

MIDLANDS STATE UNIVERSITY



FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

**AN INVESTIGATION OF COST MANAGEMENT PRACTICES AT ZPC
KARIBA**

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**THIS DISSERTATION IS SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS OF THE BACHELOR OF COMMERCE IN ACCOUNTING
HONOURS DEGREE IN THE DEPARTMENT OF ACCOUNTING AT MSU**

GWERU, ZIMBABWE: SEPTEMBER 2014

Approval Form

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YEAR THIS DEGREE WAS GRANTED: 2014

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Dedication

I would like to dedicate this dissertation to my entire family who continuously extend their loving hand and have been of great influence to my studies. Thank you for your support. I ask the Almighty Lord to bless and protect them.

Acknowledgements

First and foremost, profound gratitude goes to the almighty Lord for guiding me throughout the production of this paper. May your name be magnified.

Firstly, I am much indebted to my supervisor MrMazhindu for his motivational and professional supervision. I understand you surrendered your valuable time and resources to make me produce this project. Your commitment, understanding and patience have never gone unnoticed. Thank you very much.

I also would like to thank my family, especially my mom, dad and sister for the moral support and encouragement. I am particularly thankful to my brothers Goodson and Everson and their wives for the unwavering financial support throughout my programme. May God richly bless you.

To my friends Masimba, Ba Shumie, Innocent, Nosta, Adonis, Petronella, Memory and many others, I am humbled by your resolute and unconditional comradeship. To my fellow Accounting students and the lecturing staff, I will always cherish our times we were together.

Lastly to ZPC Kariba team, thank you so much for your assistance with the information. My research would not be possible without you.

Abstract

The study is about an investigation of cost management practices at ZPC Kariba in Kariba. The study made an examination into the effectiveness of the measures as used at ZPC Kariba. This led to the researcher to analyse on the cost control measures. The researcher made use of case study design and questionnaires and interviews were used to gather data. The results showed that cost management practices were not reducing operational costs as anticipated due to various factors. However, it was also noticed that the measures yielded some positives in the operations of ZPC Kariba. The research analyses the current cost control measures which are in use and suggested other measures which can be implemented. The study also shows challenges in place over implementation and controls which can be put into use. A census was carried out at ZPC Kariba on which interviews were carried out and questionnaires were distributed. The staff responded well on interviews and questionnaires. There was also use of secondary data from minutes and reports. Data was analysed, presented and interpreted. They were presented with the aid of tables, graphs and pie charts. Recommendations were finally made to the organization.

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List of Abbreviations

ZPC	Zimbabwe Power Company
BRICS	Brazil, Russia, India, China and South Africa

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter gives a general view of the background of the study, statement of the problem, main research question, sub research questions, research objectives, significance of the study, delimitations, limitations, assumptions, abbreviations, definition of terms and summary.

1.1 Background of the study

ZPC Kariba is a wholly owned hydro power electricity generating subsidiary of Zimbabwe Electricity Supply Authority and is based in Kariba. It established cost reduction techniques in an attempt to control its expenses. The reason why companies adopt various cost control measures and cost optimization methods is to improve their financial performance by managing costs to an extent that they control them.

Cost reduction is the process of lowering costs by looking for and removing unwanted costs to increase profits in a company. ZPC Kariba is seeking to increase its profits as ZPC is embarking in a lot of projects that needs funding.

The cost control process seeks to manage expenses ranging from generation costs, labour costs, professional services to overhead and general expenses.

The table below shows operational costs incurred during the year 2012 and 2013.

Table 1.1: Actual and budgeted expenditures of 2012 and 2013

DESCRIPTION	2012 BUDGETED COSTS TOTAL US\$	2012 ACTUAL COSTS TOTAL US\$	2012 VARIANCE	2013 BUDGETED COSTS TOTAL US\$	2013 ACTUAL COSTS TOTAL US\$	2013 VARIANCE
Payroll costs	4,548,028	5,719,160	(1,171,132)	6,833,108	7,761,597	(928,489)
Overheads and general expenses	15,078,119	18,997,773	(3,919,654)	19,415,862	21,565,295	(2,149,433)
Generation costs	5,769,142	7,295,661	(1,526,519)	8,933,387	11,033,677	(2,100,280)
TOTAL	25,395,289	32,012,594	(6,617,305)	35,182,357	40,360,569	(5,178,202)

SOURCE: ZPC KARIBA FINANCIAL STATEMENTS 2012 and 2013

The table 1.1 above shows that ZPC Kariba is facing increasing costs in its expenditure. This was highlighted by the General Manager, Mr. J Chirikutsi, during the Annual General Meeting on 14 January 2013, Mr. J Chirikutsi said “.... The company’s operating costs increased significantly. The 2012 actual operating costs continued to increase over the year by a total of US\$6,617,305 from the budgeted. There is a huge difference between 2011 financial year end figure (US\$22,518,967) and 2012 figure (US\$32,012,594).”

These operational costs outlined above are sub-divided into specific controllable costs which include governing system, cash in lieu of leave, cooling system, transformers, fuel, overtime allowances, motor vehicle service and repairs, statutory outages, travelling and subsistence, residential repairs, water charges, internet fees, cleaning and workshop, intakes and tail races and ground maintenance. The variance shows the deviations of the actual expenditure from the

budgeted expenditure. The operating costs continued to increase against the budgets. Payroll costs had an adverse variance of US\$928,489 in 2013 which was a decrease from 2012 adverse variance of US\$1,171,132. Overheads and general expenses had an adverse variance of US\$2,149,433 in 2013 which was a decrease from 2012 adverse variance of US\$3,919,654. Generation costs had an adverse variance of US\$2,100,280 in 2013 which was an increase from 2012 adverse variance of US\$1,526,519. Following the attempt to curb the increasing costs in the prior years, costs continuously increased.

As shown in table 1.1, there is a continuous increase in the costs regardless of the monitoring of costs by management.

1.2 Statement of the problem

ZPC Kariba management attempts to control increasing costs. Its operational expenses are increasing even though management are monitoring them. This study therefore investigates the cost control measures in place.

1.3 Main Research Question

An investigation of cost management practices at ZPC Kariba.

1.4 Sub-research questions

The following arise from the main research question.

- i. What is the firm's cost control policy?
- ii. What are the cost control implementation guidelines?
- iii. Is personnel adequate to implement the cost control guidelines?
- iv. What challenges are in place over cost control policy implementation?
- v. What controls are in place over cost control policy implementation?
- vi. What would be the best practice in cost control at ZPC Kariba?

1.5 Research objectives

The following arise from the sub-research questions.

1. To analyze the firm's cost control policy.
2. To establish the existence of cost control implementation guidelines.
3. To assess the adequacy of personnel to implement the cost control guidelines.
4. To establish the challenges in place over cost control policy implementation.
5. To establish controls which are in place over cost control policy implementation.
6. To establish the best practice in cost control at ZPC Kariba.

1.6 Significance of the study

To the Student

The research was accomplished in partial fulfillment of the requirements of the Bachelor of Commerce Accounting Honours Degree.

To The University

This would provide a source of literature to other students for further research and gives a platform for further research in the same area.

To ZPC Kariba

Recommendations from the research could be considered for adoption by ZPC Kariba.

1.7 Delimitations of the study

The research is limited to ZPC Kariba only and will not focus on the whole group.

The study will cover the period between January 2013 - December 2013.

1.8 Limitations of the study

The challenges encountered in the research were:

Time

The time available to study various fields of the research was limited. The researcher took advantage of the vacation to gather more information and also resorted to working beyond normal hours.

Finance

The research involved costs like transport and other expenses in the collection of information. The researcher gave up some of the needs to finance the project. The researcher used emails to collect data from the organization.

Confidential information

ZPC Kariba restricts the release of some of its information to outsiders as most of it is considered confidential, so ZPC Kariba employees were expected to hold on some information that was crucial for the research. The researcher was part of the organization for one year and used meeting minutes and circulars to come up with some of the information. The researcher got approval from the Head Office of the organization and necessary information was collected as fear was eliminated.

1.9 Assumptions

ZPC Kariba respondents have an understanding of cost management measures in place and would furnish reliable information.

1.10 Abbreviations

ZPC – Zimbabwe Power Company

1.10.1 Definition of terms

Cost Control - The practice of managing and/or reducing business expenses

Cost Centre - an organizational unit within a controlling area that represents a clearly delimited area of responsibility within an Organization.

Cost Reduction - the process of looking for, finding and removing unwanted expenses from a business to increase earnings without having a negative impact on product quality.

1.11 Summary

This chapter covered the background of the study, statement of the problem, main research question, sub research questions and research objectives. Significance of the study, delimitations and limitations of the study, assumptions, abbreviations and definition of terms were also discussed. Chapter 2 is on literature review.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter examined the literature related to cost control policy, existence of cost control implementation guidelines, adequacy of personnel to implement the cost control guidelines, challenges in place over cost control policy implementation, controls which are in place over cost control policy implementation and the best practice in cost control.

2.1 Cost Control Policy

2.1.1 Responsibility Accounting

Mojgen and Safa (2012) defines responsibility accounting as an accounting system that collects and reports revenues and costs data by areas of responsibility. According to the Institute of Cost and Works Accountants of India (ICWAI) responsibility accounting is a system of management accounting under which accountability is recognized according to the responsibility entrusted to various levels of management and management information and reporting structure introduced to give sufficient feedback in terms of the entrusted responsibility. It aims to provide accounting reports. It enables every manager to be aware of all the items, which are within his area of authority and distinguishes between controllable and uncontrollable costs.

Responsibility Accounting can be seen as a system to prepare periodic reports on the operations of costs and revenues for each responsibility center in the facility in order to enable senior management to perform the function of planning and control on the performance of these centers Abu Nassar (2010:477). It operates on the assumption that managers should be held responsible for their performance, their subordinates' performance and all activities within their responsibility centers (Dauber, Shim & Siegel, 2012)

As cited in by Mojgen and Safa (2012) when budgeted amounts are compared with actual amounts and deviations are found, responsibility accounting can be used to find the causes of such deviation and hence improve the function. Each managers' responsibility can be determined to achieve his attainable goals in the company.

According to www.myAccountingCourse.com(10/08/2014: 16:36) a responsibility accounting budget is a report designed to track the controllable costs and revenues of a manager as well as chart their efficiency and effectiveness. It is a budget that organizations make for the expenses that are controlled by a specific manager. In an addition, information extracted from www.myAccountingCourse.com(10/08/2014: 16:41) the responsibility accounting performance report is a budget that compares actual and budgeted amounts of controllable costs for a department and its manager. Responsibility accounting performance report gathers all of the responsibility accounting budgets created for each department and summaries them in one large report.

Atu, Kingsley et al (2014) highlighted that with responsibility accounting, it is possible to identify or recognize a decision centre within an organization for the purpose of tracing costs to the individual managers who are charged with the responsibility of making decisions about costs in an organization. Responsibility accounting requires a particular recognition of the individual areas of responsibility in a company (Rajasekaran&Lalitha, 2010). The author also highlighted that areas of the responsibility are the organizational units within a firm, e.g., cost centre, profit centre and investment centre.

Atu, Kingsley et al (2014:74) listed the following types of responsibility centres:

Cost centres – A cost centre is defined as a function, department or section in respect of which costs may be determined and linked to cost units for control use alone. Cost centre make the basis for constructing up cost records for budgeting, cost measurement and control. Managers of functional sections may be treated as cost centers and made responsible for their costs like maintenance department which is measured by variance analysis.

Profit centres – A profit centre is any sub unit of any entity which is responsible for cost revenue and profit. It is a unit to which both cost and revenue are assigned such that the profitability of the sub-unit can be measured.

Investment centres – It is a unit of an entity where a departmental manager is permitted to use some free will regarding the amount of investment taken on by the department. In evaluating the outcome of the investment centre, the profit must be related to the amount of capital

invested. Performance here is measured by return on capital employed differently referred to as return on investment.

According to Khan (2009:59) every cost should be controlled in order to check if they are being used efficiently and effectively. Amongst the costs are controllable and non-controllable costs which are all in responsibility accounting. A cost is said to be controllable only when the person responsible for incurring the costs has influence over it. Non influential are called non controllable costs.

According to Atu, Kingsley, et al (2014:74) a cost centre manager has control over controllable cost items. Al-Bawab A.A (2012:616) cited that accountability and responsibility in general is based on several fundamental assumptions including;

- Each director should be responsible for activities within the scope of control within the company.
- Each manager should strive to achieve the objectives and desired goals.
- Should be involved all the staff in the management and development report based awareness of the goals that will be held answerable and measure their performance.
- The goals must be accomplishable in light of the performance attainable, effective and efficient.
- To reach feedback of information and performance reports to each director on time and quickly.
- Should be the role of accounting responsibility to the growth and progress established a understandable and clear.

2.1.2 Procurement cost reduction

Zimbabwean companies are governed by the Procurement Act (chapter 22:14), Statutory Instruments number 171 of 2002 and the Procurement Regulations of 2002 in the procurement of goods and services while reducing costs. According to section 31(1) of the Procurement Act (chapter 22:14) the procuring entity shall accept whichever valid tender offers the lowest price, unless other criteria are specified in the solicitation documents, in which event those criteria shall be followed. Bragg S (2010:172) proposed that when the purchasing staff considers consolidating its purchases with an existing one or moving to a new supplier, it can not assess the

supplier based only on its quoted price. Alternatively it should also consider the total acquisition cost which can in some cases exceed a product's initial price.

Procurement is a time consuming activity and seriously inefficient series of phases for getting services and goods. Under the guise of preserving tight control over purchase transactions, the function is buried under a series of management approvals and blizzard of paperwork. This gives two opportunities from the view of cost reduction which include substantial cost linked with the procurement process itself which can be reduced through process streamlining. Streamlining the procurement process gives the purchasing staff more time for spend analysis which can yield large additional cost reductions (Bragg S: 2010:159). In addition, information on www.chalmersprofessional.se(13/08/2014: 08:39) cited that procurement must address the need to reduce prices and costs to support the objectives of the company.

According to information available at www.ey.com (13/08/14: 08:25) a procurement cycle should:

- Have a detailed spend map across your entire company updated quarterly.
- Be a driver of sustainable savings (when, where, why and how) across the company.
- Be engaged with the wider company to understand how procurement can reduce costs cross the value chain.
- Ensure that value is earned through contract management and supplier relationship management frameworks which are operationalized.
- Be delivering procurement within an operating model that links commercial and technical capacity to drive optimum client outcomes.

According to Susan Scott, C.P.M., (senior consultant, Calyptus Consulting Group), A good supplier selection procedure does not only frame the evaluation of several competitors to decide which supplier offers the lowest total cost of goods or services, but rather... starts a supplier relationship meant to convey certain agreed upon benefits to each party for a period of time usually measured in years.” Focus should be on the tangible factors of the supplier's proposal such as cost of delivery and resources available to meet the demand (IOMA, 2006:313).

When the purchasing personnel thinks of changing to a new supplier or consolidating its purchases with an existing one, it cannot evaluate the supplier based only on its quoted price. Rather, it must also take the total acquisition cost, which can in some cases exceed a product's initial price. The total acquisition cost includes the list price of the item being purchased, payment terms, freight charges, currency used, warranty and additional packaging costs. These costs are the ones directly associated with the product (Bragg S, 2010:173).

2.1.3 Target costing

Sani and Allahverdizadeh (2012) defined target costing as a cost management tool that planners use during product and process design to drive improvement efforts aimed at reducing the product's future manufacturing costs. Swetlirtz G (2004:85) highlighted that a cost reduction initiative is characterized by considering or implementing broad actions to reduce spending and streamline organizational processes under a well-defined target costing approach generated by a common budget by management from various divisions of the company. Herbert K (2005:93) added to this citing that if target costing is supported and implemented as planned it can not only help in achieving immediate cost reduction objectives but can also make an efficient platform and new capabilities that will create a competitive advantage for the business when market conditions are uncertain.

Target Cost = Target Price - Target Profit

It is understood that target costing is suited to meet the needs of customers in today's competitive environment (Sani and Allahverdizadeh, 2012). Sani and Allahverdizadeh (2012) recommended as a guide, a six step process in order to properly implement target costing in any company. The six step process are:

(i). Establish the target market price

The first step is to establish the suggested new product's target price. This involves a number of considerations like what customers want and how much they really are willing to pay for alternative features, what the market wants and needs now and in the future and what the competitive offerings are and may be in the future.

(ii). Establish the target profit margin and cost to achieve

Target profit margin should be calculated after the target price has been established. This is typically an absolute or relative return on sales (ROS) in Japanese companies. In principle products must be profitable enough to yield a satisfactory return and cash. The difference between target price and target profit margin is the allowable cost that the company can commit to the product.

(iii). Calculate the probable cost of products and processes

If the suggested product is a modification of an existing product, a company has a cost basis from which it can find out what the possible costs of the proposed new product might be if the new product's method and specifications of manufacture are similar

(iv). Establish the target cost

One has to determine what the new product's costs would be using existing product manufacturing processes and specifications. This is often called the engineered costs. The process of establishing these targets must not to be taken softly as it is as a matter of fact the basis of the target costing and needs to be carefully performed to come at meaningful targets

(v). Attain the target cost

The process of attaining the target cost is founded on three fundamental precepts. Firstly it is crucial to use a cross functional team of participants who are affected by and can affect the process and product specification process. Secondly the team's involvement early in concept development and design will greatly affect product life cycle costs. Finally using value engineering techniques and other tools to come at a product and process design is key to achieving the target cost.

(vi). Engage cost reductions once production has started

Leading organizations are always searching for ways to wipe out waste and reduce costs even after a product has gone into production. Modifications to the product and its design, continual process improvement initiatives and supplier management efforts are all part of the target costing effort. Some of the main opportunities that Japanese organisations engage in their target costing

efforts include job content balancing (to assure that the minimum number of staff is required), the total elimination of any kind of waste (like material scrap, excess inventory, material handling and burdensome administrative activities) and working closely with one's suppliers (to assure that they too are as efficient and effective as possible).

Neves (2004) outlined the prerequisites to implement Target Costing:

(i). All suppliers must be able to perform in value engineering

The design of new products should be conducted by a team involving a number of functional areas including carefully selected suppliers. The use of suppliers earlier in the product development cycle is a key way to minimize time to market. Suppliers are an integral part of a team as successful supplier integration initiatives result in a major alteration to the new product development process and extends additional benefits to value engineering process (www.engineering.com: 26/08/14, 20:37)

(ii). There should be good level of trust between staff and management.

Trust is vital in building sustainable and successful organizations. Trust enables individuals in the team to be stronger. When staff and management trust each another they can achieve truly meaningful goals (www.cipd.co.uk:26/08/14, 20:46)

(iii). Corporate culture – focus on items and costs of individual components.

Management team must come together to discuss, review, challenge and agree on the strategic direction and key components of the plan (www.referenceforbusiness.com:26/08/14, 20:51)

(iv). Competitive markets where manufacturing or services should be a high part of the product cost

Competitive markets exist where there is literal choice for consumers in terms of who provides the goods and services they want. Vigorous competition between companies is the lifeblood of effective markets. It encourages companies to innovate by putting downward pressure on costs, reducing slack and providing incentives for the efficient system of production.

(v). Implementation costs should not use too much resources (time and money) from other priorities (Marketing and strategy)

Implementation involves the putting into effect of the system. It must be cost effective and the benefits must outweigh its costs (www.bizmove.com: 26/08/14, 20:59). Successful implementation also depends on a realistic schedule for the transition.

2.2 Existence of cost control implementation guidelines

The time of implementing cost reduction measures will be over forever as it will be part of the entity's DNA and each time will bring new ideas on how to eliminate or reduce costs (Machin, 2012). As companies expand across the globe especially into the BRICs economies (Brazil, Russia, India, China and South Africa), their main goal has shifted from mere cost-cutting to finding new customers and markets (PricewaterhouseCoopers, 2013).

Radack (2009) highlighted that the process to be followed to fully establish a cost control system in a company involves the processes of developing, implementing, as well as withdrawing the system through various sub processes involving initiation, analysis, design, implementation up to the disposal of the system. System implementation refer to the art of putting a cost control system into business processes so that it will be available for use by various users. Compton (2009) states that many companies are concerned in constructing up a cost control system that give them the most reliable and appropriate cost information. This is because information about costs of a company is the key for survival against success and competition (Alex, 2010)

Radack (2009) thinks that risk assessment is crucial to balance out possible risks on assets and vital data against security costs during the implementation process. Some of the factors the management should consider before implementing a cost control system includes availability of skilled personnel for design, adequacy of resources to implement, implementation and operation, a cost benefit analysis and in general the willingness of the company's stakeholders to accept the cost control system on www.cgma.org(14/08/14, 09:35).

Compton (2009) provided the following phases in the development of a cost control system:

2.2.1 Selling the ideal to management.

For a cost control system to be successful, there should be a great degree of commitment within the company (Edwards, 2008). This should start with the inclusion and support from the personnel and top management (Compton, 2009). The reason behind this is that most cost control systems are process oriented therefore involving the management enables the plan to be designed in line with the company's critical success factors, hence points where the company's success is centralized (Wilson 2012, Walther & Scousen 2009).

Management need to be persuaded to realize the importance of the cost control system (Wilson, 2012). It must be shown if the cost control system is being implemented in response to a problem or it is to provide some competitive advantage to the company (www.dcs.bbk.ac.uk: 14/04/14:8:00). Successful implementation of some other similar system in other companies should be used as an assurance between management (Compton 2009).

2.2.2 Developing a game plan.

According to information obtained from www.oxforddictionaries.com: 13/08/14 (11:49) a game plan is defined as a predetermined course of action or strategy meant to attain a peculiar objective. It is of importance to define the overall goal of the cost control system (Compton, 2009). The goals may include reducing costs, appraising product performance or assessing product cost. (Klucznik, 2013).

Plans must be talked about as a team. The use of visual aids is important to ensure that every person to be in the project team knows all the procedures to be involved (Rasul, & Batool, 2011).

2.2.3 Organizing and training the project team.

Bragg & Englewood (2007) highlighted that a project should be initiated by a project team. The team should be chose from various divisions of a company so as to diversify ideas on the implementation process. Wilson (2012) cites that the team should be include the top management and shall be led a person who is from top management.

The success of a cost control system is depends on the dedication of the company as a whole and know-how of the project team (Edwards, 2008). This can be assisted by training individuals in

the project team. Training should be also extended to personnel to enhance dedication (Radack, 2009). Training can be done through many ways including online, train the trainer, group and work shop training (Steinbach, 2013).

Team work is centre towards implementation of cost control system. All departments of a company should be included hence the implementation process should not be done by finance department personnel only (Fabozzi, Drake & Polimeni, 2007). Compton (2009) highlighted that the implementation team should include at these people: internal audit personnel, marketing personnel, management accountant, information technology personnel, and human resources personnel. This provide diversity in knowledge on the implementation system. The cost control system concept should not be seen as something new but a simple development of what is already existing (Fabozzi, Drake & Polimeni, 2007). One or more team members should remain in charge of the cost control system until its fully operational (Bragg & Englewood, 2007). Management should further be alerted of any new reports arising from the cost control system so that reviews can be made and incorporated in the system (Bragg & Englewood, 2007:209).

2.2.4 Training

Training is important for effective execution, implementation, use and acceptance of a cost control system. Training is an on-going process going on throughout the life of the project (Compton, 2009).

2.2.5 Gathering Information

A critical component of any well-conceived cost control system is the information requirements of its users. Each stage of information gathering must include a member of the target cost project team and the user (Compton, 2009). The requirements of the cost control system and the information needed should be researched.

Techniques for gathering information include observations, documentation and note taking of reviews of records, interviews and interfaces with the existing information systems.

A fast and cost effective method for finding information is achieved by looking around. Observing requires experience and the ability to show relevant and correct decisions for it to be effective.

2.2.6 Creating an Cost Control Systems Model

The most crucial step in the design of a cost control information system is creating the model. Each model has a set of resources, resource drivers, activities, activity centers, activity drivers, cost objects and cost elements. Modeling assists in determining the scope of the project. A limit can be placed around the project which is a product or department line which will limit the complexity and help reduce a very detailed, abstract and complex process to a manageable level of detail (Compton, 2009).

2.2.7 Implementation

The cost control policy is made available and put into effect. Members of the cost control system team should be assigned as troubleshooters to ensure that the wanted results are achieved. They can watch operations and assist in making adjustments. Any necessary alteration should be carefully controlled.

2.3 Adequacy of personnel to implement the cost control guidelines

The implementation of cost control guidelines depends heavily on the proficiency of personnel. They must be the right person to do the job.

According to www.apps.who.int(13/08/2014: 18:56) “Procurement planning is a dynamic process that requires input from many different categories of professionals. It is therefore recommended that procurement planning be carried out by a multidisciplinary team established specifically for the purpose, with the participation of different technical and administrative professionals who have experience in procurement and supply management of strategic public health supplies, and knowledge and experience of national public health programs. The procurement planning team may draw on expertise from specific advisors when necessary.”

It would be an advantage if a senior employee with appropriate leadership qualities appointed as leader of the implementation team. A greater advantage if he/she has been previously involved in the implementation of a costing system elsewhere. This is because senior employees normally have a better insight on the company’s services and operations. This person must remain in charge even when the system has been fully established (Compton, 2009). According to information available at <http://www.ivythesis.com>, 15/08/14: 19:18 which states that without good management, the best cost cutting measures would still be useless.

Personnel must be available in adequate numbers, have the requisite skills, authorities to fulfill assigned responsibilities and training. Wilby (2007) points out that inefficient companies are staffed by personnel who are not in all instances hired for their skills.

Training personnel should be a continuous process throughout the project. (Bragg & Englewood, 2007) highlighted that training assures that the system is fully operational and has been accepted by the users. Compton (2009) supports that training gives a better view on the system software modelling capabilities, project organization and technical design needs. Moreover, this enables users to get an understanding of how costing information can be effectively used for decision making purposes.

According to the Institute of Management and Administration (IOMA) (2013) properly training procurement personnel is the key to curb their spending. Training includes information on strategic sourcing strategies and specific information on the strategies and tools used for indirect spending. They tend to comply with contracts and play a proper role in reducing indirect spending once trained.

The staff must have substantial functional responsibility as this keeps them updated in their functional areas. The target costing team should consist of research and development, personnel from marketing, cost planning, information systems, operations and other functional areas. Staff from all departments and positions should apply their functional knowledge to determine the manufacturability of products. For successful implementation, the target costing team should be provided with the data required for conducting the analysis

2.4 Challenges in place over cost control policy implementation

2.4.1 Costs

Schawk (2009:28) mentioned that organizations that repeatedly look at operational and administrative expenses first often fail to address baseline operating costs and non-core spending where significant opportunities also exist hence cost reduction benefits often get lost within annual operating results.

Stevenson W. (2002) suggested that most cost cutting concepts require implementation actions and there is a cost associated with these actions. There are no costs sometimes (e.g., if an

unnecessary step is eliminated) but most of the time there are costs associated with the changes. For example; engineers may need to redesign processes, new production equipment may be required, engineers may need to modify the building, the purchasing department may need to obtain prices from alternative suppliers, there may be disruptions as the change is implemented and new designs may require testing to confirm requirements compliance. These activities involves costs and it's crucial to accurately forecast what the costs will be. The motive behind this is that it makes no sense to implement a cost reduction change if the implementation costs exceeds the savings.

Securing orders with a small list of suppliers can surely reduce costs. However changing from an existing supplier to a completely new one is a different issue entirely. Briefly, changing to a completely new supplier can be precarious, the purchasing personnel should deal with only a small number of such switches at a time so that it is not overwhelmed if a new supplier relationship falls apart (Bragg S, 2010:172). According to <http://www.globusz.com/ebooks/Costing>(12/08/14: 17:38) the cost control system will require heavy costs unless it has been suitably planned to meet specific requirements. Unnecessary formalities and sophistication should be avoided.

(KPMG 2012) highlighted high staff costs as another challenge faced by multinationals in China. It further stated that “One of the biggest problems is that staff costs are rising faster than revenue. This problem is faced by all industries. Staff costs are rising not only because of wages.” Costs have been growing in China and this has resulted to outsourcing to other countries in the region (Floyd, 2012)

2.4.2 Growth

Cutting costs for the reason of growth can be detrimental to unknowingly reducing aspects of the business that really add value. Price Waterhouse Coopers indicated that organizations are anxious to reduce costs, but the problem with many cost control measures is that they are put in place without assessing their substantiality. Developing a cost control measure that maximizes efficiency without compromising growth potential is a catchy suggestion. Other cost control advocates believes that some strategic cost control must be planned carefully as not all cost control measures yield the same benefits.

Bragg S (2010:8) added that cost control tends to lead in the elimination of "soft" expenses that are needed for long term growth, such as new investments in business development or employee training, fixed assets and additional sales people. If these expenses are cut, then a wide reduction tends to damage an organization's long term development prospects.

The main challenge is to take a strategic approach and create a low cost and effective operating model that will deliver sustainable and sizeable benefits and enables the delivery of corporate strategy (Delloittes, 2010).

2.4.3 Change management

Davila and Wouters (2004:15) cited that emphasis on design results in a longer product development cycle and take long time to market leading to employee confusion. Pressure to achieve demanding objectives can lead in employee burnout and frustration. One division may feel that they are carrying too much of responsibility which leads to internal conflict. According to the website <http://www.globusz.com/ebooks/Costing>(12/08/2014: 17:38) the existing financial accounting personnel may offer resistance to the cost control system because of a feeling of them being declared redundant under the new system. Often, the cost control system is introduced at the command of the managing director or other director without taking into consideration other members of the top management. This results in opposition from various management as they will consider it disturbance as well as an uncalled check of their activities. They, hence resist the extra work involved in the cost accounting system.

2.4.4 Lack of contracting and supply chain

Bowen, P (2010:94) cited that once a firm fails to perform targeted contract reviews to identify areas of value leakage related to recoverable amounts and to reduce off contract spending, cost control remains a core challenge hence an organization requires to improve on contractor management capabilities to improve business fulfilment as well as developing strategic sourcing options that leverage the scale of spending for large companies.

2.5 Controls which are in place over cost control policy implementation.

A control is a way designed to assure that activities planned and performed work towards the accomplishment of the desired result. It can thus be agreed that controls over a costing system

simply relates to policies and procedures designed to assure the smooth flowing of the system (CIMA, 2005). Compton (2009) emphasized that these controls must be applied from the implementation phase so that the system will work effectively and efficiently.

Machin S (2012) outlined five components that help in ensuring that cost reduction program delivers the desired outcome:

1. Set clearly defined objectives: The first step in the process is to clearly identify what you want this process to attain. This can be accomplished by developing both qualitative and quantitative objectives. The process needs to be about more than just numbers, it needs to be about instituting better and more cost effective processes and improving your employees work environment. The nature of the peculiar situation will prescribe the degree of cost cutting that is required. Example when a developing organization that has a cash burn rate that exceeds its current resources will need to implement drastic changes quickly until it can secure further funding. Organisations that are more set up will set objectives that are designed to remain competitive while healthy businesses will look to improve their competitive position. Whatever your particular situation is, you need to be very up front about why the process is necessary and exactly what will be involved.

2. Communicate, Communicate, Communicate: Employees who don't understand why communication is necessary and what the objectives are slows the process. The first step is to establish a cost reduction committee. This group should recruit its members from across the entity and have the direct involvement and support of senior management. Staff should be regularly updated on the successes that have been achieved and solicit feedback.

3. Align the Cost Reduction Strategy with your Business Strategy. The cost reduction targets must be in line with the overall strategy to ensure that any cuts do not reach the muscle of the business. The process must enhance the strategic vision and power of the entity to reach this vision. This is be done by aligning the entity's objectives and vision with its resources to determining the financial gap between the future needs of the company and current capabilities. With this information the entity can recognize and prioritize the areas that need to be beefed up and those to be restructured or eliminated. Aligning the strategies is a vital function of the process. Failure at this point can put the entity on the road to ruin from which it may never recover.

4. Set Goals and Prioritize. Now that objectives have been decided, strategies aligned and the process has been communicated it is important what not to do. As mentioned earlier temptation must be resisted to make arbitrary cuts across the board. This approach assumes that all parts of the entity are equally inefficient and have equal input into the entity's future success. As this is clearly not the case the next step is to prioritize using the insights that have been learned throughout this process. Start the implementation, evaluate results and prepare for the next priority.

5. Reward your People for a Job Well Done: The personnel should know how the company has been successful as a result of their cost reduction efforts. They must share some of the savings with those who have contributed to the process because they would not have been to where they are without them

Before the real system is implemented there must be a pilot project (Compton, 2009). A pilot project is a short-term feasibility study that is conducted by a company to derive how a suggested project would do at a large scale. It is merely a short term experimental trail that best proves a potential in an opportunity (www.pilotproject.com, 16/08/14: 11:46). Costs incurred in past should be used to compile forecast cost. This pilot project should run for a period of about 4 - 6 weeks before the real system is implemented (Compton, 2009) In early stages, management should see whether a system is actually feasible and if the implementation process is carried out at the correct time. The following considerations should be taken into account:

- Economic feasibility - whether the organisation have enough finances to run the project.
- Technical feasibility - whether the organisation is vested with enough levels of knowledge for smooth operation and implementation of a cost control system.
- Operational feasibility - appropriate organisation mood to successfully run the cost control system and availability of adequate staff.
- Schedule feasibility - whether adequate time can be committed towards the implementation of the cost control system without compromising other projects

The results of the pilot project should be fully documented so that the real project can be done without any difficulties (Cokins&Capusneanu, 2011).

Management must regularly monitor several activities performed in their departments to check whether they are being fulfilled as per budget. This is known as value chain analysis. This can be assisted by work load forecasts which identifies the number of personnel available against a certain number of activities anticipated to be operated within a given period of time.

Variance analysis may be used as a way of control in a costing system. Resources are assigned to various divisions in a company in respect of and resource usage is then compared against the budget and variances are calculated. Variances enables management to detect non performing departments or products and eliminate or improve them (Janikova, 2011).

2.6 The best practice in cost control

According to Bragg (2010) cost control provides financial managers and management accountants with no nonsense, practical and balanced strategies that are being targeted and used countrywide for controlling costs by most companies in areas like purchasing, human resources, outsourcing and use of consultants. These practices are based on research, experience, proprietary databases and consultants from institute of management accountants.

Compton (2009) said that the success of a cost control system vests on the manner it is implemented and how the implementers are organized. The author added that appropriate timing and planning techniques should be devised. This may be done by the use of specialized project management tools like the critical path analysis. Planning enables the project team to look upon in terms of availability of human capital, other projects still in process and time rationing schedule as well as interrelationships between these projects.

Belmar (2010:62) cited that the following practices are employed by leading organizations that go beyond the basic, more commonly found practices of many organizations. These include professional services through defining strategy by category and advanced strategic sourcing which enhances efficiency labor management.

Globalization in BRICS countries have led organizations to base their production facilities in the most favourable locations for access to cheap labour, local resources and developing markets for their products and services (Brian, 2013). According to Rhee (2011:267) regional companies also deal with cross border infrastructure projects (energy, roads and communication) which have substantial impact on trade relations like lowering of transactions costs.

The main motive for Chinese companies' internationalization included access to skilled human resources, cost efficiency in production and quality of products, increasing the technology content of own products, achieving international reputation and brand recognition and own product development. These motivations seem as generic for many emerging multinationals including Russian ones (Filippov, 2010).

According to (KPMG 2012) there is optimism that Chinese manufacturers are reacting to the challenges by investing in capital equipment or studying new production techniques such as target costing to save costs. Some multinational companies expect that between two to three years. Chinese manufacturers can keep prices firm or even start cutting prices again and if so, China will keep on to much of its manufacturing capacity.

Lot of multinational organizations have moved their operations to China to have advantage of its low labour costs and huge domestic market (Vijayakumar, Sridharan&Rao, 2010). A prime reason to work in China is to reduce products' time and cost to market, and gain access to the untapped manpower. (Chen et al., 2008. Brazil, Russia, India and China are seen primarily as sources of low cost production. They present significant growth opportunities for both local and multinational companies and at the same time producing a new crop of serious global competitors (PricewaterhouseCoopers, 2013). China leads in terms of increasing capacity and cost reduction. India with its low labour cost levels outpaces Brazil and Russia as a cost-reducing destination, and India rates highest for obtaining a highly skilled talent pool (CPA Canada, 2013)

Companies in Brazil are optimizing overheads and cutting costs in response to strong cost increases in many areas like increasing labor costs, due to fierce price competition, material costs and freight costs (Roland Berger, 2014). India organizations are concentrating on alternate technologies and materials to reduce weight and cost (Roland Berger, 2014)

Vertical integration can help organizations to reduce capital and operating costs. This scheme means that the market is substituted with transactions within the company. The principal advantage of the vertical integration is costs reduction and is usually in place in China and India's Cooperations (Marin, 2012). The author further stated that integration in pipeline transportation is a source of cost reduction because transportation is a crucial element in the final delivery price of refined oil products.

High operational costs are dealt with by the ease of working there and the willingness of Brazil to open up to investment (Grant Thornton, 2012). Brian J (2013) highlighted that BRICS increased competition which has resulted in greater rationalization and optimization of products and their availability as well as increasing economies of scale. Also other trends have acted as additional driving forces behind BRICS including:

- Technological change. The developments of robotics, widespread use of electronic systems, improved and streamlined production facilities have all speed the pace of change.
- Reduced distribution costs and transportation have been achieved by more transportation systems and developed infrastructure, including large scale use of containerisation for the carriage of goods.
- Distributed risk. The increased diversity of marketing facilities and products and production has meant that financial risks can be distributed across economies.
- Improved communication. New electronic systems including the internet and e-commerce have resulted in the rapid exchange of financial transactions, information and the exchange of services and goods.

2.7 Summary

This chapter concentrated on reviewing literature on the cost control policies, responsibility accounting, procurement cost reduction, target costing, existence of cost control implementation guidelines, adequacy of personnel to implement the guidelines, challenges in place over cost control policy implementation, controls which are in place over cost control policy implementation and the best practice in cost control. The sources used to extract information about what other authors said regarding to this research included journals, books, circulars, and websites. Chapter 3 will be on the research methodology used to gather information from the employer and employees.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter deals with the way in which the study was done. It highlights the research design, descriptive research design, exploratory research, research population, target population, sample size, sampling techniques, stratified random sampling, simple random sampling, data sources, secondary data, primary data, research instruments, Self-administered questionnaires, types of questions, closed-ended questions, open-ended questions, Likert scale, Personal Interviews, reliability, validity, Data presentation, data analysis and summary. Effort is made to clarify the reliability and validity of the procedures and instruments employed, while also highlighting their applicability and relevance to the exact context of the research.

3.1 Research design

This is a plan that shows how the project was done. According to Lee and Lings (2008) it is a general plan of how the research is going to be carried on and mainly concentrates on giving solutions to research questions. There are three main types of research which are exploratory, descriptive and casual (Cooper and Schinder, 2013). A descriptive research design was used in this research as it provides either quantitative or qualitative communication from the respondents.

3.1.1 Descriptive Research Design

According to Remenyi et al (2009) descriptive research design urges a study of direct experience selected at face value. Bhattacharjee A (2012) said it is aimed at making careful observations and elaborated documentation of a phenomenon of concern. It tries to describe consistently a problem, situation, development, plan, or describes positions towards an issue. Cooper and Schinder (2013) highlighted that it looks at the oftenness on which something takes place. It enables to learn the when, who, how and what of the matter.

Descriptive research design can be used to classify and identify the characteristics or elements of the topic. Quantitative techniques are mostly used to collect, analyse and summarise data.

Merits of Descriptive research design

Descriptive research provides a very multifaceted approach. The data can include surveys, case studies or observations and provide several positions on the data. It provides a complete picture of what is happening at a given time. It allows the making of questions for further research. The data collection form is unique of case studies. The case studies can be obtained from written data like newspaper reports or individual personal accounts. This allows the research design to give an insight on life experiences which other methods can't. It takes out barriers of strict academic approaches such that researchers can see how others experience an event.

Demerits of Descriptive research design

There is lack of confidentiality in descriptive research design. Respondents may refuse to answer questions that may be difficult or personal. Respondents may change the way they act if they know that they are being observed. They may be unethical if respondents don't know that they are being observed. There is also error and subjectivity as questions presented are prescriptive and predetermined whilst studies can have errors. Researchers may ignore useful data as they choose information to use.

3.1.2 Exploratory research design

Bhattacharjee A (2012) highlighted that exploratory research usually carried on in new fields of research, where the goals of the inquiry are to produce some initial ideas about a problem, scooping out the magnitude of a peculiar problem and testing the feasibility of taking on a broader study regarding that problem. Their main use is of devising a problem for accurate investigation or develop the working possibilities from an operational viewpoint (Kothari, 2004). They bring in new ideas and insights.

Merits of Exploratory research design

Increased Understanding, it improves a researcher's knowledge of a subject and helps in determining why and how things happen. Assistance to Researchers, It assists researchers in finding potential causes to the signs brought by decision makers. Researchers may do a research to figure up a list of potential causes to the problem. Strategic Planning, Exploratory research design saves a lot of money and time by showing dead ends early.

Demerits of Exploratory research design

They rarely offer enough answers to research questions even though they can give clues at answers. Individuals examined may not be typical of the larger population of concern, thus the sample is probably not a representative one.

Justification for using a descriptive research design

The main reason for using this type of design is that it gave the researcher verbal and written communication with representative sample of the population under research. It was also easy to express the data obtained in a statistical form. Cooper & Schinder (2013) supported that it is a better method that identifies the attitudes and opinions of the sample population although it took considerable time to organise.

There are three types of descriptive research design which are case study, observation method and survey method. The researcher carried a case study type of research at ZPC Kariba in Kariba. A case study is a meaningful exploration of characteristics of real-life events

3.2 Research population

According to Remenyi et al (2009) population is the universe of components from which sample components are drawn. Simply it is the group of elements to which data is collected to extrapolate. ZPC Kariba have a population of 70 employees inclusive of Management.

3.2.1 Target population

According to Bhattacharjee A (2012) target population are all people or items (unit of analysis) with the features that one wants to study. It is the set of individuals or objects with some visible distinctiveness to which a researcher wants to extrapolate the outcomes of the study. The target of this study consisted of 70 employees from the following costs centres; Finance, Operations department, Administration and Human Resources, Electrical and Maintenance.

3.2.2 Sample size

Bhattacharjee A (2012) defined a sample as an actual units selected for observations. It is a subset of all observations representative of the larger population. Ideally a sample must be

representative and allows the researcher to produce accurate estimates of the behaviour and thoughts of the larger population. The sample had 42 employees chosen from 5 departments. The table below shows the sample size and population

Table 3.1 Population and the Sample Size

Department	Population	Sample size	Percentage %
Finance	14	10	71.43
Administration and Human Resources	4	4	100
Operations	12	8	66.67
Electrical	16	8	50
Maintenance	24	12	50
Total	70	42	60

3.3 Sampling techniques

3.3.1 Stratified random sampling

A stratified random sampling technique was used in this research. Bhattacharjee A (2012) states that in stratified sampling, the sampling frame is split into homogeneous and non-overlapping subgroups called “strata”, and a mere random sample is drawn amongst each subgroup. It sampling within peculiar sections of the target groups. In short, stratified sampling results in more detailed and reliable information (Kothari, 2004).

Advantages of Stratified random sampling

It ensures that specific groups are represented by selecting individuals from strata list which ensures a high level of representativeness of all layers in the population. It leads to higher precision because there is less variability among the groups given that similar features are grouped together. The representativeness of the sample are known. The researcher has control over all the representativeness that are included in the sample. It is easily accessible. The sample size can be minimised due to lower variability in the groups thereby saving money and time.

Disadvantages of Stratified random sampling

It is only applicable when the population is available. It is difficult to name appropriate strata for a study. Identifying appropriate variables and forming sampling groups may be complex and difficult. It is also complex to organize and analyse the results compared to simple random sampling. It omits relevant information as it selects a small portion of individuals in a strata.

3.3.2 Simple Random Sampling

Simple random sampling is randomly selection of activities (a sample) from the entire population (MacDonald &Headlam, 2006). It is one in which everyone in the population have an equal chance of being selected and simply it is a random sample from the whole population.

Advantages of simple random sampling

Simple random sampling reduces the possibility for human bias in the selection of events to be included in the sample, thus it provides with a sample that is highly representative of the population being examined. It allows to make generalisations or statistical inferences from the sample to the population, thus such statistical inferences are more probable to be viewed to have external validity.

Disadvantages of simple random sampling

A simple random sample can only be done if the list of the population is complete and available. This is a prerequisite for simple random sampling. . It demands to have a list of all the members of the population and to have access to any members who may be chosen.

Justification for using stratified random sampling

The stratified random sampling was used to conduct interviews and administer questionnaires for this study as it assisted to reduce the chance of human prejudice in the choice of cases to be integrated in the sample.

3.4 Data sources

3.4.1 Secondary Data

MacDonald &Headlam (2006) states that this method refers to the review of existing information and in the quantitative circumstance might involve the manipulation of statistical data. Secondary data are those which have been collected by somebody else and which have been passed through the statistical process (Kothari, 2004). Wegner (2010) highlighted that it is data which is collected and processed by others for a purpose not only the problem at hand and is available with or without a company. Textbooks and internet textbooks were useful in making literature review in this research. Internet provided recent development of cost control policies in the world. This together with data obtained from textbooks were used to endorse data from questionnaires and interview. Financial statements were also used.

Justification for secondary data source

Secondary data was used as it was obtained from reputable sources in the form of ZPC Kariba financial reports. Secondary data was also used as it was already available as these financial statements are historic.

3.4.2 Primary Data

The primary data is that data which is collected anew and for the first time, and hence happen to be original (Kothari, 2004). Primary data is that data which is captured at origin that is that which is obtained after carrying out research of the issue for the first time (Wegner 2010). This data is not analysed or organised. Primary data is collected in many ways particularly in descriptive and surveys researches. They include observation method, interview method, through questionnaires, through schedules and using mechanical devices (Kothari, 2004).Personal interviews and self-administered questionnaires were used as primary sources in this research. The questionnaires were used as a support method to interviews to broaden the scope of data collection for the research.

Justification for primary data source

This was collected straight from the respondents through the use of questionnaires mostly. Primary data was viewed as the appropriate research source, as this research is considered confidential.

3.5 Research Instruments

Research instruments relates to the tools used to collect information from respondents (Bogdan and Biklen (2006).The research used both primary and secondary data. In an attempt to get this information the researcher conducted interviews, used questionnaires and analysed ZPC Kariba financial operations.

3.5.1 Self-administered questionnaires

Cooper and Schinder (2013) defined a questionnaire as a set of questions designed to get information worthy for analysis and have become omnipresent in modern living. Questionnaires were applied to support interview gathered information to widen the scope of information collection. The majority of data in this research was collected using self-administered questionnaires

Closed questions were used in the research which require short answers, easy to reply and for time management. Open ended questions were to take into account explanatory views. All questions were planned in a way that ensured that the respondent would be kept informed of the field being researched.

Advantages of questionnaires

According to Kothari C (2004) the advantage of questionnaires is that the cost is low even when the population is large and widely spread geographically. More information can also be obtained from a large population in a short period of time and cost effective way. They are free from the bias of the interviewer as responses are in respondents' own words. They reduce the creation of bias by wiping out the ability of interviewers to influence results either inadvertently or intentionally. Respondents have adequate time to respond good answers. Respondents have ample time to think about their answers and are not usually required to reply right away. All

Respondents can be reached conveniently even those who are not easily approachable. Large samples can be used and hence results can be made more reliable and dependable.

Disadvantages of questionnaires

According to Kothari C (2004) the disadvantage of questionnaires is that if not administered face to face there is a potential of low rate of return of the filled in questionnaires. Bias due to no response is often undetermined. Respondents may be unwilling to answer the questions as they might not wish to reveal the information. It can only be used when respondents are cooperative and educated. The respondents should have the requisite literacy skills to be able to complete the questionnaires. Control over questionnaires is lost when it is sent. Researchers have no control over sent questionnaires as some of them might not be responded. There is the possibility of omission of replies to certain questions. Interpretation of omissions is difficult. Questionnaires must not be too long to complete or asking too many questions as this can cause omissions in the questionnaire. This method is slowest of all. Questionnaires can produce great amounts of data that takes long time to analyze and process. The only way of limiting this is by limiting the space available to respondents such that their purpose are concise or sampling the respondents and surveying only a portion of them.

3.5.2 Personal Interviews

Cooper and Schinder (2013) defined an interview as a face to face oral communication started by the interviewer to obtain information from the respondent. The interviewee may at times ask certain questions and the interviewer responds to these (Kothari, 2004). Interview involves presentation of oral-verbal stimuli and reply in terms of oral-verbal responses (Kothari, 2004). Personal interviews cancels the weakness in questionnaires. Structured interviews were used by the researcher in which questions are predetermined. They involve the use of a set of predetermined questions and of highly standardised method of recording (Kothari, 2004).

The researcher used personal interviews in this research for interaction and verbal communication with respondents giving instant responses for the field under study. Questions used were in the questionnaire and others were dependent on the answers by the interviewee.

Kothari C (2004) outlined the advantages and disadvantages of interview as follows:

Advantages of Interview

More information that is in greater depth can be obtained. It supply rich data, new insights and details. The Interviewer can overcome the resistance of the respondents. The interview can be made to give a nearly perfect sample of the general population. It permits the interviewer to clarify or explain questions raising the likeliness of useful responses. There is greater flexibility as the opportunity to restructure questions is always there especially in case of unstructured interviews. It permit the interviewer to be flexible in doing the interview to peculiar individuals. Observations can be applied to recording verbal responses to various questions. Personal information can be obtained easily. It brings potential to explore the matter in depth. There can be effective control of samples as there arises no difficulty of the missing returns. Non response remains generally low. The interviewer may secure the most spontaneous reactions than would be the case if mailed questionnaire are used as he may catch the informant off-guard. Group discussions may be held if so desired. The interviewer can collect additional information about the environment and respondent's personal characteristics which is of great value in interpreting results. The interview can be modified to get additional information.

Disadvantages of Interview

Interview is very expensive especially when widely spread geographical sample is taken. There is possibility of bias of interviewer and respondent. There also remains the headache of control and supervision of interviewers. There is need for highly trained and qualified interviewers. High officials or executives or people of high income may not be easily approachable and the data may prove inadequate to that extent. Interviews are more time consuming especially when the sample is large and thoughts of the respondents are necessary. Flexibility also results in inconsistencies throughout the interviews. The presence of the interviewer may over stimulate the respondent and sometimes to the extent that they may give fanciful information to make the interview interesting. Respondents may twist information in a way to please interviewer. Interviewing at times may bring systematic errors. It is also difficult to reduce the data.

3.5.3 Types of Questions

3.5.3.1 Closed-ended questions

Closed-ended questions are of the type 'yes' or 'no' (Kothari, 2004). They used where possible answers were known. Remenyi et al (2008) highlighted that they are used in quantitative studies. The author further said that the assumption is that a detailed knowledge is available on the attitudes of interests so pre-specifying the categories is made easy.

The website <http://www.expertprogrammanagement.com>(26/08/2014:18:53) outlined the advantages and disadvantages of closed-ended questions.

Advantages of closed-ended questions

They are more easily analysed as every answer can be given a number so that a statistical interpretation can be assessed. They are best suited for computer analysis. They require less time from the participant, interviewer and researcher in large scale surveys so it is a less expensive survey method.

Disadvantages of closed-ended questions

Closed questions may not offer the respondents choices that actually reflect their true feelings because of the limit of answers. It is difficult to see if someone has actually understood the question. The problems with it is that the questions may be poorly designed or might include inappropriate questions

3.5.3.2 Open-ended questions

Open ended questions are free response questions. According to Remenyi et al (2008) they are used in explanatory studies where the researcher is not able to pre-specify the response categories. These questions were used in this research where possible answers were not known.

The website <http://www.expertprogrammanagement.com>(26/08/2014:18:59) outlined the following advantages and disadvantages of Open ended questions:

Advantages of Open-ended questions

Respondents are allowed to put their attitudes, feelings and understanding of the research subject. This lets researchers to access better the respondents' true feelings on a subject.

Respondents will not forget answers chosen if they are allowed to answer freely. Encourages respondents to think and offer regarded responses. They don't restrict respondents in their responses. There is flexibility as respondents may answer in any way they wishes. It encourages respondents to give honest opinions. Open ended questions gives more space for the respondent to say what they feel and want.

Disadvantages of Open-ended questions

They don't have the statistical evidence needed to make conclusions and it is difficult to put the findings into statistical evidence. It is difficult to collate the data or summarize when analyzing. Response rate in open-ended questions are lower than where closed ended questions are used. They usually require thinking in which some respondents have no time for it which leads to no responses. Effort required to compile the information may be so intense and requires more thought and time on the part of the researcher.

3.5.4 Likert scale

According to MacDonald &Headlam (2006) a Likert scale is a method used to measure attitudes. It involves respondents showing their level of agreement or disagreement with a series of statements. Scores are summarized to give a complex measure of attitudes. It was designed by RensisLikert in 1932 and is a very popular rating scale for measuring ordinal data in research. According to Remenyi et al (2008) the Likert Scale is a method of attitude-scale construction as a measure of attitudes. The questionnaires were designed using the Likert Scale format in this research and specifically the odd numbered scale as shown in table 3.2:

Table 3.2: The Odd Numbered Scale

Item	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Points	1	2	3	4	5

Source: Remenyi et al (2008)

Kothari C (2004) outlined the advantages and disadvantages of Likert Scale.

Advantages of the Likert scale

It is comparatively easy to construct the Likert scale. Likert scale is viewed more reliable because respondents answer each statement included in the instrument under it, so it also provides more data and information. Likert scale may easily be used in stimulus-centred and respondent-centred studies that is through it we can examine how responses differ between people and stimuli. Likert scale requires less time to construct

Disadvantages of the Likert scale

Likert scale cannot tell how much more respondents are more or less favourable to a topic. The total score of an individual respondent has little clear meaning as a given total score can be procured by a variety of answer patterns. It is unlikely that the respondent can validly react to a short statement on a printed form without real-life qualifying situations. There is a possibility that people may answer according to what they think they should feel rather than how they do feel.

3.6 Data Reliability

Remenyi et al (2008) highlighted that reliability pertains to the degree of consistence showed by the method used in the study to give reliable information. MacDonald &Headlam (2006) highlighted that reliability is the degree to which the same result will be attained by using the same measure. The separating feature here is that observations that are similar should be held by different researchers on separate occasions. Research instruments used were adjusted to ensure reliability. Same questions were asked from the respondents in order to determine reliability from questionnaires and interviews.

3.7 Data Validity

Remenyi et al (2008) highlighted that validity is concerned as to whether the researcher has gained access to meaning and knowledge of the respondents and that the information collected is relevant to the field of research. MacDonald &Headlam (2006) states that validity refers to the degree to which research findings can be said to be reliable and accurate, and the degree to which the conclusions are justified. The researcher analysed the data collected and equated it to the

research objectives in ensuring its validity. The questions were related to the problem under study and the objectives to be achieved to make sure that validity was incorporated.

3.8 Data presentation

The findings of this report were presented in charts, tabular form, graphs, qualitative form and model results. Tables were employed to organize and group data for it to be easy to interpret and manageable. The role of tables makes the presenting of summarized information concisely effective and more precise. The use of graphs makes effective presentation of visually stimulating information.

3.9 Data Analysis

According to Thorby C (2009) data analysis is the diagnosis and interpretation of collected information with emphasis on determining indispensable information, facilitating decision making and recommendation. Data analysis is critical as it compare, describes, summaries and identifies the similarities or differences within variables. The researcher organized the data gathered and checked the questionnaires for relevance and completeness. Incomplete and not relevant questionnaires were screened from the ones analysed. There are various statistical techniques in the analysis of data like mean, frequency, percentage, mode, standard deviation, median and range.

Standard deviation is a measure of dispersion which expresses the average difference about the mean in the original units of the random variable. Mean is the sum of the numbers divided by number of details in the data to be studied. Median a measure of average constituting the middle value of a data set after the data is arranged in order of size. Range is the difference between the maximum and minimum value in a set of data.

The researcher used the mean for data analysis. The mean have advantages like it can be employed on large quantities of data and it gives rise to outcomes that indicate the whole population feelings. However this method have a disadvantage that it takes time to calculate a large set of data.

Justification for using mean in the data analysis

It gives rise to non-assumptive and reasonable results. The method can accommodate the large scale data the researcher is undertaking. It is simple and easy in justification of queries in results.

3.10 Summary

This chapter concentrated on research methodology used by the researcher. It covered the research design, descriptive research design, exploratory research, research population, target population, sample size, sampling techniques, stratified random sampling, simple random sampling, data sources, secondary data, primary data, research instruments, Self-administered questionnaires, types of questions, closed-ended questions, open-ended questions, Likert scale, Personal Interviews, reliability, validity, Data presentation and data analysis. Chapter 4 will covers data presentation techniques, discussions and interpretation of findings.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

The chapter centres on the presentation, analysis and discussion of data collected from ZPC Kariba through the utilisation of questionnaires and interviews. The presentation and analysis involved the construction of graphs, tables, pie charts and descriptive summaries. These findings were the basis in which conclusions were made on the investigation of cost management practices at ZPC Kariba and necessary recommendations thereupon. The results of the research are shown below.

4.1 Response rate

Saunders et al (2009) defined response rate as the total number of replies divided by the sample after unreachable and ineligible respondents have been removed. The higher the response rate, the more reliable the findings become.

4.1.1 Questionnaires response rate

Questionnaires were utilized to gather data for this study as well as interviews which were based on them. A total of 42 questionnaires were distributed to employees and management from which 31/42 (73.81%) were completed and returned and 11/42 (26.19%) were not returned.

A response rate of 73.81% was realized. This is summarized below.

Table 4.1: Questionnaire response rate

Category of respondents	Administered	Successful	Response rate (%)
Finance	10	9	90
Administration and Human Resources	4	2	50
Operations	8	6	75
Electrical	8	5	62.5

Maintenance	12	9	75
Total	42	31	73.81

Remenyi et al (2009) highlighted that a response rate of 50% is good, 60% is better and 70% much reliable. Considering that these questionnaires produced a 73.81% in this study, this warrants a high degree of validity and reliability.

4.1.2 Interview Response Rate

All thirteen (13) planned interviews were conducted ensuing a response rate of 100%.

4.2 Presentation of the respondents' demographic data.

Table 4.2: Information concerning the respondents' gender.

Gender	No. of Respondents	Percentage Response
Male	30	97%
Female	1	3%
Total	31	100%

The findings reflect that 30/31 (97%) were males and 1/31 (3%) were females. Out of this data, 4/31 (13%) occupied top management positions while 27/31 (87%) were on middle and lower positions. This means that they can understand and interpret the thrust of the researcher's study.

4.3 Academic qualifications

Table 4.3 Academic qualifications of respondents

Responses	'A' LEVEL	CERTIFICATE	DIPLOMA	DEGREE	MASTERS	TOTAL
Number of responses	5	10	7	5	4	31
Percentage	16%	32%	23%	16%	13%	100%

The table above shows that 5/31 (16%) of the respondents have 'A' Level, 10/31 (32%) holds a certificate, 7/31 (23%) holds a diploma, 5/31 (16%) holds a degree and 4/31 (13%) hold a masters.

The researcher was thus able to obtain reliable information as it was obtained from qualified personnel.

4.4 Existence of Cost Control policy at ZPC Kariba.

(i) ZPC Kariba has a cost control policy in place.

Table 4.4.1: Responses on existence of cost control policy at ZPC Kariba

Responses	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total
Number of responses	31	0	0	0	0	31
Percentage	100%	0%	0%	0%	0%	100%

From the findings in table above, the researcher found that 31/31 (100%) strongly agreed, 0/31 (0%) agreed, 0/31 (0%) uncertain, 0/31 (0%) disagreed and 0/31 (0%) strongly disagreed.

As a whole 31/31 (100%) of the respondents agreed that ZPC Kariba has a cost control policy in place.

All interview respondents cited that that ZPC Kariba has a cost control policy in place.

Results show that there is an accord on the existence of the cost control policy at ZPC Kariba.

(ii) Formal documentation of the Cost Control policy

Table 4.4.2: Responses on the documentation of the cost control policy

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	22	9	0	0	0	31
Percentage	71%	29%	0%	0%	0%	100%

From the findings in table above, the researcher found that 22/31 (71%) strongly agreed, 9/31 (29%) agreed, 0/31 (0%) uncertain, 0/31 (0%) disagreed and 0/31 (0%) strongly disagreed.

Overally 31/31 (100%) agreed while 0/31 (0%) disagreed.

Results show that there is an agreement on the formal documentation of the cost control policy

(iii) Communication of Cost Control policy to management.

Table 4.4.3: Responses on the Cost Control policy communication to management

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	19	12	0	0	0	31
Percentage	61%	39%	0%	0%	0%	100%

Findings in the table 4.3.3 above shows that 19/31 (61%) strongly agreed, 12/31 (39%) agreed, 0/31 (0%) uncertain, 0/31 (0%) disagreed and 0/31 (0%) strongly disagreed.

As a whole 31/31 (100%) agreed whilst 0/31 (0%) disagreed.

The results shows that there is an accord that the cost control policy at ZPC Kariba is communicated to management.

(iv) Communication of Cost Control policy to subordinates.

Table 4.4.4: Responses on the Cost Control policy communication to subordinates

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	22	9	0	0	0	31
Percentage	71%	29%	0%	0%	0%	100%

The findings indicate that 22/31 (71%) strongly agreed, 9/31 (29%) agreed, 0/31 (0%) uncertain, 0/31 (0%) disagreed and 0/31 (0%) strongly disagreed.

All in all 31/31 (100%) agreed while 0/31 (0%) disagreed.

The results shows that there is an agreement that the cost control policy at ZPC Kariba is communicated to subordinates.

(v) Communication of Cost Control policy to new personnel.

Table 4.4.5: Responses on the Cost Control policy communication to new personnel.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	11	20	0	0	0	31
Percentage	35%	65%	0%	0%	0%	100%

Findings in the table 4.3.5 above shows that 11/31 (35%) strongly agreed, 20/31 (65%) agreed, 0/31 (0%) uncertain, 0/31 (0%) disagreed and 0/31 (0%) strongly disagreed.

Overallly 31/31 (100%) agreed whilst 0/31 (0%) disagreed.

The results evince that there is an agreement that the cost control policy at ZPC Kariba is communicated to new personnel.

(vi) Clarification of the Cost Control policy for better understanding

Table 4.4.4 Responses on the clarification of the Cost Control policy for better understanding

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	1	6	4	10	10	31
Percentage	3%	19%	13%	32.5%	32.5%	100%

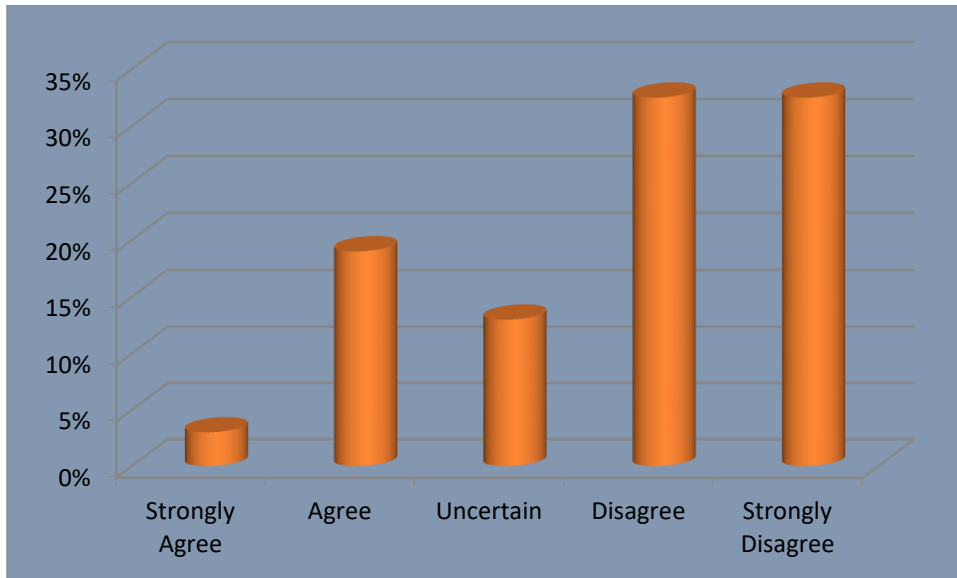


Fig 4.1: Responses on clarification of cost control policy to employees

As shown above 1/31 (3%) strongly agreed, 6/31 (19%) agreed, 4/31 (13%) uncertain, 10/31 (32.5%) disagreed and 10/31 (32.5%) strongly disagreed.

Overallly 7/31 (23%) agreed while 24/31 (77%) disagreed.

The results evince that there is a disagreement on the clarification of the cost control policy to employees for better understanding.

4.5 Cost Control policy implementation guidelines

(i) Presence of cost control policy implementation guidelines

Table 4.5.1: Responses on the existence of cost control policy implementation guidelines

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	18	13	0	0	0	31
Percentage	58%	42%	0%	0%	0%	100%

The findings can alternatively be presented using a graph in fig 4.2.

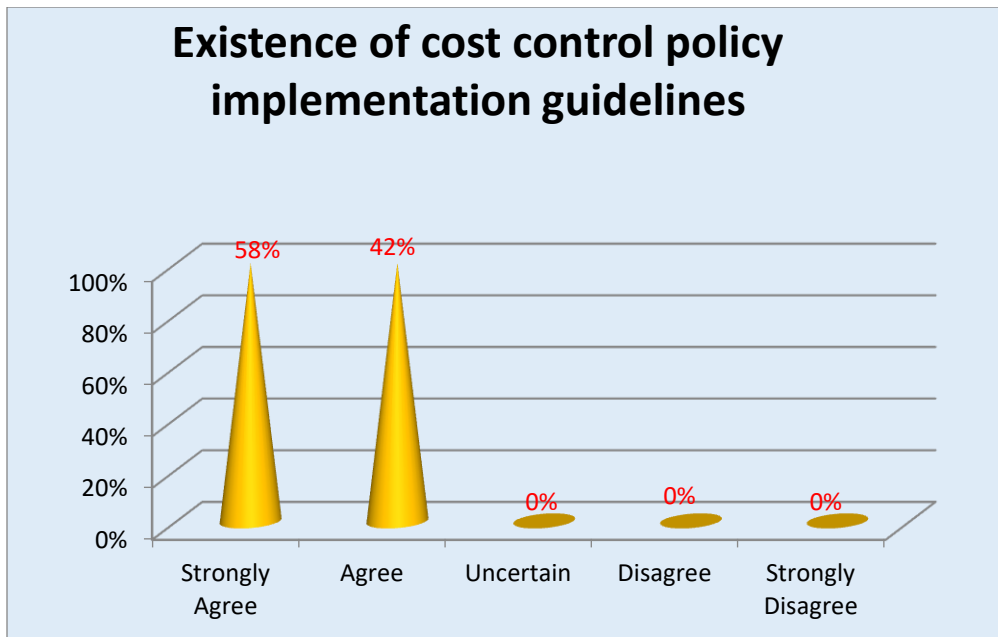


Fig 4.2 Responses on the existence of policy implementation guidelines

From the above findings 18/31 (58%) strongly agreed, 13/31 (42%) agreed, 0/31 (0%) uncertain, 0/31 (0%); disagreed and 0/31 (0%) strongly disagreed.

As a whole 31/31 (100%) agreed while 0/31 (0%) disagreed.

From the interviews 13/13 (100%) agreed whilst 0/13 (0%) disagreed.

The results show that there is agreement on the presence of the cost control policy implementation guidelines at ZPC Kariba.

ii) Documentation of policy implementation guidelines

Table 4.5.2 Responses on documentation of policy implementation guidelines

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	0	3	10	10	8	31
Percentage (%)	0%	10%	32%	32%	26%	100%

The data findings in table 4.5.1 can be graphically presented as follows:

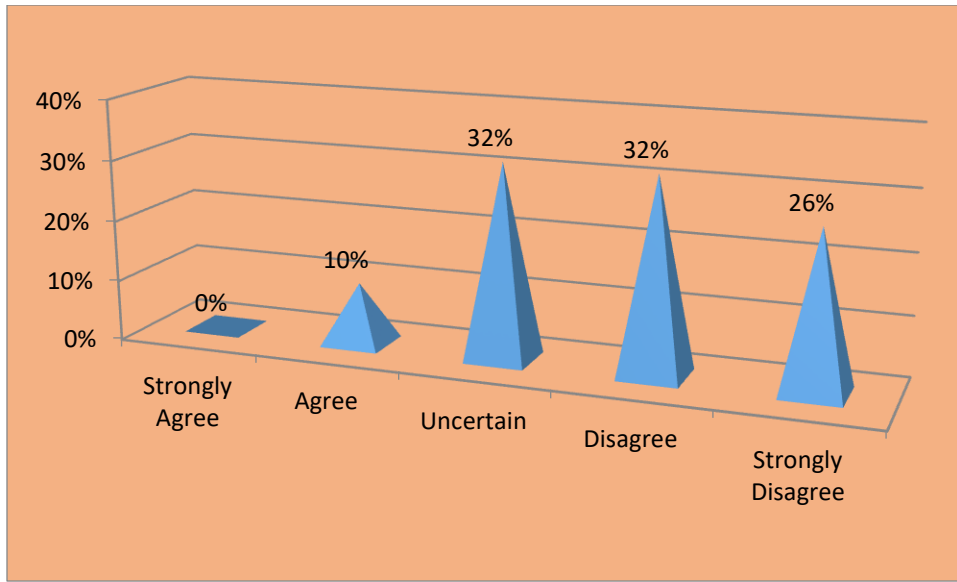


Fig 4.3 Documentation of policy implementation guidelines

The researcher found that 0/31 (0%) strongly agreed, 3/31 (10%) agreed, 10/31 (32%) uncertain, 10/31 (32%) disagreed and 8/31 (26%) strongly disagreed.

On the whole 3/31 (10%) agreed whilst 28/31 (90%) disagreed.

From the interviews 0/13 (0%) agreed whilst 13/13 (100%) disagreed.

The results show that there is a dissension on the documentation of policy implementation guidelines at ZPC Kariba.

(iii) Availability of financial usage guidelines on Cost Control policies

Table 4.5.3 Responses on availability of financial usage guidelines for cost control policy implementation

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	1	12	6	6	6	31
Percentage (%)	3%	40%	19%	19%	19%	100%

The data findings in table 4.5.3 can be graphically presented as follows:

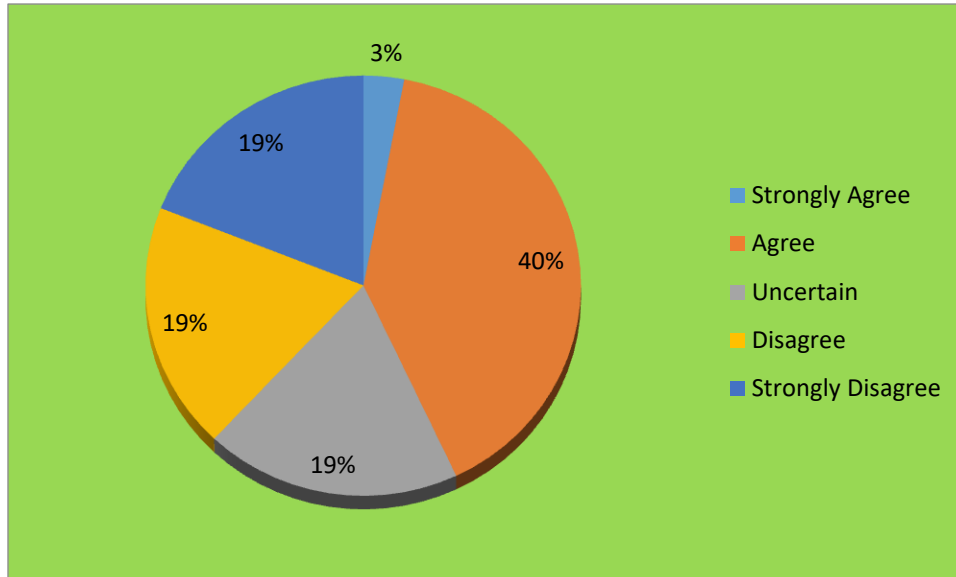


Fig 4.4 Availability of financial guidelines on cost control policy implementation

From the findings, the researcher found that 1/31 (3%) strongly agreed, 12/31 (40%) agreed, 6/31 (19%) uncertain, 6/31 (19%) disagreed and 6/31 (19%) strongly disagreed.

Overall 13/31 (42%) agreed while 18/31 (58%) disagreed.

From the interviews 5/13 (38%) agreed while 8/13 (62%) disagreed.

The results show that there is a discord on the availability of financial guidelines on cost control policy implementation.

4.6 Adequacy of personnel to implement Cost Control policy

(i) Presence of a Representative Committee to implement the cost control policy

Table 4.6.1 Responses on the presence of a Representative Committee to implement the cost control policy.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	0	2	7	14	8	31
Percentage	0%	6%	23%	45%	26%	100%

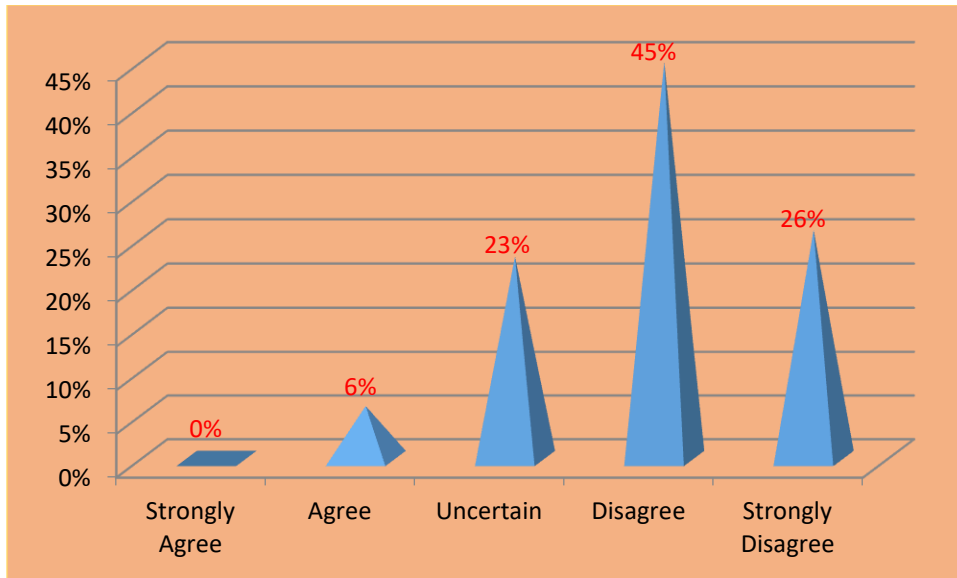


Fig 4.5 shows the responses on the presence of a Representative Committee to implement the cost control policy

From the findings 0/31 (0%) strongly agreed, 2/31 (6%) agreed, 7/31 (23%) uncertain, 14/31 (45%) disagreed and 8/31 (26%) strongly disagreed.

As a whole 2/31 (6%) agreed on which 29/31 (94%) disagreed.

From the interviews 2/13 (15%) agreed whilst 11/13 (85%) disagreed.

The results show that there is a disagreement on the presence of a Representative Committee to implement the cost control policy.

(ii) Presence of a senior supervisor to help the committee in the implementation of cost control policy

Table 4.6.2 Responses on the presence of a Senior supervisor

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	0	2	7	14	8	31
Percentage	0%	6%	23%	45%	26%	100%

Alternatively, the findings can be clearly illustrated on a graph as in fig 4.6

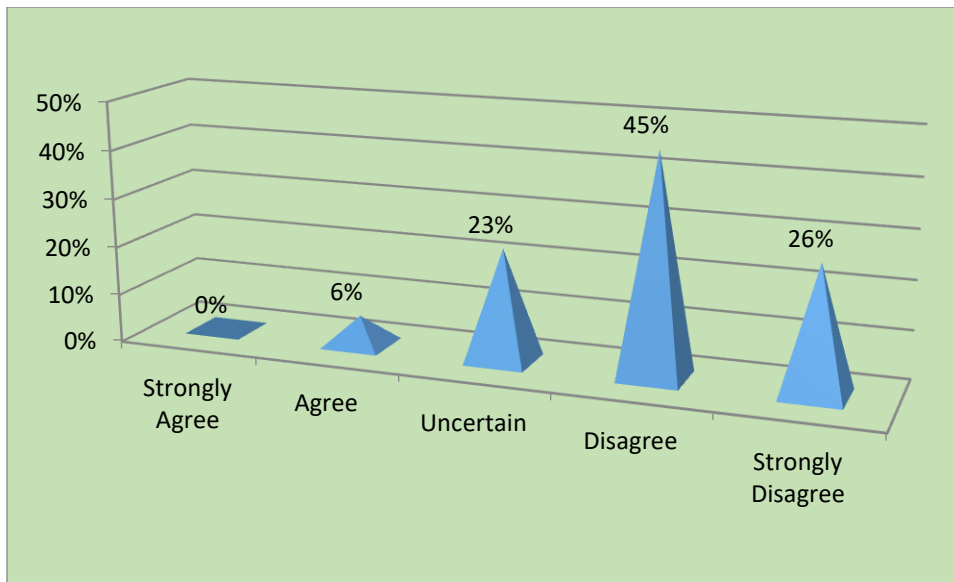


Fig 4.6: Presence of a Senior cost control supervisor

From the findings 0/31 (0%) strongly agreed, 2/31 (6%) agreed, 7/31 (23%) uncertain, 14/31 (45%) disagreed and 8/31 (26%) strongly disagreed.

Overallly 2/31 (6%) agreed on which 29/31 (94%) disagreed

From the interviews 1/13 (8%) agreed whilst 12/13 (92%) disagreed.

The results show that there is a discord on the existence of a senior supervisor to assist the representative committee in the implementation of the cost control policy.

(iii) Availability of financial resources for cost control implementation

Table 4.6.3 Availability of financial resources to help in policy implementation

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	0	21	3	7	0	31
Percentage	0%	68%	10%	22%	0%	100%

The findings can alternatively be presented on a pie chart as below:

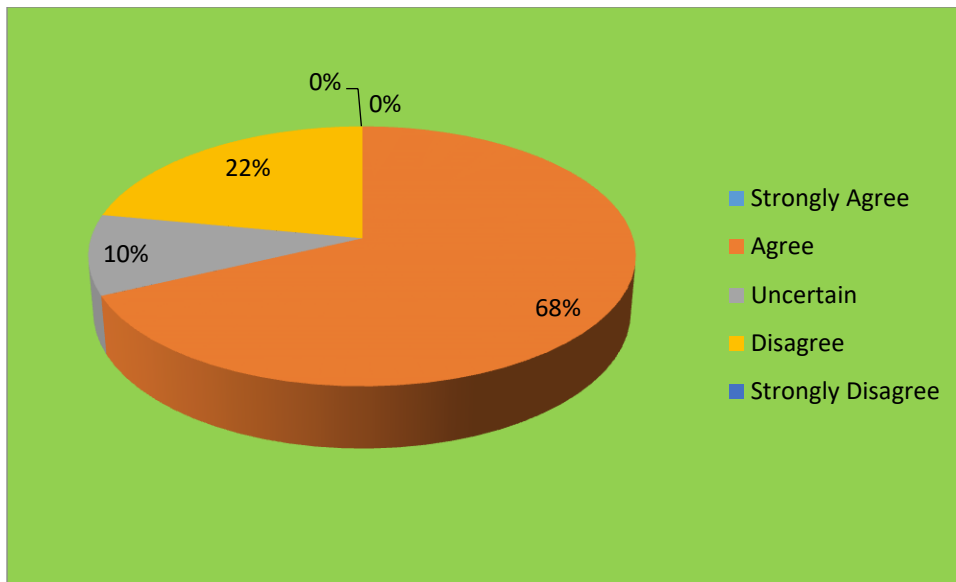


Fig 4.7 Responses on the availability of financial resources for policy implementation

From the findings 0/31 (0%) strongly agreed, 21/31 (68%) agreed, 3/31 (10%) uncertain, 7/31 (22%) disagreed and 0/31 (0%) strongly disagreed.

Overallly 21/31 (68%) agreed whilst 10/31 (32%) disagreed.

The results show that there is an accord on the availability of financial resources to help in policy implementation.

(iv) Employees undergoing a cost control re-induction after a certain period.

Table 4.6.4: Responses on employees undergoing a cost control re-induction after a certain period.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	4	13	6	5	3	31
Percentage	13%	42%	19%	16%	10%	100%

The findings can alternatively be presented on a pie chart as below:

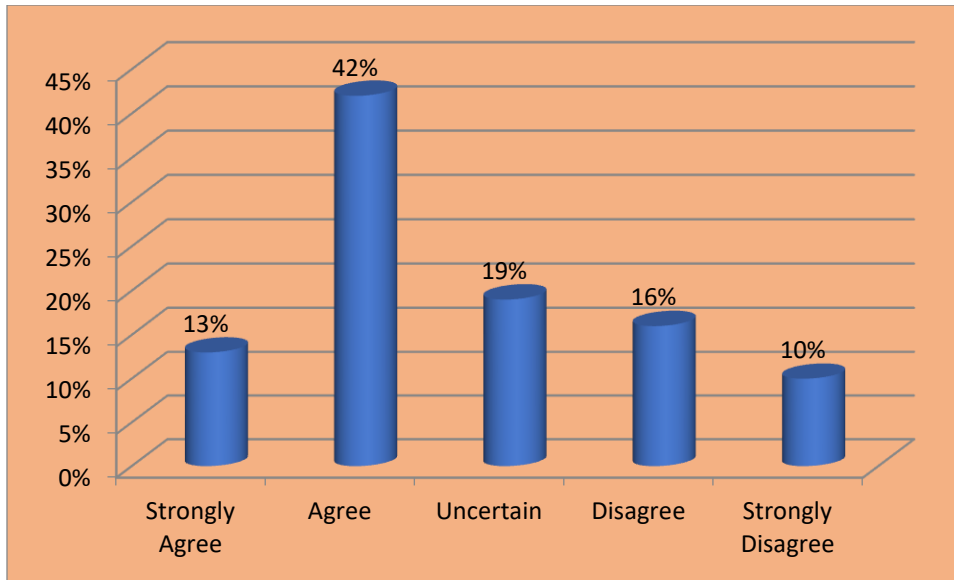


Fig 4.8 Responses on employees undergoing a cost control re-induction after a certain period.

From the findings 4/31 (13%) strongly agreed, 13/31 (42%) agreed, 6/31 (19%) uncertain, 5/31 (16%) disagreed and 3/31 (10%) strongly disagreed.

As a whole 17/31 (55%) agreed whilst 14/31 (45%) disagreed.

The results show that there is an agreement about employees undergoing a cost control re-induction after a certain period.

4.7 Controls over Cost Control policy implementation

(i) Presence of controls on cost control policy implementation

The findings of the study concerning the presence of controls in cost control policy implementation are tabled in 4.7.1 below:

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	16	15	0	0	0	31
Percentage (%)	52	48	0	0	0	100

The researcher found that 16/31 (52%) strongly agreed, 15/31 (48%) agreed, 0/31 (0%) uncertain, 0/31 (0%), disagreed and 0/31 (0%) strongly disagreed.

Overallly 31/31 (100%) agreed whilst 0/31 (0%) disagreed.

From the interviews 13/13 (100%) agreed whilst 0/13 (0%) disagreed.

The results show that there is an agreement on the presence of controls on cost control policy implementation at ZPC Kariba.

(ii) Cost Control policies cost reports are prepared and regularly reviewed by responsible personnel.

Table 4.7.2: Responses on the preparation and regular review of cost control policies cost reports.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	13	7	4	4	3	31
Percentage	42%	22%	13%	13%	10%	100%

Alternatively, the aforementioned findings are clearly illustrated in fig 4.9

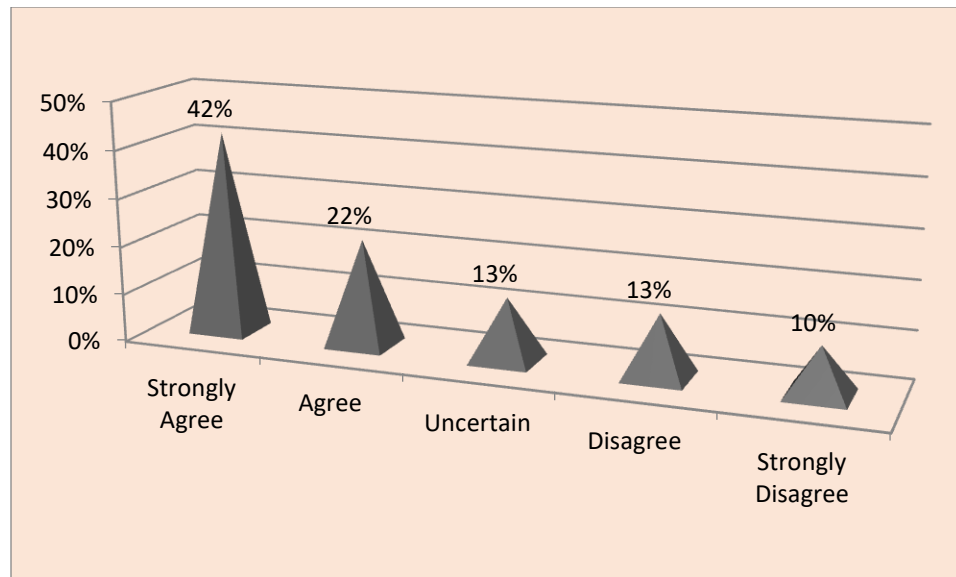


Fig 4.9: Responses on preparation and review of cost control reports

From the results, the researcher came up with 13/31 (42%) strongly agreeing; 7/31 (22%) agreeing; 4/31 (13%) uncertain; 4/31 (13%) disagreeing and 3/31 (10%) strongly disagreeing.

Overallly 20/31 (65%) agreed whilst 11/31 (35%) disagreed.

From interviews 9/13 (69%) agreed and 4/13 (31%) disagreed.

The results exhibit that there is agreement on preparation and review of cost control policies cost reports.

(iii) Authorization limits on Cost Control policies expenditure

Table 4.7.3: Responses on the limits of authorization on cost control policies expenditure

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	2	8	8	7	6	31
Percentage	6%	26%	26%	23%	19%	100%

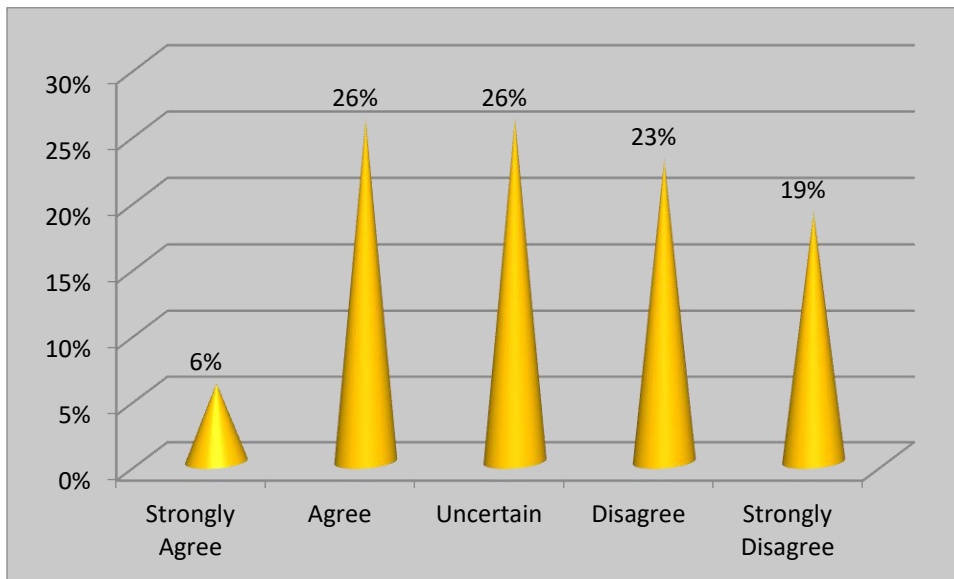


Fig 4.10 Responses on authorization limits on different cost control policies expenditure levels

From the findings 2/31 (6%) strongly agreed, 8/31 (26%) agreed, 8/31 (26%) uncertain, 7/31 (23%) disagreed and 6/31 (19%) strongly disagreed.

As a whole 10/31 (32%) agreed whilst 21/31 (68%) disagreed.

The findings from interviews showed that 5/13 (38%) agreed while 8/13 (62%) disagreed.

The results exhibit that there is a disagreement on the authorization limits for different cost control policies expenditure levels.

(iv) Forecast cost control expenditure budgets are prepared in the prior period.

Table 4.7.4 Responses on cost control expenditure budget preparation in the prior period

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	7	8	8	5	3	31
Percentage	22%	26%	26%	16%	10%	100%

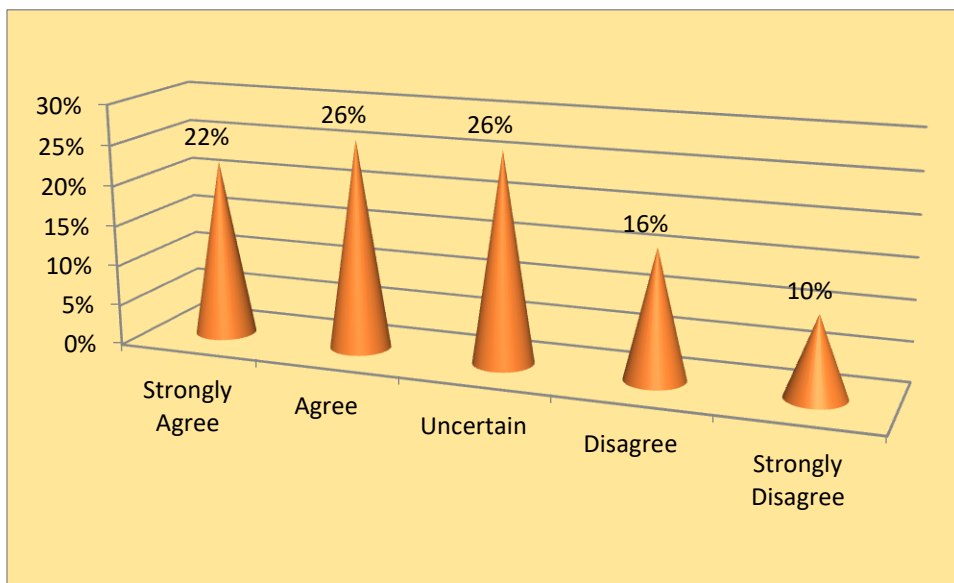


Fig 4.11: Responses on prior year cost control expenditure budget preparation

From the findings, the researcher found that 7/31 (22%) strongly agreed, 8/31 (26%) agreed, 8/31 (26%) uncertain, 5/31 (16%) disagreed and 3/31 (10%) strongly disagreed.

Overallly 15/31 (48%) agreed whilst 16/31 (52%) who disagreed.

From the interviews 3/13 (23%) agreed while 10/13 (77%) disagreed indicating that the cost control expenditure budget preparation is only done in the same year they are to be implemented.

The results show that there is disagreement that cost control expenditure budgets are prepared in the prior year.

4.8 Evaluation of controls over Cost Control policy implementation

(i) An independent committee evaluates the controls on implementation of the cost control policy.

Table 4.8.1: Response rate on cost control policy evaluation by an independent committee

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	21	10	0	0	0	31
Percentage	68%	32%	0%	0%	0%	100%

From the findings 21/31 (68%) strongly agreed, 10/31 (32%) agreed, 0/31 (0%) uncertain, 0/31 (0%), disagreed and 0/31 (0%) strongly disagreed.

Overallly 31/31 (100%) agreed whilst 0/31 (0%) disagreed.

From the interviews 13/13 (100%) agreed whilst 0/13 (0%) disagreed.

The results exhibit that there is unanimity that an independent committee evaluates the controls on cost control policy implementation.

(ii) Regular evaluation of the Cost Control policy for cost effectiveness before implementation

Table 4.8.2 Response rate on the evaluation of cost control policy cost effectiveness

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	2	4	9	9	7	31
Percentage	6%	13%	29%	29%	23%	100%

From the findings 2/31 (6%) strongly agreed, 4/31 (13%) agreed, 9/31 (29%) uncertain, 9/31 (29%) disagreed and 7/31 (23%) strongly disagreed.

As a whole 6/31 (19%) agreed while 25/31 (81%) disagreed.

From the interviews 2/13 (15%) agreed whilst 11/13 (85%) disagreed.

The results show that there is discord on the evaluation of cost control policies for cost-effectiveness prior to implementation.

(iii) Comparison of actual and budgeted Cost Control expenditure for variance analysis.

Table 4.8.3: Responses on cost control expenditure budget comparisons

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	17	10	4	0	0	31
Percentage	55%	32%	13%	0%	0%	100%

The findings can be presented graphically in fig 4.12.

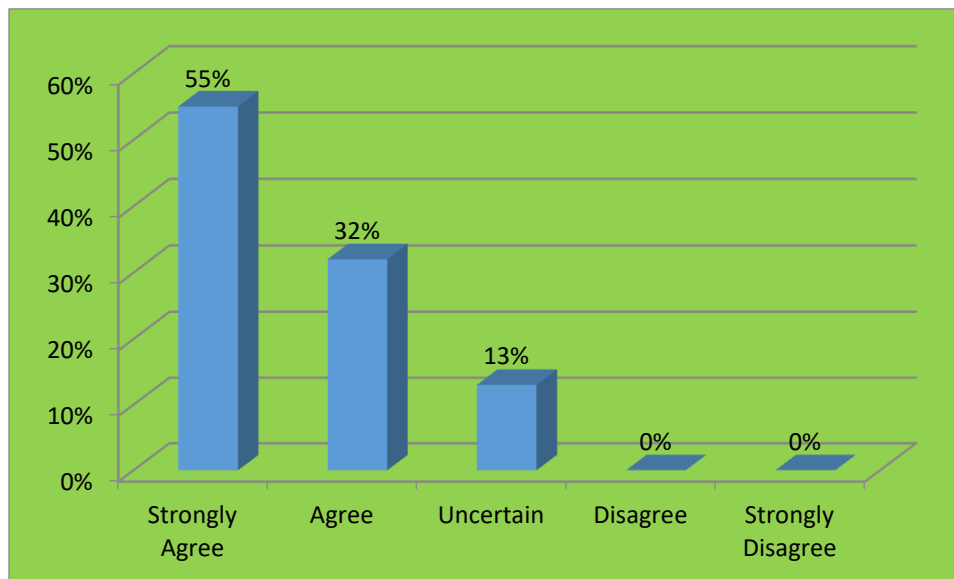


Fig 4.12 Responses on comparison of actual and budgeted cost control expenditures

From the findings 17/31 (55%) strongly agreed, 10/31 (32%) agreed, 4/31 (13%) uncertain, 0/31 (0%) disagreed and 0/31 (0%) disagreed.

Overallly 27/31 (87%) agreed while 4/31 (13%) disagreed.

The results show that there is agreement that cost control expenditure budgets are compared for variance analysis.

(iv) Cost control policy evaluation

Table 4.8.4: Responses on the cost control policy evaluation

Factor	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
(i) Financial records are used for cost control policy evaluation	9	14	8	0	0	31
Percentage	29%	45%	26%	0%	0%	100%
(ii) Interviews are used for cost control policy evaluation	0	10	6	11	4	31
Percentage	0%	32%	19%	36%	13%	100%
(iii) Observations are used for cost control policy evaluation	7	11	6	5	2	31
Percentage	23%	36%	19%	16%	6%	100%

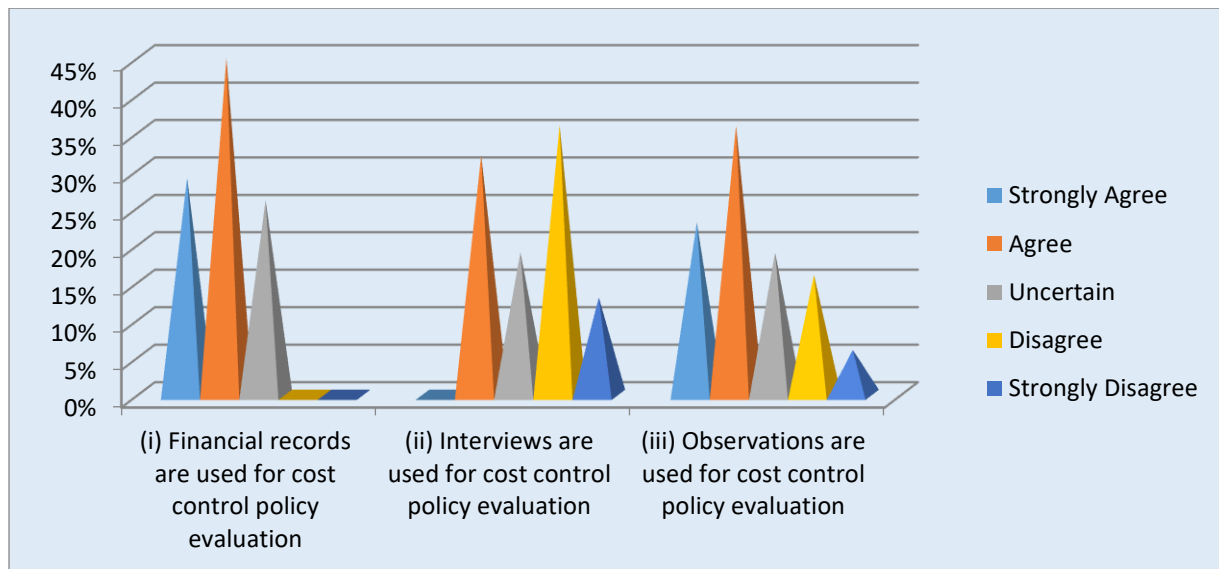


Fig 4.13 shows the responses on the cost control policy evaluation

(i) Financial records are used for cost control policy evaluation

The researcher found that 9/31 (29%) strongly agreed, 14/31 (45%) agreed, 8/31 (26%) uncertain, 0/31 (0%) disagreed and 0/31(0%) strongly disagreed.

On the whole 23/31 (74%) agreed whilst 8/31 (26%) disagreed.

The results show that there is agreement that financial records are used for cost control policy evaluation

(ii) Interviews are used for cost control policy evaluation

The researcher found that 0/31 (0%) strongly agreed, 10/31 (32%) agreed, 6/31 (19%) uncertain, 11/31 (36%) disagreed and 4/31(13%) strongly disagreed.

On the whole 10/31 (32%) agreed whilst 21/31 (68%) disagreed.

The results show that there is agreement that interviews are used for cost control policy evaluation

(iii) Observations are used for cost control policy evaluation

The researcher found that 7/31 (23%) strongly agreed, 11/31 (36%) agreed, 6/31 (19%) uncertain, 5/31 (16%) disagreed and 2/31(6%) strongly disagreed.

On the whole 18/31 (58%) agreed whilst 21/31 (42%) disagreed.

The results show that there is agreement that observations are used for cost control policy evaluation

4.9 Challenges faced on Cost Control policy implementation

(i) Resistance from employees

Table 4.9.1 Responses on resistance from employees

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	17	14	0	0	0	31
Percentage (%)	55	45	0	0	0	100

From the findings 17/31 (55%) strongly agreed, 14/31 (45%) agreed, 0/31 (0%) uncertain, 0/31 (0%), disagreed and 0/31 (0%) strongly disagreed.

As a whole 31/31 (100%) agreed while 0/31 (0%) disagreed.

Interviews findings were 13/13 (100%) agreed while 0/13 (0%) disagreed.

The results show that there is agreement that there is resistance from employees when cost control policies are being implemented.

(ii) Lack of resources for policies implementation

Table 4.9.2: Responses on the lack of resources for policies implementation.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	0	6	3	12	10	31
Percentage	0%	19%	10%	39%	32%	100%

From the findings 0/31 (0%) strongly agreed, 6/31 (19%) agreed, 3/31 (10%) uncertain, 12/31 (39%) disagreed and 10/31 (32%) strongly disagreed.

Overallly 6/31 (19%) agreed while 25/31 (81%) disagreed.

From the interviews 3/13 (23%) agreed whilst 10/13 (77%) disagreed.

Results show that there is discord on the lack of resources for cost control policy implementation.

(iii) Poor managerial commitment on Cost Control policies.

Table 4.9.3 Responses on poor management commitment on cost control policies.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	0	5	0	11	15	31
Percentage	0%	16%	0%	36%	48%	100%

From the findings, the researcher found that 0/31 (0%) strongly agreed, 5/31 (16%) agreed, 0/31 (0%) uncertain, 11/31 (36%) disagreed and 15/31 (48%) strongly disagreed.

All in all 5/31 (16%) agreed while 26/31 (84%) disagreed.

The results exhibit that there is disagreement that management is not committed on cost control policies implementation.

(iv) Other challenges being faced by ZPC Kariba in cost control policy implementation.

Table 4.9.4: Other challenges being faced by ZPC Kariba in its cost control policy implementation

Challenges	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
(i) Lack of qualified personnel	0	3	2	15	11	31
Percentage	0%	10%	6%	48%	36%	100%
(ii) Fear of job losses	7	10	3	7	4	31
Percentage	23%	32%	9%	23%	13%	100%

The findings of the research are indicated in the following fig 4.14

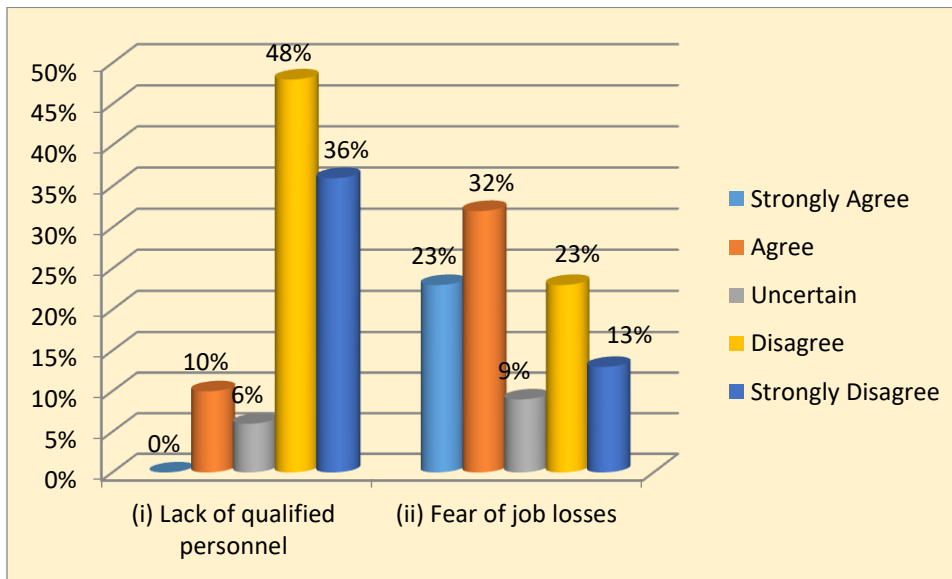


Fig 4.14: Responses to challenges being faced in cost control policy implementation

(i) Lack of qualified personnel

From the findings 0/31 (0%) strongly agreed, 3/31 (10%) agreed, 2/31 (6%) uncertain, 15/31 (48%) disagreed and 11/31 (36%) strongly disagreed.

Overallly 3/31 (10%) agreed whilst 28/31 (90%) disagreed.

The results depict that there is disagreement on lack of qualified personnel.

(ii) Fear of job losses

Findings on fear of job losses are 7/31 (23%) strongly agreed, 10/31 (32%) agreed, 3/31 (9%) uncertain, 7/31 (23%) disagreed and 4/31 (13%) disagreed.

All on all 17/31 (55%) agreed whilst 14/31 (45%) disagreed.

The results point that there is agreement on fear of job losses.

4.10 Reviews of controls on Cost Control policy implementation

Table 4.10.1: Feedback on review of controls on cost control policy implementation

Factor	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
(i) Controls are reviewed regularly	14	11	4	2	0	31
Percentage	45%	36%	13%	6%	0%	100%
(ii) Feedback is given to subordinates.	11	10	5	5	0	
Percentage	36%	32%	16%	16%	0%	100%
(iii) Immediate communication of areas of concern.	7	11	3	6	4	31
Percentage	23%	35%	10%	19%	13%	100%
(iv) Employees allowed to participate suggesting actions and solutions	8	12	0	8	3	31
Percentage	26%	38%	0%	26%	10%	100%
(v) Reviews done in groups, departmental and individual level.	10	8	5	7	1	31
Percentage	32%	26%	16%	23%	3%	100%
(vi) Departmental performance reviews results displayed	0	7	3	12	9	31

Percentage	0%	22%	10%	39%	29%	100%
(vii)Cost control policies cost reviews and actions on them	6	8	8	7	2	31
Percentage	19%	26%	26%	23%	6%	100%

(i) Reviews on cost control policy controls being done regularly

From the findings 14/31 (45%) strongly agreed, 11/31 (35%) agreed, 4/31 (13%) uncertain, 2/31 (7%) disagreed and 0/31 (0%) strongly disagreed in relation to regular review of cost control policy controls.

Overallly 25/31 (81%) agreed whilst 6/31 (19%) disagreed.

The results depicts that regular review of controls are being done.

(ii) Feedback given to employees

The researcher found that 11/31 (36%) strongly agreed, 10/31 (32%) agreed, 5/31 (16%) uncertain, 5/31 (16%) disagreed and 0/31 (0%) strongly disagreed.

Altogether 21/31 (68%) agreed whilst 10/31 (32%) disagreed.

The results show that there is agreement that feedback is given to employees when control review is completed.

(iii) Immediate communication of areas where attention is needed urgently

From the findings 7/31 (23%) strongly agreed, 11/31 (35%) agreed, 3/31 (10%) uncertain, 6/31 (19%) disagreed and 4/31 (13%) strongly disagreed.

All in all 18/31 (58%) agreed while 13/31 (42%) disagreed.

The results show that there is agreement that areas where immediate attention is required are communicated with urgency.

(iv) Employees allowed to participate suggesting actions and solutions

The researcher found, 8/31 (26%) strongly agreed; 12/31 (38%) agreed; 0/31 (0%) uncertain; 8/31 (26%) disagreed and 3/31 (10%) strongly disagreed.

On the whole 20/31 (65%) agreed whilst 11/31 (35%) disagreed.

The results depicts that there is an agreement that employees are allowed to participate suggesting actions and solutions.

(v) Reviews done in groups, departmental and individual level.

From the findings 10/31 (32%) strongly agreed, 8/31 (26%) agreed, 5/31 (16%) uncertain, 7/31 (23%) disagreed and 1/31 (3%) strongly disagreed.

As a whole 18/31 (58%) agreed while 13/31 (42%) disagreed.

From the interviews 8/13 (62%) agreed whilst 5/13 (38%) disagreed.

The results show that there is an agreement on reviews being carried in groups, departmental and individual level.

(vi) Departmental performance reviews results displayed

From the findings 0/31 (0%) strongly agreed, 7/31 (22%) agreed, 3/31 (10%) uncertain, 12/31 (39%) disagreed and 9/31 (29%) strongly disagreed.

As a whole 10/31 (32%) agreed whilst 21/31 (68%) disagreed.

From the interviews 6/13 (46%) agreed whilst 7/13 (54%) disagreed.

The results show that there is a disagreement that departmental performance reviews results are displayed in notice boards, emails, etc.

(vii) Cost control policies cost reviews and actions on them

The findings are 6/31 (19%) strongly agreed, 8/31 (26%) agreed, 8/31 (26%) uncertain, 7/31 (23%) disagreed and 2/31 (6%) strongly disagreed.

As a whole 14/31 (45%) agreed whilst 17/31 (55%) disagreed.

Interviews show that 4/13 (31%) agreed whilst 9/13 (69%) disagreed. Remarks expressed that employees were not satisfied on the review of these reports.

The results show that there is disagreement on reviewing and taking action on cost control policy cost reports.

4.11 General information regarding Cost Control policies at ZPC Kariba.

(i) Cost control policies at ZPC Kariba are cost effective.

Table 4.11.1 Summary of responses on the cost effectiveness of cost control policies.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	3	7	6	9	6	31
Percentage	10%	23%	19%	29%	19%	100%

From the findings 3/31 (10%) strongly agreed, 7/31 (23%) agreed, 6/31 (19%) uncertain, 9/31 (29%) disagreed and 6/31 (19%) strongly disagreed.

Overallly 10/31 (32%) agreed whilst 21/31 (68%) disagreed.

From the interviews 2/13 (15%) agreed whilst 11/13 (85%) disagreed.

Results show that there is disagreement that cost control policies at ZPC Kariba are cost effective.

(ii) Future investment in cost control policies by ZPC Kariba.

Table 4.11.2: Responses on future investment in new cost control by ZPC Kariba.

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	20	9	2	0	0	31
Percentage	65%	29%	6%	0%	0%	100%

The detailed information on the findings is also illustrated in fig 4.15.

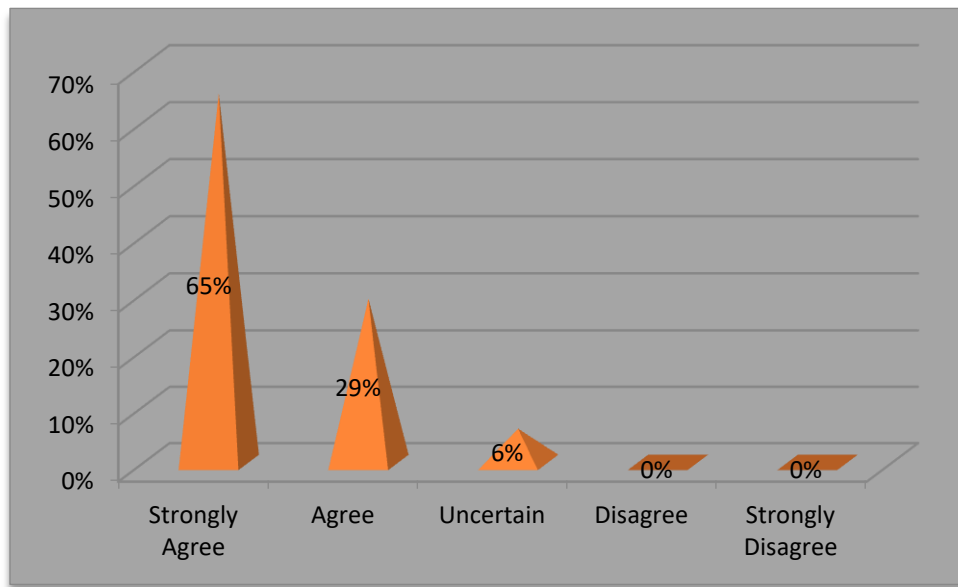


Fig 4.15 Responses of the employees on the investment in new cost control policies by ZPC Kariba.

From the findings 20/31 (65%) strongly agreed, 9/31 (29%) agreed, 2/31 (6%) uncertain, 0/31 (0%) disagreed and 0/31 (0%) strongly disagreed.

As a whole 29/31 (94%) agreed on which 2/31 (6%) disagreed.

The results show that there is agreement ZPC Kariba plans to invest in new cost control policies in future.

(iii) Awarding of promotions to employees who adhere best to cost control standards.

Table 4.11.3: Responses on awarding of promotions

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	2	7	6	10	6	31
Percentage	7%	23%	19%	32%	19%	100%

The researcher found that 2/31 (7%) strongly agreed, 7/31 (23%) agreed, 6/31 (19%), uncertain, 10/31 (32%) disagreed and 6/31 (19%) strongly disagreed.

All in all 9/31 (29%) agreed whilst 22/31 (71%) disagreed.

The results indicate that there is indifference on the awarding of promotions for employees who adhere best to cost control standards.

(iv) Awarding of prizes to employees who adhere best to cost control standards.

Table 4.11.4: Responses on awarding of prizes

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	10	13	0	5	3	31
Percentage	32%	42%	0%	16%	10%	100%

The researcher found that 10/31 (32%) strongly agreed, 13/31 (42%) agreed, 0/31 (0%), uncertain, 5/31 (16%) disagreed and 3/31 (10%) strongly disagreed.

All in all 23/31 (74%) agreed while 26/31 (50%) disagreed.

The results indicate that there is indifference on the awarding of prizes for employees who adhere best to cost control standards.

(v) Independent training for non-educated personnel done by the company.

Table 4.11.5: Responses on independent training for non-educated personnel done by the company

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	3	9	0	9	10	31
Percentage	10%	29%	0%	29%	32%	100%

The findings can alternatively be presented on a graph in fig 4.16.

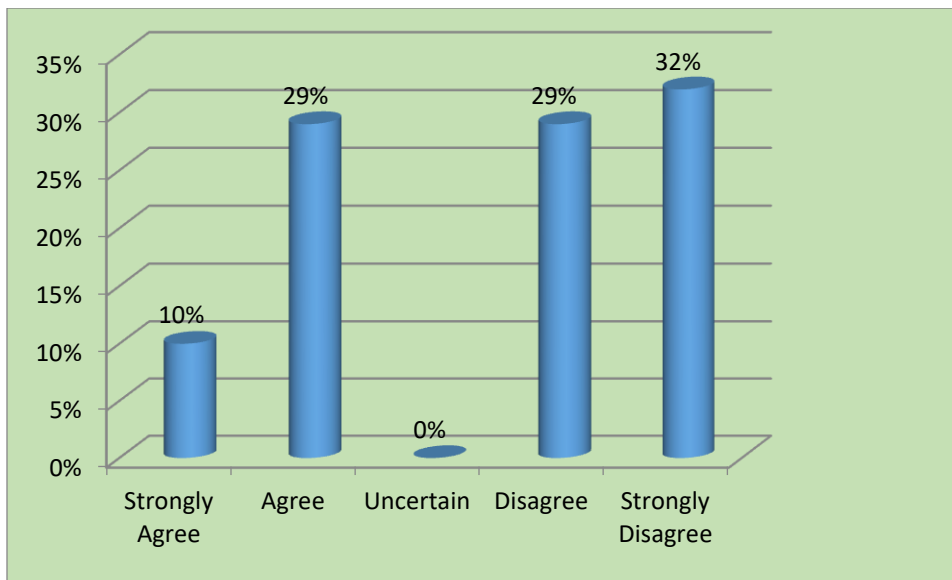


Fig 4.16: Responses on independent training for non-educated personnel done by the company

From the findings 3/31 (10%) strongly agreed, 9/31 (29%) agreed, 0/31 (0%) uncertain, 9/31 (29%) disagreed and 10/31 (32%) strongly disagreed.

Totally 12/31 (39%) agreed whilst 19/31 (61%) disagreed.

From the interviews 3/13 (23%) agreed whilst 10/13 (77%) disagreed.

The results indicate that there is disagreement on training for the non-educated personnel.

(vi) ZPC Kariba should continue using cost control policies?

Table 4.11.6: Responses on whether ZPC Kariba should continue using cost control policies

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of responses	8	15	4	4	0	31
Percentage	26%	48%	13%	13%	0%	100%

The detailed information on the findings is also illustrated in fig 4.17.

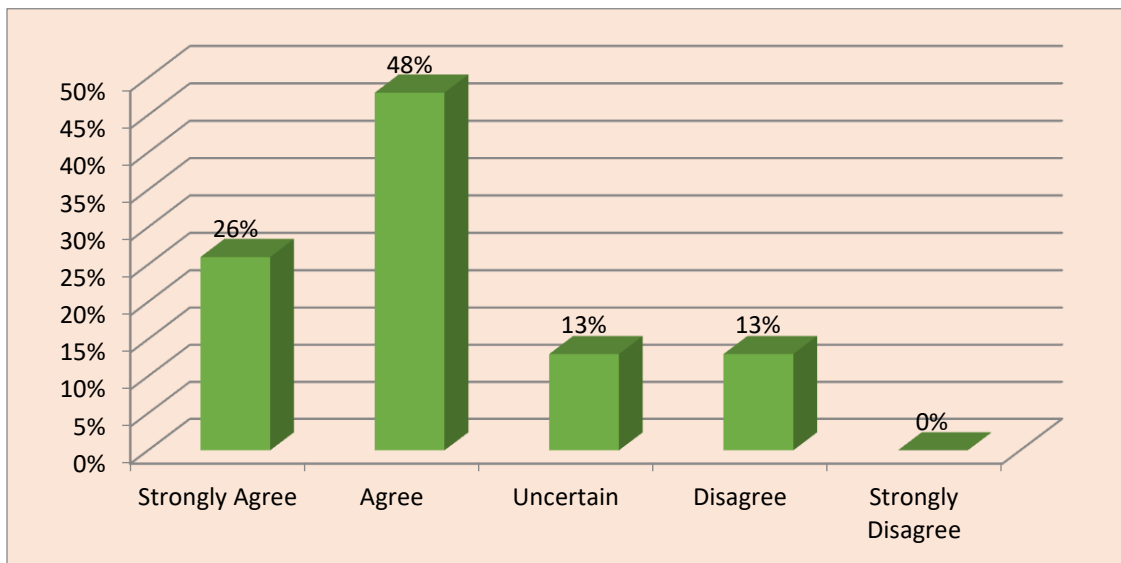


Fig 4.17: Responses on whether ZPC Kariba should continue using cost control policies

From the findings 8/31 (26%) strongly agreed, 15/31 (48%) agreed, 4/31 (13%) uncertain, 4/31 (13%) disagreed and 0/31 (0%) strongly disagreed.

On the whole 23/31 (74%) agreed when 8/31 (26%) disagreed.

From the interviews 9/13 (69%) agreed whilst 4/13 (31%) disagreed.

Conclusively there is agreement that ZPC Kariba should continue using cost control policies.

4.12 Best practices

Table 4.12: Responses on best practices

Factor	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree	Total
(i) Responsibility Accounting	8	9	7	5	2	31
Percentage	26%	29%	23%	16%	6%	100%
(ii) Procurement cost reduction	2	8	9	9	3	31
Percentage	6%	26%	29%	29%	10%	100%
(iii) Improved communication	1	7	12	7	4	31
Percentage	3%	23%	39%	23%	12%	100%

The detailed information on the findings is also illustrated in fig 4.18.

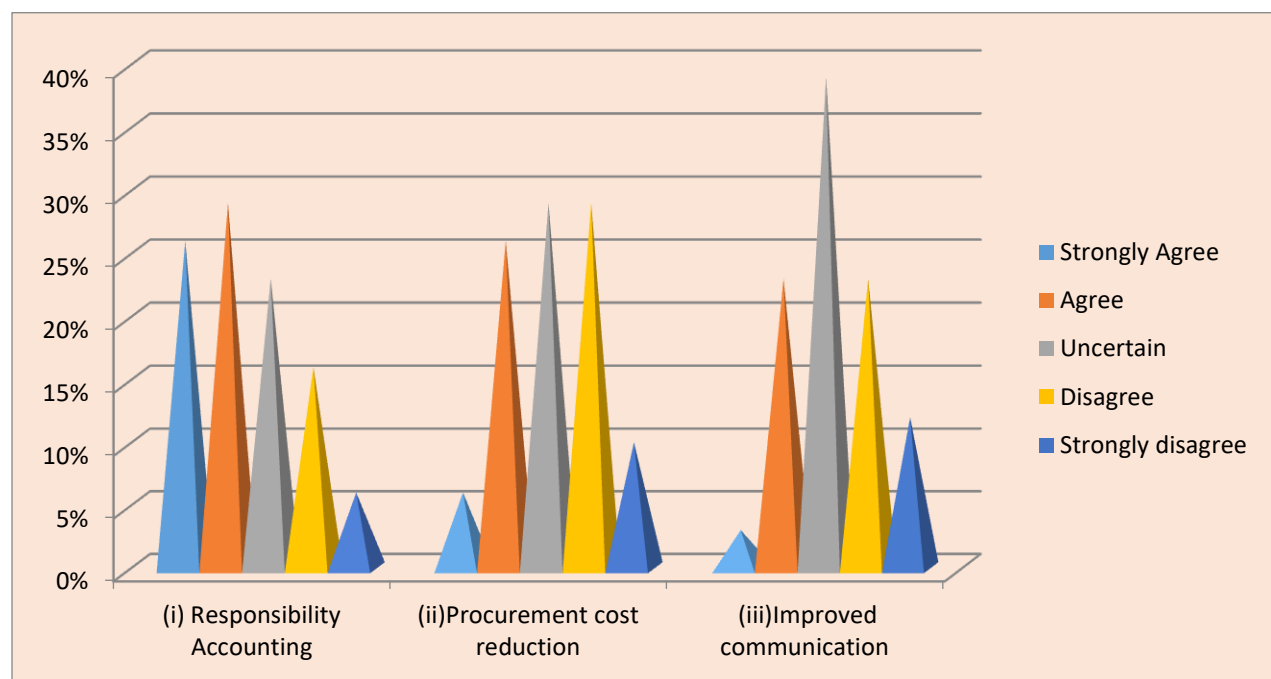


Fig 4.18: Responses on practices that can enhance cost control

(i) Responsibility Accounting

Findings in table show that 8/31 (26%) strongly agree, 9/31 (29%) agree, 7/31 (23%) uncertain, 5/31 (16%) disagree, 2/31 (6%) strongly disagree.

As a whole 17/31 (55%) agreed while 14/31 (45%) disagreed

The interviews show that 8/13 (62%) agreed on which 5/13 (38%) disagreed. Comments showed that responsibility accounting enhances cost control.

The results indicate that there is an agreement that responsibility accounting enhances cost control.

(ii) Procurement cost reduction

From the findings 2/31 (6%), 8/31 (26%) agree, 9/31 (29%) uncertain, 9/31(29%) disagree, 3/31 (10%) strongly disagree.

As a whole 10/31 (32%) agreed while 21/31 (68%) disagreed.

From the interviews 3/13 (23%) agreed whilst 10/13 (77%) disagreed.

The results show that there is a disagreement that procurement cost reduction enhances cost control.

(iii) Improved communication

From the findings 1/31 (3%), 7/31 (23%) agree, 12/31 (39%) uncertain, 7/31(23%) disagree, 4/31 (12%) strongly disagree.

Overally 8/31 (26%) agreed whilst 23/31 (74%) disagreed.

The interviews show that 6/13 (46%) agreed on which 7/13 (54%) disagreed. Comments showed that respondents disagree that improved communication enhances cost control.

The results show that there is a disagreement that improved communication enhances cost control.

4. 10 Summary

The chapter concentrated on the presentation and analysis of study findings. The findings were presented in tables, pie charts and column graphs. The proceeding chapter concentrates on chapter summary conclusions, major research findings, recommendations and suggestions for future study.

CHAPTER FIVE

FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The previous chapter focused on data presentation and analysis. This chapter focuses on presenting a summary of the study, drawing conclusions of the findings and making recommendations to the users on other studies as well as suggestions for future research and the summary. The weaknesses the researcher observed were used to draw up recommendations and possible improvements.

5.1 Chapter Summaries

Chapter one focused on the background of the study where the study was driven by the increase in operational costs during the period of 2011 to 2013 at ZPC Kariba. The research was then developed to analyse the success of the cost management practices as tools for controlling costs. The chapter also covered the background to the problem, statement of the problem, main research questions, sub research questions, research objectives, significance of the study, delimitations of the study, limitations of the study, assumptions, abbreviations, definition of terms and summary.

In chapter two, literature review was done to align the research with related literature from different authors and scholars which were reviewed to get an in depth acquaintance and understanding of the effectiveness of the cost control measures as cost reduction techniques. The chapter presented the cost control implementation guidelines, adequacy of personnel to implement cost control guidelines, challenges faced in implementing cost control policies, controls in place over cost control policy implementation and the best practice in cost control at ZPC Kariba.

Chapter three presented the research methodology used to gather data. The sample was selected from ZPC Kariba staff. In addition to primary data, secondary data was also collected as the research examined the intensifying costs between the periods under study. In an effort to lobby this information, the researcher conducted selected interviews, employed questionnaires and

analysed the company's financial operations. A sample size of forty two and thirteen was used for questionnaires and interviews respectively.

Lastly, in chapter four the data findings were presented, interpreted and analysed. The questionnaires scored a response rate of 74% success while interviews were 100% successful. The data findings were presented questions by question on the basis in which the expansive headings in the sub research questions were given. Tables, pie charts and graphs were used to present research findings.

5.2 Major findings.

The researcher came up with the following finding during the course of the study;

- There is existence of a cost control policy at ZPC Kariba. The cost control policy is formally documented and communicated to new personnel, management and subordinates. Nevertheless, clarification of the cost control policy is not given to employees for better understanding.
- Cost control policy implementation guidelines are present at ZPC Kariba while the policy implementation guidelines are not documented. Financial usage guidelines are neglected at ZPC Kariba.
- There are adequate personnel to implement the cost control policy at ZPC Kariba. Nevertheless, there is no presence of a Representative Committee to implement the cost control policy and no senior supervisor to manage the activities of the implementing committee. Financial resources for cost control implementation are also adequate and employees undergo a cost control re-induction after a certain period.
- Controls over cost control policy implementation are present at ZPC Kariba. These include the preparation and review of cost control expenditure budgets by responsible personnel. Nevertheless, there are no authorization limits on certain levels of cost control policies expenditure. Forecast cost control expenditure budgets are no prepared in prior periods for management analysis. The controls on the cost control policy implementation are evaluated by an independent committee. However, evaluations of the policy are not regularly done for cost effectiveness. Budgeted cost control expenditure budgets are compared with actual budgets for variance analysis and cost control at ZPC Kariba. Interviews are not used for cost control policy evaluation.

- There are challenges associated with cost control policy implementation at ZPC Kariba and these include fear of job losses and resistance from employees. Nevertheless, there is no problem on the availability of resources for policy implementation, cost control personnel are qualified and management is committed to the implementation of these policies.
- Responsibility accounting reduces the operational costs at ZPC Kariba. Procurement cost reduction and target costing are not effectively reducing costs.

5.3 Conclusion

The research focused on the investigation of cost management practices at ZPC Kariba. The aim of the research was to come up with practical recommendations that would enable ZPC Kariba to reduce its operational costs.

5.4 Recommendations

- The organisation should establish a different committee that will furthermore give details and help on the requirements of the cost control policy and clarifying to all the employees what this cost control policy is meant to accomplish and the benefits that will accrue from compliance by them and the organisation. Machin S (2012) supported this when he said a cost reduction committee should be established.
- The organization should document the policy implementation guidelines as well as merging policy financial usage guidelines with other cost control policy implementation guidelines so that implementers will work within limits on the money to be spend per cost control policy. The organisation should ensure that prioritising cost control policies should place in line with their cost effectiveness not merely with their risk levels.
- There should be segregation of duties in respect of the certain levels of authorization on cost control policies expenditures. Different managers of different management levels should be assigned to authorize different amounts of expenditures. Forecast cost control expenditure budgets should be prepared in prior periods for management analysis.
- The researcher recommends that fear of job losses and resistance from employees is caused by poor communication. ZPC Kariba must introduce various ways of communication for cost control related information which will enable every employee despite their levels on the organizational pyramid to get the information instantly.

Departmental performance review results should be displayed on notice boards or emails and reviews on the costs incurred on cost control policies must be done and reported for action.

- The organization should reward the employees for job well done by promoting them accordingly to motivate them. This was supported by Machin S (2012) who said that employees should be rewarded for job well done and should know how the company has been successful as a result of their efforts. The organisation should do special training and seminars for non-educated and less advantaged staff. An organisation have all different types of personnel whom all are of equal importance to it. This is supported by Bragg & Englewood (2007) who said that training assures that the system is fully operational and has been accepted by the users.
- The organization should put in place other cost control techniques. According to Bragg S (2010) if a cost control technique is failing to reduce cost it must be changed and a better technique implemented.

5.5 Suggestions for future research

A further examination is recommended on other cost control measures and their impacts to the entity as a whole.

5.6 Summary

The chapter dealt with the chapter summaries, major research findings, conclusion, recommendations, and suggestions for future research.

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APPENDIX 1

COVER LETTER



**Midlands State
University**

Our Hands, Our Minds, Our Destiny



Midlands State University
Faculty of Commerce
Department of Accounting
P Bag 9055
Gweru
29August 2014

THE FINANCE MANAGER

ZPC Kariba

P O Box 2018

Kariba, Zimbabwe

Dear Mr.SNgirazi

RE: APPLICATION FOR PERMISSION TO CARRY OUT AN ACADEMIC RESEARCH

My name is Nelson Zhandah. I do hereby apply for permission to carry out a research on a topic **“An investigation of cost management practices at ZPC Kariba.”** The research is a

requirement in fulfilling a Bachelor of Commerce Degree in Accounting that I am currently doing at Midlands State University.

I promise that information obtained in the study will be kept confidential and will be used for academic purposes only.

Hopefully you will consider my application.

Yours faithfully

Nelson Z Zhandah (R104118X)

APPENDIX 2

QUESTIONNAIRE



Established 2000

**Midlands State
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Questionnaires for ZPC Kariba employees and Management

Dear respondent

My name is Nelson Zhandah, a final year student doing B Com Accounting Hons Degree at Midlands State University. I am carrying out a research titled “**An investigation of cost management practices at ZPC Kariba.**” May you kindly assist me in answering the following questions attached to this letter. You are kindly advised of your honesty when answering them. The information will be treated as confidential and will be used for academic purposes only.

Instructions

- 1. Do not write your name on the questionnaire.**
- 2. Show response by ticking the respective answer box and fill in the relevant spaces provided.**

Questions

Personal Questions

1. **Gender:** Male Female

2. **Department of operation**

Finance Admin & H.R Operations Electrical Maintenance

Others (specify).....

3. **Level of Education**

'A' Level Certificate Diploma Degree Masters

Others (specify)

4. **The following is in regard to ZPC Kariba cost control policy.**

	Strongly agree	Agree	Uncertain	Disagree	Strongly Disagree
(i) ZPC Kariba has a cost control policy in place					
(ii)The policy is formally documented.					
(iii)The cost control policy is communicated to management.					
(iv)The cost control policy is communicated to subordinates.					
(v)The cost control policy is communicated to new personnel.					
(vi)Clarification is given to employees for better understanding on the cost control policy.					

5. **Information regarding cost control policy implementation guidelines.**

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
(i) There are cost control policy implementation guidelines at ZPC Kariba.					
(ii)The policy implementation guidelines are documented.					
(iii)Financial usage guidelines are also available for these cost control policies.					

6. **The following information confirms the availability and adequacy cost control personnel at ZPC Kariba**

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
(i)A Representative Committee is present to implement the cost control policy.					
(ii)A Senior cost control supervisor helps the committee in implementing the policy.					
(iii)ZPC Kariba retrain its cost control personnel for new developments in the cost control policies.					
(iv)Financial resources are available to help the Committee implement the cost control policy.					
(v)All ZPC Kariba employees undergo cost control re-induction after a certain period					

7. The organization's Cost Control policy implementation includes the following information with regard to existence of controls.

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
(i)Cost Control policy implementation controls are in place at ZPC Kariba.					
(ii)Controls over cost control policy are clearly defined as well as responsibility areas.					
(iii)Cost control policies are authorized by responsible personnel before they are implemented.					
(iv)Cost reports for cost control policies are prepared and reviewed regularly by responsible personnel.					
(v)There are different levels of authorization limits on certain levels of cost control policies expenditure.					
(vi)Forecast cost control expenditure budgets are prepared in the prior period.					

8. The following information relates to the evaluation controls of ZPC Kariba Cost Control policy.

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
(i)An independent committee evaluates controls on implementation of the cost control policy at ZPC Kariba.					

(ii)Evaluation of the policy is done regularly.					
(iii)A cost control policy is evaluated for cost effectiveness before it is implanted.					
(iv)Actual cost control expenditure budgets are compared with budgeted for variance analysis.					
(v)Financial records are used for cost control policy evaluation.					
(vi)Interviews are used for cost control policy evaluation.					
(vii)Observations are used for cost control policy evaluation.					

9. The company is facing the following challenges in Cost Control implementation.

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
(i)Resistance from some employees.					
(ii)Lack of resources for policy implementation e.g financial, time and others					
(iii)Poor managerial commitment on cost control policies.					
(iv)Lack of qualified personnel.					
(v)Fear of job losses					

Anyother (specify).....

.....

10. Information relating to the reviews of controls on Cost Control policy implementation at ZPC Kariba is as follows.

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
(i)Reviews are done regularly over controls on cost control policy implementation.					
(ii)Feedback is given to subordinates after every policy review process is completed.					

(iii)Areas where immediate action is required are communicated immediately.					
(iv)Employees are allowed to participate in suggesting possible actions and solutions.					
(v)Reviews on cost control are done at group, departmental and individual level.					
(vi)Departmental performance review results are displayed on notice boards, emails etc					
(viii)Reviews on the costs incurred on cost control policies are done and reported for action.					

11. The following information generally relates to the Cost Control policies at ZPC Kariba.

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
(i)Cost control policies at ZPC Kariba are cost effective.					
(ii)ZPC Kariba has plans of investing more in cost control policies in future.					
(iii)Promotions are awarded to employees who adhere best to cost control standards					
(iv)Prizes are awarded to employees who adhere best to cost control standards.					
(v)Independent training for non-educated personnel is held by the company.					
(vi)ZPC Kariba should continue using cost control policies?					

Any other (Specify).....

12. The following practices can enhance cost control

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(i) Responsibility Accounting					
(ii) Target costing					
(iii) Procurement cost reduction					
(ii) Vertical integration					
(iii) Improved communicatione.g E-commerce					
(v) Optimizing overheads					

Any other (specify).....

End of questions

Thank you for your cooperation

Nelson Z Zhandah (R104118X)

APPENDIX 3

INTERVIEW GUIDE



**Midlands State
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Interview Guide: Questions to ZPC Kariba employees and Management

1. What is the firm’s cost control policy?
2. What are the cost control implementation guidelines?
3. Is personnel adequate to implement the cost control guidelines?
4. What are the challenges faced in implementing cost control policy?
5. What are the measures that can be put in place to counter the associated challenges?
6. Do you review your cost control system?

7. What controls are in place over cost control policy implementation?
8. What would be the best practice in cost control at ZPC Kariba?

End of questions

Thank you for your cooperation

Nelson Z Zhandah (R104118X)