in a quantitative manner and also to give a pictorial representation of the data collected. Data presented was then analysed using the SPSS software so as to establish the relationship between the variables of the research study.

CHAPTER FIVE

SUMMARIES, FINDINGS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summaries, findings of the research and also the recommendations brought up in this research. The chapter is then concluded with a summary.

5.1 Summaries

Chapter 1 introduced the background to the study and the problem statement. Objectives of the study and the research questions were established in this chapter. The chapter also highlighted the assumptions and the significance of the study. Chapter 1 also laid out the delimitations of the study and also the limitations. The chapter also gave particular attention to the ethical considerations, definition of terms and was concluded with a chapter summary.

Chapter 2 is structured coherently starting with the conceptual framework whereby the independent, dependent and mediating variables were highlighted. Chapter 2 also introduced the literature related to this research study thereby answering the research questions. The literature was obtained from a number of sources including electronic journals and books. Various sources both primary and secondary from within the organisation under study contributed to the development of the literature review. The chapter was then concluded with a summary.

Chapter 3 introduced the research methodology and research design of the study thereby laying the structure and direction of the study. The chapter also established the targeted population. The census conducted and data collection instrument used to collect vital data of the study was discussed in chapter 3. The data collection plan and data analysis plan was also focused on in this chapter. The chapter also paid particular attention to data management plan and was concluded with a chapter summary.

Chapter 4 presented data obtained from research participants by a means of a questionnaire. The data was presented in a variety of forms such as graphs, tables and pie charts. This was done so as to present the data in a quantitative manner and also to give a pictorial representation of the data gathered. The data was then analyzed using regression analysis on SPSS software so as to establish the relationship between the variables of the research. The chapter was then concluded with a summary.

Chapter 5 presented all the chapter summaries. Findings of the research from the research participants were discussed in this chapter. The recommendations brought up in this research were also focused. Areas of further study were also highlighted in chapter 5. The chapter was then concluded with a summary.

5.2 Findings

Basing on the research findings from research participants, costs are highly affected by increasing operational and productions costs in the mining industry. Reducing those costs in turn will directly lead to the increase in profit margins. However cost control does not always have positive impacts on profits in the mining industry. According to the research participants, the main objective of cost control and reduction is profit maximization.

Basing on the results from the questionnaire, there are a number of cost management techniques being employed in mining companies and they include outsourcing, budgetary control, standard costing and variance analysis, material usage control and training. Of those cost management techniques there are some which are very effective in the mining industry and they are budgetary control, standard costing and variance analysis and outsourcing. Material usage control and training are also effective. However there are other measures which are not effective in the mining industry and they are voluntary retrenchment and downsizing.

Basing on the outcome of the research, cost management always reduce unwanted expenses in the mining industry. Furthermore, there are other costs management techniques that should be considered and they are benchmarking, effective specification controls on initial purchasing of heavy duty production machinery, spares and materials, target costing and negotiating prices with suppliers.

Basing on the results from the questionnaire, there is a direct relationship between cost management and profits meaning the more the cost management practices, the more the profits. There is also an inverse relationship between costs and profits meaning the lesser the costs, the more the profits.

Moreover, if appropriate cost reduction measures are put in place, it leads to cost saving. Surplus revenue is as a result of costs reduction. Basing on the research outcome, cost control does not rely heavily on management's commitment. Adding on to that, training employees to be cost conscious is vital in cost management and should be adopted in the mining industry. It is vital for employees to be involved in cost management initiatives in the mining industry. Lastly, there should be effective communication for efficient cost control initiatives in the mining industry.

5.3 Recommendations

The researcher recommend that Mimosa Mine and other companies in the mining industry should first pinpoint the root cause of the problem that is the reason why production and operational costs keep on intensifying to best address the problem. Reasons for surging costs should be identifies so as to come up with corrective measures and also to determine different ways to reduce the impact of the problem. (Hammad, 2020) agrees to this by saying that by root cause analysis, a long term or permanent solution to the problem can be found so that the possibility of future occurrence can be reduced. Moreover cost management measures that best suit an unstable economy in which the company is operating in should be put in place. Cost management should be everyone's responsibility in the company so as to motivate the employees to come up with best practices. (Vandenabeele, 2014) agrees to this by saying that satisfaction of employees through involvement leads to dedication. If employees are involved in the cost cutting measures they will likely to be motivated to come up with even more effective practices.

Other cost management techniques such as target costing should be considered since it suits best a price taker such as Mimosa Mine which is a price taker. Target costing is a management technique whereby commodity prices are determined or influenced by market conditions after taking into consideration factors such as homogeneous products and level of competition. After consideration the factors, management will focus on cost control since they have no control over the selling price. Target costing will make the company focus on every other component of its

products other than price at which it pegs its products on. Lastly benchmarking should be considered. Benchmarking is a process of comparing products and procedures by companies with those of other similar companies or standard measurement. Benchmarking allows the company to look further into the performance gaps so as to improve those areas. Bragg, 2018 agrees to this by saying that the outcome of benchmarking includes identifying improvement opportunities and also establishing how desired areas are performed better by similar companies.

5.4 Areas of further study

The research study recommended that further studies on the impact of ever fluctuating exchange rates on the profitability in mining companies should be conducted. Secondly, studies on the effects of inflation on the profitability of mining companies should be conducted. Lastly, the researcher recommends that further studies on the impacts of cost management techniques on mining companies' performance and growth should be conducted.

5.5 Summary

This chapter focused on the summaries of all the chapters included in this research study. Findings of the research were also laid out. Recommendations of the research study were also highlighted. The chapter was then concluded with a summary.

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Mimosa reports

Cost analysis report (2020)

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OSHAS safety guidelines (2019)

Under the tree, Mimosa Mining Company (2020)

APPENDIX 1

QUESTIONNAIRE

My name is Kudzai Mandaza. I am studying towards the Bachelor of Commerce, Accounting Honours degree at Midlands State University. I am carrying a research on the topic entitled, ‘Analyzing the impact of cost control and reduction on mining companies’ profitability’ using Mimosa Mining Company as the case study. Please be assured that high level of confidentiality of information shall be maintained as your contributions shall be used solely for academic purposes. May you kindly answer the following questions truthfully to the best of your knowledge by ticking in the relevant box. Please do not write your name in any part of this questionnaire.

SECTION A: BIODATA

1 Gender

Female []

Male []

2 Age

| | |
|-------------------|--------------------------|
| Between 21 and 30 | <input type="checkbox"/> |
| Between 31 and 40 | <input type="checkbox"/> |
| Between 41 and 50 | <input type="checkbox"/> |
| 51 and above | <input type="checkbox"/> |

3 What is your highest level of education attainment?

| | |
|----------------|--|
| A' level | |
| Diploma | |
| Honours degree | |
| Masters | |
| Other | |

If other please specify.....

4 How long have you been in the organization?

| | |
|-------------------------|--|
| Below 5 years | |
| Between 5 and 10 years | |
| Between 10 and 15 years | |
| Between 15 and 20 years | |
| 21 years and above | |

5 Which level of management do you belong to?

| | |
|-----------------------|--|
| First-level managers | |
| Middle-level managers | |
| Top-level managers | |
| Any other | |

SECTION B: OBJECTIVES OF COST CONTROL AND REDUCTION

1 Profits are being affected highly by surging operational and production costs.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|
| | | | | |

2 Reducing costs directly leads to the increase in profits.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|
| | | | | |

3 Is it always the case that cost control impacts profits positively?

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|
| | | | | |

4 The main objective of cost control and reduction is profit maximization.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|
| | | | | |

SECTION C: COST MANAGEMENT TECHNIQUES

1 Which cost management techniques are currently being employed at your organisation?

| | Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|--|----------------|-------|-----------|----------|-------------------|
| Downsizing | | | | | |
| Voluntary retrenchment | | | | | |
| Outsourcing | | | | | |
| Budgetary control | | | | | |
| Standard costing and variance analysis | | | | | |
| Material usage control | | | | | |
| Training | | | | | |

2 Which of the following cost management techniques have been effective?

| | Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|--|----------------|-------|-----------|----------|-------------------|
| Downsizing | | | | | |
| Voluntary retrenchment | | | | | |
| Outsourcing | | | | | |
| Budgetary control | | | | | |
| Standard costing and variance analysis | | | | | |
| Material usage control | | | | | |
| Training | | | | | |

3 Cost management techniques always reduce unwanted expenses.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|
| | | | | |

4 Apart from the already mentioned cost management techniques, do you think there should be more?

Yes []

No []

If yes, please specify

| |
|--|
| |
| |
| |
| |
| |

SECTION D: IMPACT OF COST REDUCTION TECHNIQUES ON PROFITS

1. There is a direct relationship between cost management and profits.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|
| | | | | |

2. There is an inverse relationship between costs and profits.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|
| | | | | |

3. Appropriate cost reduction measures always saves costs.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|
| | | | | |

4. Surplus revenue is assured by cost reduction.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|
| | | | | |

SECTION E: CONDITIONS FOR EFFECTIVE COST CONTROL

1. Cost control relies heavily on management's commitment.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|
| | | | | |

2. Training employees to be cost conscious is merely a waste of resources and should not be adopted in companies.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|
| | | | | |

3. Employee involvement in cost management initiatives is an important role in cost control.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|
| | | | | |

4. Without effective communication, cost control initiatives are ineffective.

| Strongly agree | Agree | Uncertain | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|
| | | | | |

Thank you for your cooperation.

APPENDIX 2

INTERVIEW GUIDE

1. What are the objectives of cost control and reduction?
2. Which cost management techniques are implemented at Mimosa Mine?
3. Among the cost management techniques implemented at Mimosa Mine, which ones are effective?
4. What is the relationship between cost reduction and profits?
5. Is there a relationship between cost control and profits?
6. What are the conditions for effective cost control?

APPENDIX 3

SIMILARITY INDEX

Class Homepage

This is your class homepage. To submit to an assignment click on the "Submit" button to the right of the assignment name. If the Submit button is grayed out, no submissions can be made to the assignment. If resubmissions are allowed the submit button will read "Resubmit" after you make your first submission to the assignment. To view the paper you have submitted, click the "View" button. Once the assignment's post date has passed, you will also be able to view the feedback left on your paper by clicking the "View" button.

Assignment Inbox: Acc407

| Assignment Title | Info | Dates | Similarity | Actions |
|--------------------------------------|---|---|---|---|
| Dissertation Submissions to turnitin |  | Start 20-Mar-2021 5:25PM Due 21-Sep-2021 11:59PM Post 21-Sep-2021 11:59PM | 12%  | Resubmit View  |