

MIDLANDS STATE UNIVERSITY



FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

**TOPIC: AN INVESTIGATION OF THE EFFECTIVENESS OF COST CUTTING
MEASURES IN THE TOURISM AND HOSPITALITY BUSINESS. CASE OF THE
VICTORIA FALLS HOTEL**

BY

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS OF BACHELOR OF COMMERCE ACCOUNTING HONOURS
DEGREE**

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The undersigned certify that they have supervised and recommended to the Midlands State University a project entitled: *AN INVESTIGATION OF THE EFFECTIVENESS OF COST CUTTING MEASURES IN THE TOURISM AND HOSPITALITY BUSINESS. CASE OF THE VICTORIA FALLS HOTEL.*

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Case of The Victoria Falls Hotel

DEGREE TITLE: Bachelor of Commerce Accounting Honours Degree

YEAR THIS DEGREE GRANTED:2018

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ACKNOWLEDGEMENTS

First and foremost I would like to thank the Almighty God for seeing me through this far. Profound thanks also go to my supervisor, Mr Kazembe for the time, guidance and support he gave me throughout the entire dissertation. I would also like to extend my appreciation to the people I worked with at The Victoria Falls Hotel for granting me the permission to carry out this study.

Furthermore I would like to thank my parents for the financial support and my family, Mr Mazhindu and friends for the moral support they gave me during my project. Lastly my gratitude goes to my girlfriend Mirriam Chimbima helping me in all areas of life.

ABSTRACT

The study was carried out to analyse the effectiveness of cost cutting measures and problems hindering their effectiveness at The Victoria Falls Hotel. The need for the research emanated from the hotel increasing costs in the past years, there been variances between projected capital and operational costs and the actual costs. The research method used was a case study and questionnaires and interviews were used as primary data gathering instruments and financial statements were used as secondary data. The sample size used consisted of 31 respondents of which 28 responded to questionnaires and 3 responded to interviews. Tables were used to present data gathered, graphs, pie charts and bar charts were used to analyse data, and interviews were summarised. The major findings of the study showed that the hotel has not implemented all cost cutting measure to tackle the rising challenge, and these include lean approach, automation of systems and ABC system. The research recommended the implementation of the ABC costing and lean approach, automation of systems, use of LED lights and recycling of plastic materials it will significantly cut costs. The research further recommended introduction of involvement of employees in cost cutting measures and research and development in cost cutting measures as these were found to be hindering effectiveness of cost cutting measures

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This proposal will deal with the important aspects of the research project. This proposal will deal with the important aspects of the research project. It will lay out the background of study the project, statement of the problem highlighting the main objectives of the study. The researcher will also look at the significance of the study, scope of the study, assumptions and also the merits and demerits of carrying out the study. This will act as a guideline to the project considering why it is necessary to study the effectiveness of the use of cost cutting measures at the Victoria Falls Hotel.

1.1 Background to the study

According to Samozsuk (2015), operational costs in hotel business has become a problem. Some of the reasons cited are, hotels engage in technological advancements and it comes with costs. For example, increasing Wi-Fi speeds and checking in online. Hotels have to change hardware and software to make their systems are compatible. The Victoria Falls Hotel (TVFH) is currently paying increasing fixed and variable costs of internet data usage. During a meeting in December 2016 with Accounting Staff including the hotel Financial Controller, increased costs was a problem discussed and the cost cutting measures to rectify the issue.

Due to cash shortages and recent inflation following the introduction of bond notes to reduce liquidity crisis, TVFH costs has risen over the past three years. Commodity prices have risen gradually, for instance cleaning supplies. Table 1.1 below show the total cost of cleaning supplies expenses per annum over the past three years.

Table 1. 1 COST ANALYSIS TABLE FOR CLEANING SUPPLIES

YEARS	2015	2016	2017
BUDGETED COST	120000	120000	120000
ACTUAL COST	132,159	135,680	137,710
VARIANCE	(12159)	(15680)	(17710)

SOURCE: Operation expenditure sheet (OPEX) 2015-2017

Table 1.1 above shows total actual costs for cleaning supplies from 2015-2017 against the budgeted cost. The statistics show an increase of actual cost each year. Table 1.1 shows that the actual costs of cleaning supplies of \$132,159 in 2015 have increased to \$137,710 in 2017. The variances between budgeted costs and actual costs have increased with an amount of \$5,551. This gives rise to the investigation of cost cutting measures to rectify the problem used by TVFH.

In January 2017, the Financial Management raised concerns in the increase of operational costs of the hotel. Other concerns raised were about how these costs increase were affecting the financial performance of TVFH. This increase of costs was not directly relating to the increase of revenue as the room prices for accommodation was fixed. As the revenue was staying constant, the profit margin was decreasing. The implementation of other cost cutting measures used can harm the reputation of the company and morale of the hotel employees. For example, lay-offs and reduction in salaries dissatisfy employees and affect service delivery to customers. In a publication by Sanchez (2016) of AFK Insider, Zimbabwe-listed hospitality group, African Sun, TVFH parent company has laid off nearly 250 employees citing dwindling tourist numbers, lower room rates and the country's deteriorating economic environment.

Shortages of food and beverages has been a problem of recent times. Some of the food stuff end up decaying and wasted which is a loss to the hotel. The procurement team at TVFH during the period of 2016 to 2017 held many meetings in this regard trying to tackle the problem. TVFH has a problem of delay of movement of stock due to lagging in the processing of inventory paperwork, which reduces the quality of service delivery and increase in costs. Some shortages in operational stocks like cleaning and supplies have seen the hotel buying from far away suppliers, for example

Holler Trading (Ltd) from South Africa. These purchases come with increased costs, which include customs duty and carriage costs.

Cost cutting measures are necessary to ensure that the hotel's economic resources are used effectively and efficiently in pursuit of its goals. Therefore, through this research, it is an attempt to ascertain the effectiveness of cost cutting measures at The Victoria Falls Hotel.

1.2 Statement of the problem

The increase in operational overheads has recently grown at The Victoria Falls Hotel. Some departments have become less profitable causing other departments and units to share the burden. Another problem is that use of cost cutting measures harm the reputation of the company and morale of the hotel employees, for example lay-offs and reduction in salaries. This research's aim is to look at the effectiveness of cost cutting measures. The research's aim is also to establish and recommend measures to reduce costs while increasing profitability without compromising the quality of service delivery.

1.3 Objectives of the study

- To identify the cost drivers at The Victoria Falls Hotel.
- To identify which cost cutting measures have been used by The Victoria Falls Hotel.
- To analyse the effectiveness of cost cutting measures at The Victoria Falls Hotel.
- To establish problems hindering the effective implementation of cost cutting measures.
- To suggest recommendations on effective cost cutting measures to The Victoria Falls Hotel.

1.4 Research questions

- Which are the cost drivers at TVFH?
- Which cost cutting measures were implemented at TVFH?
- To what extent are the cost cutting measures effective at The Victoria Falls Hotel?
- What are the problems hindering the effective implementation of cost cutting measures?
- Which cost cutting measures are recommendable for The Victoria Falls Hotel?

1.5 Significance of the study

To the researcher

The study helps the researcher to fulfil the requirements of Bachelor of Commerce Accounting (Honours) Degree. The study also helps the researcher to gain more knowledge about the use and importance of cost cutting measures in tourism and hospitality.

To Midlands State University

To help students at Midlands State University to learn and get more expertise about the essentials of cost cutting measures in the tourism and hospitality sector.

To The Victoria Falls Hotel

The study seeks to help Zimbabwean hotels, especially The Victoria Falls Hotel, to use cost cutting measures (CCMs) in different intended purposes.

1.6 Assumptions

The researcher carried out the study assuming that all staff involved have basic knowledge about cost cutting measures. The staff that will provide data will be truthful and honest.

1.7 Delimitations

- The research was done by collecting data from TVFH in Victoria Falls town in Zimbabwe.
- The study focused on Hotel and Jungle Junction Restaurant of TVFH.
- The researcher will target the accounting staff, other line managers and supervisors.
- The research will cover 2015 to 2017.

1.8 Limitations

Some respondents could not reveal data. For instance, the problems they face in their area departments of the organisation because of fear of the unknown. However, the researcher emphasized that the data needed was only for academic purposes.

1.9 Definition of terms

Cost cutting measures – Cost cutting refers to measures implemented by a company to reduce its expenses and improve profitability. (<http://investopedia.com> 03.03.2018; 5.18pm).

Cost reduction

‘A process of reducing total cost through different innovations’(<http://accountlearning.blogspot.com> 13.03.2018; 5.18pm).

Cost drivers – According to Bragg (2017), a cost driver triggers a change in the cost of an activity. The concept is most commonly used to assign overhead costs to the number of produced units.

Cost -is the amount or equivalent paid or charged for something (<http://merriamwevster.com>, 02.03.2018 0945hrs).

1.10 Abbreviations

TVFH – The Victoria falls hotel

CCM- Cost cutting measures

1.11 Summary

This chapter shows the introduction, background of the study, statement of the problem, purpose of the study, research questions, significance of the study, and assumptions to the study, scope of the study, limitations to the study, abbreviations and a summary of the study.

Chapter 2 Literature review

2.0 Introduction

In chapter one the author was introducing the area of research. In chapter two the author will focus on literature review, reviewing views and opinions of other authors, scholars and researchers ([https:// www.rlf.org.uk](https://www.rlf.org.uk) 22.03.18; 2109hrs). The research will be on the effectiveness of cost cutting measures in the Tourism and Hospitality industry. The researcher will gather information from different sources such as journals, e-books, research papers and websites.

2.1 Identification of Cost drivers

2.1.1 What is a cost driver?

Way (2018) defined cost drivers as the characteristics of events that cause a hotel to incur costs. He added that by analysing cost drivers, hotels could understand better the relationships between costs incurred and the events that cause them. An activity cost driver is a factor contributes to the expense of certain firm operations (<https://www.investopedia.com> 17.03.2018; 1901hrs). Bragg (2017) emphasized that what triggers the cost in an activity is the cost driver. The concept applies to assign overheads to the number of produced units.

Table 2.1 below is a list of activities and their cost drivers in the tourism and hospitality sector.

Table 2.1: ACTIVITIES AND COST DRIVERS OF TOURISM AND HOSPITALITY

Activity	Cost drivers
Direct Labor	Labor hours
Cleaning and maintenance	Number of runs
Running machines	Machine hours
Handling and storage	Number of orders received
Inspection	Number of inspections

Source: (<https://mercureace2013.files.wordpress.com> 17.03.2017; 1137hrs) and (<https://www.cliffsnotes.com> 17.03.2017; 1137hrs)

Table 2.1 cost activities and cost drivers explained below.

- Direct labor: It is the workforce needed to run a business
- Cleaning and maintenance: Many businesses need cleaning supplies and cleaning services in order to conduct business.
- Running machines: Sometimes products have specific machines to produce them. For instance, sparkling water making machine and the cost driver of the number of runs or machine hours.
- Handling and storage: if a company needs to store its products, it may have to pay for that storage. If a company needs to get its products moved by hand or machine it has to pay employees or companies to handle products through machines or hands.
- Inspection: is driven by the number of inspections incurred by an organisation.

Source. (<https://www.study.com> 19.03.2018; 1235hrs)

2.1.2 Essence of identifying cost drivers

For services companies to achieve their cost cutting goals, it is important for them to first identify their cost drivers (<http://www.managegov.org> 18.03.2018; 0248hrs). KPMG (2015) cited that the cost driver analysis have an impact in management cost structure so that they prioritise cost savings. CIMA (2017) stipulated that cost drivers identification is important because it provides the competencies needed to analyse and properly manage costs to support the implementation of organization strategy. However, the cost driver identification alone does not solve the problem of cost increase, the Cost Management have to come up with ways to reduce the costs, thus cost cutting measures (<http://www.managegov.org> 18.03.2018; 0248hrs).

2.2 Cost cutting measures

The purpose of cost cutting measures is to save on costs incurred on labor, materials and other overheads in a hotel (<http://www.accountlearning.blogspot.com> 20.03.2018; 1720hrs). Altaman (2015) emphasized that cost cutting measures are necessary for services competitiveness on the market and to improve financial performance.

The cost cutting measures widely used in hotels and restaurants are JIT system, TQM, Outsourcing, Leasing; Activities based costing (<http://accountlearning.blogspot.com> 21.03.2018; 1400hrs). In addition, other ways to reduce hotel costs include labor management system,

procurement cost management and automating offices (<http://www.hoteleffectiveness.com>
21.03.2018; 1429hrs)

2.2.1 Effectiveness of cost cutting measures

Outsourcing

Sheththa (2017) defined outsourcing as a cost effective measure, widely used in today's service industries including hotels. He added that hotels give their some of their work to other companies to be done for them. Burcki (2017) also defined outsourcing as the contracting out of processes and other tasks that was originally performed by workforce within a hotel to another firm for specified period of time and amount.

Outsourcing was found effective by Sheththa (2017) because it cuts cost of training and recruitment and it produces results faster. In addition, it overcome fluctuation in work place and tap talent while managing risk. Outsourcing is an effective cost cutting measure in hotels because it caters for some functions that need large outlay of money and materials, which may be unavailable. For example, outsourcing carpet cleaning services than buying machines to carry out the exercise (Burcki 2017). ACCA (2015) stipulated that organisations that outsource gain economies of scale, including expertise and machinery advanced in technology.

However, although outsourcing of work has many benefits, Sheththa (2017) mentioned that managers need to be careful when outsourcing their work. In addition, the company must improve their relationship with their vendor through rewards when they increase in performance. Firms outsourcing find outsourcing ineffective because of unexpected costs due to substantial additional charges for extra works (ACCA 2015).

Mpwanya and Heerden (2017) have concluded in their report that South African service industries reduce costs by outsourcing thus reducing OPEX and CAPEX expenditure. In conclusion, outsourcing as a cost cutting measure is effective largely in tourism and hospitality industry because it reduces innovation related costs of research and development (Sheththa 2017). However, the supplier can manipulate the outsourcer through overcharging them on produced that are worth less (ACCA 2015).

Just In Time (JIT)

In tourism and hospitality there is urgent need for goods to be delivery to customers effective, therefore Just in time measure is implemented to increase the speed of the service delivery, while reducing inventory related costs (<http://www.lancer.com> 20.03.2018; 0835hrs). Aradhye and Kallurka (2014) stipulated that the purpose of JIT is to eliminate waste and cost reduction. They defined waste as everything not adding value to the service or product. The purpose of JIT is to have the goods and services supplies a hotel needs at the exact time that they are ready for use. In order to accomplish this goal of JIT, a hotel must constantly innovate to reduce waste and enhance value addition (<http://www.businessmanagementib.com> 20.03.2018, 1425hrs).

Just in time is an effective cost cutting measure because of elimination of waste and continuous improvement, with involvement of all employees (<http://www.lancer.com> 20.03.2018; 1500hrs). Various merits like waste reduction, improved efficiency in operations have been observed in restaurants. Therefore, successful implementation of JIT is important to service industries like hotels where guests can make unexpected requests (Aradhye and Kallurka 2014).

Just in time is effective because it makes customer responsiveness quick, operations and services more efficient and cost effective. JIT allows service providers to purchase and receive commodities just before they want to be used, thus relieving service providers of the cost and labor of storage and managing idle inventory. In addition, hotels cut on cost of transportation and use the money tied up in inventory for other purposes, which will in the overall revenue of the hotel (<http://www.businessmanagementib.com> on 20.03.2018, 1525hrs).

However, just in time is less effective because it is demanding in maintaining a relationship with suppliers of goods. The hotel must act as one organisation with their suppliers for effective JIT system, thus supplier partnership (<http://www.lancer.com> 20.03.2018; 1600hrs). The other weakness of JIT is that its processes is risk because the efficient supply chain can be distorted by labor strikes, suppliers closure and legislation issues (<http://www.businessmanagementib.com> 20.03.2018; 0225hrs).

In conclusion, Just in time is an effective cost cutting measure because organisations can refocus their resources towards other important objects than having that money tied up in inventory in store rooms (<http://www.businessmanagementib.com> on 20.03.2018; 1525hrs). However Just in

time is less effective because of demanding of establishment of strong relationships with the suppliers, which is costly and time consuming (<http://www.lancer.com> 20.03.2018; 1600hrs).

Leasing

Equipment leasing is very important for both hotels and restaurant especially in hard economic conditions (<https://insightinequipmentleasing.wordpress.com> 20.03.18; 1225hrs). A lease is an contractual agreement between the lessor (owner of the asset) and the lessee (user of the asset) whereby the lessor allows the use of his assets by lessee for periodical rent (<https://efinance management.com> 20.03.18; 0645hrs).

Leasing equipment is an effective cost cutting measure because service providers can use equipment they cannot afford, for instance, company vehicles can be deducted as a business expense and a leased car presents savings and less hassle. Since lease agreements for company vehicles run for only a few years, businesses can get a new model every so often to fit their business needs, with no cash up front and without the stresses of bringing it to machine shops often for upkeep (<https://insightinequipmentleasing.wordpress.com> 20.03.18, 1225hrs). Leasing is beneficial as a cost cutting measure in hotels because the Zimbabwe Revenue Authority (ZIMRA) does not classify an operating lease as a purchase; but as tax-deductible overhead expense and aslo leasing requires no down payment (<https://www.epiloglaser.com> 21.03.2018, 2145hrs).

However, leasing is not an effective cost cutting measure because lease payments are treated as expenses in Statement of Comprehensive Income (SCI) rather than as equity payments towards an asset and limited access to other loans (<https://efinancemanagement.com> 20.03.18, 1925hrs). Jan (2013) clarified leasing as ineffective because of interest in lease rentals. For example, TVFH has a choice to purchase the car with market value of \$80,000 or lease it out against eight annual payments or \$20,000. In short, the lease rentals do not only include contribution towards the use of asset, they also include a finance cost. In the end, leasing usually costs hotel more than an equivalent loan, if only because hotels are always using a rapidly depreciating asset. If hotels lease one equipment after another, monthly payments go on forever (<https://www.consumerreports.org> 20.03.18; 0752hrs).

In conclusion, Leasing is effective because a hotel does not incur cost related to ownership of assets like renovation, obsolescence and maintenance costs (<https://efinancemanagement.com> 20.03.18, 0645hrs). However, leasing is not an effective cost cutting measure because lease

payments are treated as expenses in Statement of Comprehensive Income (SCI) rather than as equity payments towards an asset. (<https://efinancemanagement.com> 20.03.18, 0725hrs).

2.2.2 Management accounting techniques as cost cutting measures

DeBenedetti (2018) cited that management accounting techniques give hotel managers the tools to measure and increase profitability while lowering operating overheads. According to CIMA (2015), essential tools in management accounting that can be used as cost cutting measures include Activity Based Costing (ABC), Total Quality Management (TQM) and Lean Approach.

Activity Based Costing

CIMA (2014) defined activity based costing as an approach that reduce costs through paying attention to activities, which involves analysis on resource allocation and final services or product cost. In addition, resources are assigned to activities and activities to cost objects. Activity based costing (ABC) is assign overheads to direct cost in an attempt to accurate cost the services or products. The actual consumption of resources by each product or services is how costs are assigned each activity in an organization. (<https://www.brighthub.com> 22.03.18; 1725hrs).

The effectiveness of activity based costing was stipulated by CIMA (2014) when it cited that accurate product or service costing are proved, leading to effective pricing decisions. To add on, it non valuing costly activities are removed though increased understanding of overheads and cost drivers. Through allocating costs per product or service, there is clarification of hotel operations which are not functioning well. ABC system smoothen resource allocation to operations which are effective while eliminating those effective (Rojas 2018). By transferring costs to individual units of products or services, ABC helps identify non profitable and or inefficient products or activities (<https://www.brighthub.com> 22.03.17; 1852hrs).

However, CIMA (2014) cited that hotels must not give too much attention to controlling of activities as this may reduce attention to important strategies. It added that ABC does not solve all costs methods and in cases it does not apply and setting up an ABC system is costly and requires lot of time. The whole process of analyzing business activities needs resources of the hotel, which are note readily available (Rojas 2018). The major demerit of activity based costing is that it is a scientific approach and it is very complex to adopt as a cost cutting measure. Maintaining ABC is resource consuming because it needs constant data collection, data analysis and data maintenance (<https://www.brighthub.com> 22.03.18; 1855hrs).

In conclusion, ABC is an effective cost cutting measure because it helps identify non profitable products or activities that takes up the share of profitability of other efficient products or services (<https://www.brighthub.com> 22.03.18; 1852hrs). However, largely, ABC is ineffective in hotels because of its complexness it requires expertise that can be very costly to hire (CIMA 2014)

Lean approach

Tatsana-iam and Ngaoprasertwong (2013) have described lean approach as an approach used in elimination of waste and non value adding activities during production of goods and delivery of services. In addition, lean production is a cost cutting measure used to reduce costs while increasing profitability. CIMA (2014) cited that lean management is a system adopted from Toyota's lean manufacturing methodology, which aims to reduce waste and eliminate non value adding activities.

According to Tatsana-iam and Ngaoprasertwong (2013), lean approach is very effective because it reduces the processing time in the work stations and this makes it effective cost cutting measure. Anderson (2014) postulated that lean approach aims to reduce errors to reduce costs significantly increasing labor efficiency and removing waste. According to CIMA (2014), the benefits of lean management techniques are that any activity that fails to add value is considered waste and removed. They added that lean approach can result in significant cost savings for the labor intensive hotels, by reducing staffing levels and eliminating errors. However, hotels must avoid compromising on quality.

However, according to CIMA (2014), hotel managers must understand that lean approach is effective though changing mindset and culture of the whole organisation. In addition, efficient changes must be avoided if they compromise on quality. Lean approach is less effective because of the risk which make workers have little margin for error and equipment breaks down or when employees need more than projected labor processes (Kokemuller 2017).

In conclusion, Lean approach is more effective because it improves the value for customers, with less resources (CIMA 2014). Lean approach reduces time consumed in doing work and this makes it effective cost cutting measure (Tatsana-iam and Ngaoprasertwong 2013). However, if lean approach is less effective because it does not leave room for errors which are inevitable and this affects the morale of employees (Kokemuller 2017).

Total Quality Management (TQM)

CIMA (2014) defined TQM as a system of exceeding customer expectations through planning and controlling hotel. In addition, the purpose of TQM to try to complete a process in its first trial to prevent internal and external failure costs. Total Quality Management involves continuous improvement that involves all employees from those charged with governance to floor workers. To add on, the focus of the TQM is to increase hotel guests' services and removing waste in the operations (Kelchner2018).

TQM is an effective cost cutting measure for hotels because of less processing time and improved customer services (CIMA 2014). A Total Quality Management reduces wastes and defects lowering production and services costs in a hotel. In addition, managers analyze activities with aim to remove any loopholes in operations to reduced costs and increase profit (Kelchner2018). Under TQM, there are quality teams with aim to maximize quality in production and services reducing waste (<http://www.essay.uk.com> 22.03.2018; 2225hrs).

However, (CIMA 2014) asserted that TQM techniques must be carefully selected as some can be in conflict with others. Total Quality Management requires change in philosophy in an organisation and ways of conducting operations by the employees of a hotel. In addition, management must carefully communicate TQM techniques to avoid employee resistance (Kelchner2018). TQM is very to implement because there are costs involved which include research and development and staff training (<http://www.essay.uk.com> 22.03.2018; 2229hrs).

TQM in Uganda has enabled the hospitality sector to reduce waste of goods, facilities and time for searching and clean work place, as well raise awareness to employees of staff followed by improvement of job quality and efficiency (<https://www.ncbi.nlm.nih.gov/pmc/articles> 24.03.18; 1556hrs). In conclusion, largely TQM is an effective cost cutting measure because of improved quality in the processes of service delivery and that ultimately reduces overheads cost (CIMA 2014). TQM is less effective because of additional costs that comes with improved quality of processing work which include (<http://www.essay.uk.com> 22.03.2018; 2229hrs).

2.2.3 Other Various Cost Cutting Measures

Automation of Office

According to *Arbuckle* (2017), stationary is still an expense that consumes a lot of money in the services industry even though some companies are digitalized. In addition, the hotels must reduce

use of stationary by using automated methods. The usage of less paperwork at the workplace can cuts costs for a business saves time and improves document security because of automation of offices (<http://www.globalstewards.org> 21.03.2018; 1700hrs). Saving paper can reduce the procurement of paper from paper suppliers thus reducing costs (<http://www.nrdc.org> 21.03.2018; 1000hrs).

Using paper in a hotel gives rise to environmental costs like recycling costs. In addition storage and maintenance costs, copying and printing costs, freight and postages costs are involved (<http://156.98.19.245> 21.03.2018; 0200hrs). An automated office less space and bulky filing cabinets are reduced. In addition, in an automated office, electronic mail replace the need to print and storage and maintenance costs, copying and printing costs, freight and postages costs are reduced, which reduces expenses (Christensen 2018),

However, a paperless system has high risk of system manipulation and cyber theft. According to Christensen (2018), Up-to-date computer hardware and software is essential for a paperless office, so hotels may have to upgrade their systems initially and keep them upgraded. In addition, experts in monitoring computer systems are needed and they come with a cost. Automating an office may cause resistance from employees because their incompetence of computer environment. In addition, the other factor that makes a paperless system less effective is the cost of training and buying new equipment (<https://www.ukessays.com> 20.03.2018 1556hrs).

Labor Management System

Labor management systems are a set of techniques designed to help hotels reduce and control their labor costs (<http://www.hoteleffectiveness.com> 21.03.2018; 1329hrs).Through use of real time notification and technology, human resource managers can avoid labor overage and ultimately reduce labor cost through stopping employees from stealing time (<http://www.livelenz.com> 21.03.2018; 1854hrs). According to Edmunds (2018), cross training staff to make them work in all areas of hotel and scheduling staff efficiently can minimize labor costs by avoiding hiring many employees.

Labor management system is an effective way of reducing costs because by reducing working hours reduce the money paid to employees . In addition lowering employee pay also lowers hotels portion of payroll taxes (Saint 2018). Through lay off, labor management system is effective because it is reduces the amount of wages paid to employees as the amount is cut by the number of laid off employees. Reduced costs include salaries, benefits, rewards and administration costs (<https://yourbusiness.azcentral.com> 21.03.2018; 1523hrs).

According to Lawrence (2017), in tough economic times, laying off of employees reduces labor costs. However, layoffs is ineffective way of reducing cost because of reputation damage and laid off employees leave the company with their skills and expertise which reduces quality. If workers' hours are reduced opportunity cost of lost sales with employees working less. In addition, hotels may lose a potential services to guests if the opportunity arises because less hours are worked (Saint 2018). Layoffs demerit is that severance costs because of severance packages, benefits and administrative overheads. In addition, layoffs have a disadvantage because when a employee loses their job they become emotional stressed (<https://yourbusiness.azcentral.com> 21.03.2018; 1652hrs).

In conclusion, layoff as cost cutting measure is ineffective because of near term severance costs resulting from severance packages and administrative costs (Saint 2018). Another disadvantage hotel face is losing employees with expertise due to their dissatisfaction with their reduced salaries (<https://yourbusiness.azcentral.com> 21.03.2018; 1523hrs)

Procurement cost management

According to McCrea (2013), another effective way to cut cost in service industries is through procurement cost management. This is done through exploring alternative sources of the products or materials. The purpose of procurement cost management is to reduce procurement costs, increase the reliability and supplier relationships, in order to ultimately reduce products or services prices. Ways to reduce costs include computerizing procurement process, training staff and ensuring that the correct management controls are in place (<https://www.purchasing-procurement-center.com> 21.3.2018; 1852hrs)

McCrea (2013) stipulated that procurement cost management is effective because buyers who put more focus on product quality and on time delivery and ease on order placement reduce procurement cost than those who focus on price only. Through consolidating of suppliers and deliveries while consolidating purchasing requests and intervals, savings in delivery charges and the costs of accepting those deliveries are made (<https://www.purchasing-procurement-center.com> 21.3.2018; 2103hrs). Allen (2017) asserted that procurement cost management could reduce cost by a significant percentage with technology reducing labor and storage costs related to procurement.

However, procurement cost management is not effective because some suppliers are not dependable and if supplies come too early, there will be excess inventory, which is costly to the organisation. In addition, if suppliers goes out of business because of low prices, it could significantly affect services delivery Allen (2017). Inversely, those suppliers who use marketing penetration will change their prices over time. Unfortunately, hotels may be too reliant to that supplier for customary services or product (<http://www.viconerubber.com> 21 .03.18; 0252hrs).

According to research by Kondolody (2018), Walt Disney World parks have cut their hotel cost in America through the reduction of hotel benefits, including room service and private dining at Disney's deluxe resorts. Labor costs can be reduced though cross training, temporary or part time hiring and schedule realignments, while maintaining a quality grand experience for guests by European hotels according to research by <https://www.gaebler.com> 24.03.18; 0959hrs) .

According to research by Matt Palmer(2015) the Assistant Executive Housekeeper at the Hyatt Regency Jacksonville Riverfront ,hotels in New York reduce their cost by monitoring overtime, performing payroll analysis and cross training employees. In addition outsourcing labor and seasoning employment proves to be effective way to reduce costs. Zimbabwean services companies including hotels are reducing their costs through spending analysis in their procurement process .In addition, value analysis through elimination of cost arising from non-value adding materials and components and activities (Mushanyuri 2016).

2.3 Problems hindering implementation of cost cutting measures

Layoff could damage goodwill with existing hotel guests because of slow response times or subpar service and layoff will affect remaining employees because they feel overworked or overwhelmed. (<https://www.gnapartners.com> 23.03.18; 1435hrs). According to Altman (2015), the problems hindering cost cutting measures in hotels is fear of compromising quality for guests. Problems hindering the implementation of TQM is that it requires many training and development costs and requires a lot of commitment from the entire business; in addition, it needs bureaucracy and regular audits (<http://textilefashionstudy.com> 23.03.2018; 1565hrs).

CIMA (2014) postulated that ABC is not utilised because ABC system must be implemented by management accountants as they have the expertise to manage the process and to ensure benefits realization but a few hotels have management accounting. Employees resist implementing JIT because established procedures and instructions become obsolete. In addition, were backup inventories were once considered indemnification against unforeseen shortages or delays will be viewed as indication of lack of controls and planning (<https://www.twi-global.com> 23.03.18; 1652hrs). According to Ingram (2018), lean approach in hotels can require a significant straight share in technology, from analysis software and new hardware for quality improvement on product or service lines.

Rolas (2018) asserted that setting up an ABC system is affluent and requires a great deal of time as activities analysed and individualised. According to Morgan (2015), lean approach also has a serious PR problem due to misunderstanding and as disparaged as manufacturing, with an even greater absence of facts behind the perception. According to CIMA (2014), TQM is not utilised because managers want to avoid quality management because it consumes a lot of time to see its results and its resource consuming.

According to CIMA (2014), lean production is avoided because hotel managers want to evade compromising customers services by making huge efficiency changes. Murray (2017) cited that many hotels believe that the costs of the adopting of TQM are more than the benefits. However, he also cited that research across a number of hotels do nothing about quality issues and the costs involved are more than the costs of implementing TQM.

However, Altman (2015) highlighted that revenue growth can make up for many increasing costs but cost cutting when done correctly can be effective. He added that if hotel managers cut costs at

the expense of employees or customers, they would be moving towards liquidation. Morgan (2015) cited that despite the problems to implement lean approach employees must be enlighten that lean production is focused on developing the employees. CIMA (2014) propelled that to implement a TQM, managers must develop a multi skilled workforce through training and increased communication.

2.4 Summary

This chapter enclosed the literature review and empirical studies in relation to the impact of establishing cost drivers, the effectiveness of cost cutting measures, the cost cutting measure that can be implemented in tourism and hospitality sector and the problem hindering the implementation of cost cutting measure.

Chapter 3

Research Methodology

3.0 Introduction

This chapter describes the research design, study population, sampling methods, sample size, data collection instruments, data processing analysis.

3.1 Research design.

Research design enables the gathering of constant data that guarantees that the researcher meets the objectivities of his research through the data gathered. The three types of research designs are descriptive research design, exploratory research design and explanatory research design and (<http://isites.harvard.edu> 25/03/2018; 1100hrs). This study needed descriptive research design because it was suitable for the research.

3.1.1 Descriptive research design

Descriptive research is a study that accurately predict participants. Descriptive research aim to describe participants taking part in the study. It involves observational, demarcated as a method of watching and recording the participants. In addition, case study, demarcated as an exhaustive study of a single or group of individuals (<https://study.com> 29.03.18, 0825hrs). Mitchell and Jolley (2012) sited that the descriptive research design seeks the relationship among participants to understand whether those participants correlate.

Descriptive research highlights on important variables that describe the problem. Descriptive research design seeks to designate the occurrence of an event precisely. Descriptive research is also used when the researcher cannot direct immaterial variables or account the their effects. The researcher's study was descriptive, as it obligatory to the ways which cost cutting measures effectiveness could be improved and how operations costs be reduced. For the purpose of this research, the author will focus on case study as descriptive research design.

3.2.0 Case Study

A case study is a research approach and an empirical inquiry that examines a phenomenon within its actual context. Case studies are founded on a detailed examination of an individual, group or occasion to discover the causes of underlying philosophies (<http://www.pressacademia.org> 29.03.18; 1025hrs). Case study is a detailed done in addressing specific circumstances rather than a wide study (<https://www.explorables.com> 29.03.18, 1035hrs). In addition case study is used when the research focuses on a descriptive question or an explanatory question.

3.2.1 Merit of case study method

Case study method was chosen because it allowed plenty of details to be gathered that are not simply be attained by other research design. The data gathered is usually deep and lucrative than that gathered by other experimental designs. The case study method also allows testing of the data attained from theory if it could be applied to the research area by the researcher.

3.2.2 Demerits of a case study method

The researcher has less control over the data collection because he alone did the case study. Bias in data collection can be experienced as the researcher can influence the research. The researcher faced challenges in accessing internal documents and data from selected staff. To overcome this, the researcher studied the hotel's financial statements that were consolidated with those of African Sun Ltd the parent of TVFH.

3.3 Population

Rouse (2015), defined population as a separate group of people that can be known by one mutual characteristic for the purposes and other reasons of data collection and analysis. Singpurwalla (2013) defined population as set of components that are vital to the study. The population comprises of respondents from which data is taken to reply the research questions. Population can be chosen using a census or a sample (<http://www.abs.gov.au> 29.03.18; 1142hrs).

The goal population for this study was the Hotel Financial Controller, Assistant Accountant, Front Manager, Guest Services Manager, Procurement Manager, Food and Beverage Manager, Accounting clerks, Human Resources Officer, Internal Auditor, IT manager and employees from each department within the hotel. The population and sample was dispersed as in table 3.1. The table shows the number of respondents interviewed and questionnaires respondents with the sample percentages.

Table 3.1: Selected population and sample

Group	Population	Sample	Interview	Q	Sample %
Accounting Department	10	7	1	6	70
Repairs and Maintenance	10	3	0	3	30
Guest Services	4	2	0	2	50
Procurement Department	6	3	1	2	50
Food and Beverage	40	20	1	19	50

Audit Department	2	1	0	1	50
Room Services	2	2	-	2	100
IT Department	2	2	0	1	100
HR Department	2	1	1	-	50
Total population	80	40	4	36	51.25

3. 4 Sampling

Sampling is the deed, procedure, or method of choosing appropriate sample, or a descriptive part of a population for shaping characteristics of the full population (<http://www.indiana.edu> 30.03.18; 1325hrs). Probability and non-probability are two only sampling methods (www.statpac.com 30.03.2018; 1430hrs). In this research, the non-probability method was used. Certain population member can be selected more than others using non-probability method. Probability sampling gives every participant a chance of being selected because of random selection.

3.4.1 Purposive sampling

Crossman (2017) described purposive sample as a non-probability sample that selects basing on the goals of the research and characteristic of the population. Purposive sampling is judgmental, or subjective or selective sampling. The researcher used purposive sample because it involved selection of TVFH employees or key personnel within the Accounting department, Food and Beverage department, Room department, Front Office department and Procurement department. Key personnel are people with the information or the expertise of what is being investigated by the researcher. The researcher selected these employees because they were in enhanced place to answer to the researcher’s interviews and questionnaires relating to his research area.

3.4.2 Merits of purposive sampling

Purposive sampling was chosen because it focus on the sample of TVFH employees that can give data to the researcher that provides solution to research questions. It provided extensive variety of data vital to the researcher meanwhile questionnaires were focused on the low profile workers and supervisors while interviews were focused on high management. This was fully supported on (<http://dissertation.laerd.com> 28.03.2018; 1700hrs) when they asserted that a merit by researchers using purposive sampling is that they analyse if the same quality exists on elements selected.

Purposive sampling makes it possible for comparison between answers from same sample. In addition, it assisted the researcher as it verified distinct qualities, activities, situations and events. Purposive sampling indorsed the researcher to classify same ideas that are produced from the sample. Overallly the researcher was able to make academic, analytic and reasonable simplification from the sample under study.

3.4.3 Demerits of purposive sampling

When the researcher was choosing the sample, bias may affect the data gathered, which is different to probability sample, which chooses randomly. The researcher may find it difficult to convince the reader that researcher was able to make academic, analytic and reasonable simplification, due to the nature of non-probability sampling and subjectivity in sample selection (<http://dissertation.laerd.com> 30.03.2018; 1700hrs)

3.5 Methods of data collection

Two types of data collection are primary and secondary data (<http://www.bbamantra.com> 30 .03.18; 1500hrs).

3.5.1 Primary data

Primary data is original data collected for the first time from the source. Methods used to collect primary data are questionnaires, interviews, observation and experimentation method (<http://www.bbamantra.com> 30.03.18; 1500hrs). Primary data collection tools used by researcher were questionnaires dispersed to the sample population and key personnel interviews. According to (<http://isites.harvard.edu> 30.03.2018; 1520hrs) primary data tools are used to collect quantitative and qualitative data

3.5.2 Secondary data

(<http://www.bbamantra.com> 30.03.18; 1500hrs) defined secondary data as data that is collected by someone besides the user, data that is already there and analysed by someone else. Sources include published and unpublished magazine, journals and newspapers. Bax (2013) cited that secondary data has two dissimilar sources, which are internal and external. The researcher used secondary data from hotel financial reports (internal source) and websites of the hotel.

3.5.2.1 Merits of secondary data

Secondary data indorsed the researcher comparison of available data with data from other organisations in the same of line of business. (<http://isites.harvard.edu> 30.03, 2014; 1700hrs) also advocated for this merit when they cited that users of secondary data as it permits comparison of

data from all regions. The researcher made a comparison of data from 2013- 2017 using the hotel's internal and external financial reports. The availability and usage of the financial statements as a source empowered the researcher to recognize that there was need to carry out a research on the effectiveness of cost reduction measures and to find ways to reduce costs.

3.5.2.2 Disadvantages of secondary data

Accessibility of these secondary sources of data was costly and difficult because the researcher had to travel to the organisation and confidentiality issues. Bax (2013) further supports this when he cited that secondary data has expenses involved, which include transports and internet access.

3.6 Research Instruments

Research Instruments are measurement tools meant to collect data on a research topic, for instance, questionnaires or interview (<https://help.ebsco.com> 01.04.2018; 1212hrs). Bax (2013), the types of research instruments that are widely used are interviews and questionnaires. The researcher gathered data using questionnaires, in-person interviews or telephone interview and internal documents. To draw the similar conclusions from all these instruments (internal documents, questionnaires and interviews) the researcher made use of all to improve triangulation of data and according to (<http://isites.harvard.edu> 01.04.2018; 1700hrs) triangulation of data smooths that the similar conclusion can be taken from the distinctive sources.

3.7 Questionnaires

Questionnaires were a major way of collecting data because the information needed was factual and less complex. In addition, the researcher found questionnaires convenient because of geographical complexity and time constraint. Likert scale was used to form questionnaires.

3.7.1 Advantages of questionnaires

The researcher found the use of questionnaires simple and it took less time to distribute them the targeted sample. The distribution was done through mail and on foot to various departments. The data collected was found to be reliable and relevant since the respondents answered and returned the questionnaires concurrently.

3.7.2 Disadvantages of questionnaires

Some respondents may have delegated the answering of questionnaires and that may have caused bias on some of the answers. Printing and transport costs in distribution of the questionnaires was

a constraint on the data collection instrument. However, the use of interviews was used to triangulate data in all departments to reduce biased results.

3.8 Likert Scale

According to Markusic (2014), likert scale is a scale which shows the extent to which respondents in a research agree or disagree to given questions. He added that respondents made use of an ordinal scale to show their level of agreement to a certain request. The scale range differs with the number of responses selected by the researcher. The questionnaires researcher used had 3-point scale with the following responses strongly agree, strongly disagree and not sure.

3.8.1 Advantages

Likert scale was chosen because it was easy for respondents to complete and express their opinion. Compiling of data was simple for the researcher because the data was easy to quantify and was reliable.

3.8.2 Disadvantages

Collection of data using this instrument may have produced bias data because of favoritism to the organisation and fear of the unknown. Hesitation to use extreme responses (strongly agree and disagree) may cause unreality of data of the research. However, to overcome these disadvantages the researcher resorted to interviews as a more reliable instrument

3.9 Interviews

Interview is a verbal dialog among two or more people with the goal of collecting pertinent data for the determination of the research. He added that interview method is used through use of personal, electronic mail and telephone interviews (Kumar 2014).

3.9.1 Personal Interviews

The researcher made use of interviews to obtain answers from top management and supervisors.

3.9.2 Advantages of personal interview

Interviews were used because information could be understood better because of body language of the respondent like face gestures and tone of voice. The researcher used interviews because of dialog interviewee can seek clarity were fail to understand. Interviewer was also able to ask for clarity when he did not understand. In addition, merit of interview does generalize the respondents answers because they get to give more detail to their area of expertise in a business

3.9.3 Disadvantages of personal interview

It was costly to the researcher in terms of transport expenses since The Victoria Falls Hotel is situated in Victoria Falls that is far from Gweru. The researcher had difficulties in locating other respondents, as they were busy with their daily duties. It took a lot of time and other interviews withheld data that was vital to the research.

3.10 Telephone interviews

This method comprehends the contact of the respondent using telephone or mobile phones.

3.10.1 Merits of telephone interviews

The researcher used telephone interviews to get reach of respondents who were not available in person for questionnaires or interviews and this allowed obtaining firsthand information. The researcher and the respondent could communicate while exchanging ideas. It reduced all the traveling costs that could have occur.

3.10.2 Demerits of telephone interviews

Interviewees usually do not appreciate being called from home. Telephone interviews have a problem because of expensive telephone tariffs which are too expensive, this led the interviews to be cut short.

3.11 Reliability and validity of instruments

Reliability and validity are two wanted qualities of any measurement process or instrument despite that perfect reliability or validity is not possible. For instance, errors are often found in measures anticipated to be perfect when they are used by researcher on a certain study (<http://www.slideserve.com> 04.04.18; 1945hrs). (<https://researchrundowns.com> 04.04.18; 1945hrs) cited reliability is directly related to the validity of the measure and there are several important principles that include a test can be considered reliable, but not valid. In addition, validity is more important than reliability and the most useful instrument is both valid and reliable.

(<https://www.explorale.com> 04.04.18; 1954hrs) defined reliability as the degree to which an experimentation or any assessing process yields the same results on recurrent trials. In addition, a reliable instrument must give a well and clear results. There is a direct relation between reliability to the number of questions in assessment of a variable interest. Questionnaires must be error free for reliability to consider, for example, correct formulation and wording of questions. (<http://www.slideserve.com> 04.04.18; 1945hrs) defined validity as the degree to which a research

measure really captures the denotation of the concept it is planned to measure. In addition, validity is the degree to which the construct measures what it says it is measuring.

3.12 Data Presentation

To ensure that all questions are answered correctly, the researcher analyse the questionnaires as soon they are received from correspondences. The researcher checked for consistence, omissions and for errors while preparing data for analysis. The data gathered was presented using charts, graphs and tables because these tools do interpretation and analysis easier. As assistants to the data analysis, Microsoft excel and other packages were used for statistical presentation and analysis. Therefore, the researcher used the quantified research method from the data gained from the questionnaires and interviews, which were analysed using statistics and summarized respectively.

3.13 Summary

This chapter focused the sampling tools, data collection methods and research instruments that were engaged by the researcher in doing his study. The following chapter will focus on data presentations and the analysis of data findings.

CHAPTER 4
DATA PRESENTATION AND ANALYSIS

4.0 Introduction

Chapter 3 emphasized on the methods that were adopted to gather data by the researcher on the methods that were adopted to collect data by the researcher. Chapter 4 shows researcher presenting and analyzing primary data that was gathered from respondents using questionnaires and interviews as well from secondary data. The researcher presented the data obtained from questionnaires on bar graphs, pie charts, tables and summarized the interviews.

4.1 Primary Data

4.2 Questionnaire Responses

Table 4.1 shows the number of questionnaires that were distributed by the researcher and the number of questionnaires that were answered. The researcher could not get everyone to respond because the other respondents were busy with their daily duties.

Table 4.1: Questionnaires Respondent Results

Group	Questionnaires sent	Returned questionnaires	Sample %
Accounting Department	6	6	100
Repairs and Maintenance	3	2	67
Guest Services	2	2	100
Procurement Department	2	2	100
Food and Beverage	19	12	63
Audit Department	1	1	100
Room Services	2	2	100
IT Department	1	1	100
HR Department	-	-	0
Total Sample	36	28	77.78

The 77.78% response rate showed better results as conclusions were able to be made by the researcher. The questionnaires and the responses that were answered are as follows:

4.3 The following cost cutting measures implement by The Victoria Falls Hotel:

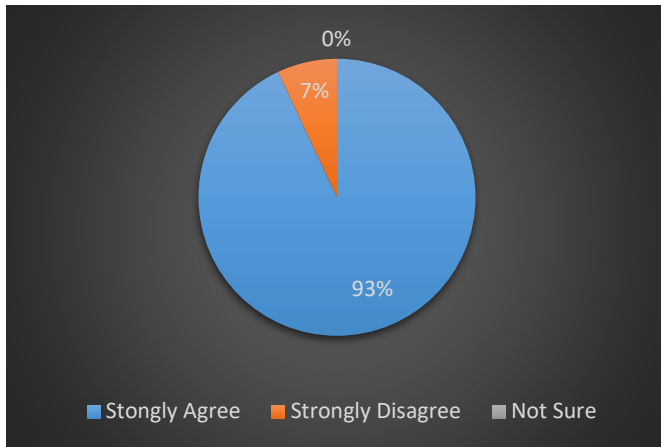
Table 4.2: Cost Cutting Measures implement

	Strongly agree	Not sure	Strongly disagree	Total
a) Just in Time	26	0	2	28
b) Total Quality Management	25	1	2	28
c) Outsourcing	17	0	11	28
d) Activity Based Costing	4	6	18	28
e) Leasing	18	2	8	28
f) Labor management system	28	0	0	28
g) Procurement cost management	21	4	3	28
h) Lean Approach	7	6	15	28
i) Automation of Systems	4	0	24	28
Total	150	19	83	252

4.3.1 Just In Time

Figure 4.1 shows that 93% (26/28) strongly agreed to the study and those that strongly disagreed were 7% and the unsure respondents were 0% (0/28). The majority of the people strongly agreed that JIT was implemented and this concurred with Aradhya and Kallurka (2014) when they stipulated that JIT is waste elimination and cost reduction exercise. In interview question 2 all managers agreed that JIT was implemented as a cost cutting measure.

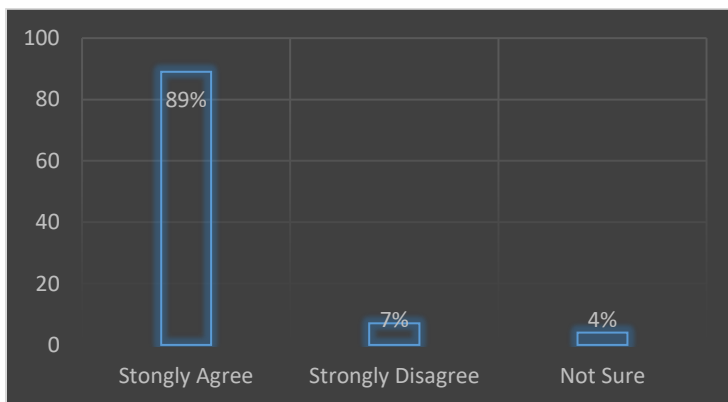
Figure 4.1: Just in time



4.3.2 Total Quality Management

Respondents that strongly agreed that TQM was implemented by TVFH established of 89% of the workers. Respondents that strongly disagreed that TQM was used was 7% and 19% of the respondents were not sure. Overall, those who agreed established of a higher percentage than those who disagreed. The results are shown in the bar graph on figure 4.2. The TVFH management agreed to implementation of TQM on question 2 of the interview. Tatsana-iam and Ngaoprasertwong (2013) supported this when they cited TQM as an effective measure that involves all employees in cost cutting and have much influence on development of employee skills.

Figure 4.2: Total Quality Management

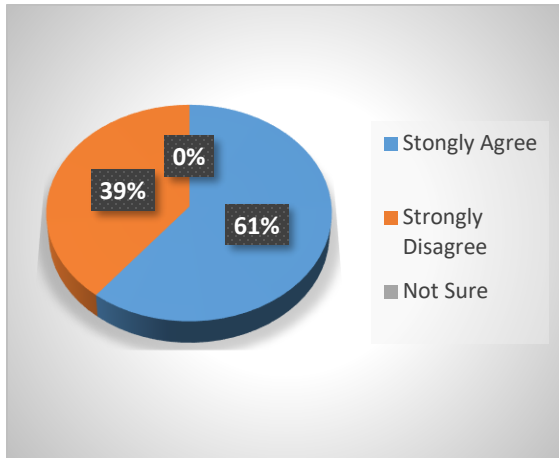


4.3.3 Outsourcing

The percentage of the employees that strongly agreed that the hotel implemented the outsourcing measure was 60.7% (17/28); those who did not agree were 39.3% (11/28) as in figure 4.3. The higher percentage of respondents detected that capital expenditure (CAPEX) were reduced by

outsourcing. Question 2 of the interview was answered by management citing that outsourcing was implemented as cost cutting measure.

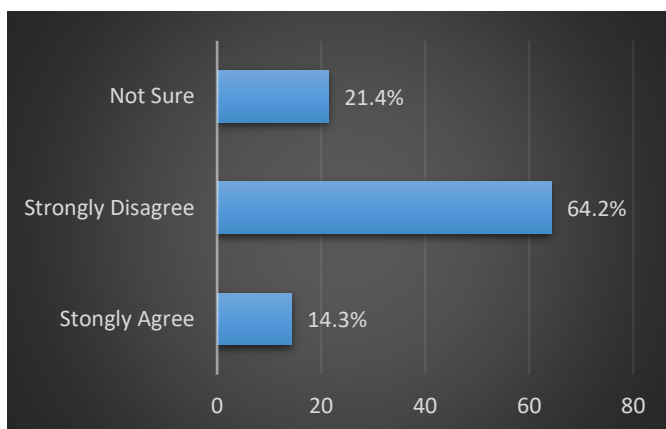
Figure 4.3: Outsourcing



4.3.4 Activities based Costing

14.3% (4/28) strongly agreed to ABC system being implemented as a cost cutting measure and 64.2% (18/28) strongly disagreed that it was adopted by the hotel was and 21.4% (6/28) were not sure. The management agreed to not using ABC in interview but believe that if it is implemented it may help reducing costs. The results are as showcased in figure 4.4 below.

Figure 4.4: Activity Based Costing



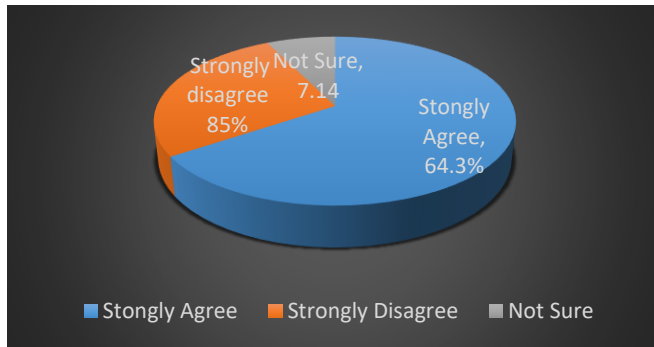
Most of the respondents showed that the hotel to cut costs never implemented the ABC technique. This however is against CIMA (2014) when it cited that ABC improves costs and cost driver

understanding making costly and non-value adding activities visible, permitting management to reduce them. ABC system may not be in use at TVFH because the method of implementation is difficult, high cost and it needs time. ABC needs constant data collection, data analysis and data maintenance requires substantial resources (<https://www.brighthub.com> 16.04.18; 1855hrs).

4.3.5 Leasing

The respondents were asked to strongly agree or strongly disagree on whether the company implemented leasing as cost cutting measure. Figure 4.5. shows respondents that strong agreed were 64.3% (18/28) and those that strong disagreed were 28.6% (8/28) and 7.14% (2/28) were unsure. Those who were in agreement among respondents exhibited that the hotel's workers were so familiar with this measure but a few from other departments were unaccustomed with it. Leasing was adopted because in question 2 of the interview, all the managers emphasized that leasing had been implemented.

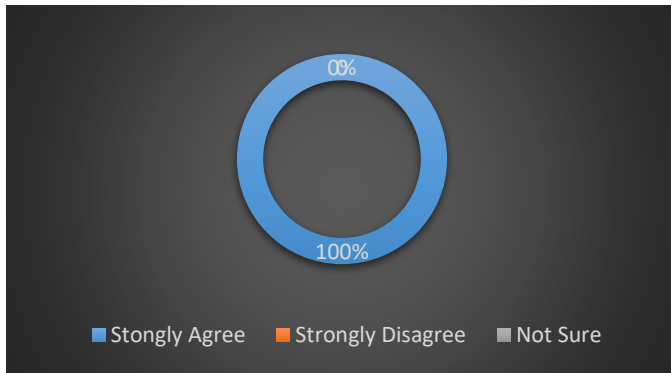
Figure 4.5: Leasing



4.3.6 Labor Management System

The rate of those respondents who strongly agreed that the Labor Management System was adopted was 100%, those in disagreement was 0% and respondents unsure was 0%. The rates shows that all respondents are fully familiar with labor management systems. The interviewees all agreed on the implantation of labor management system. The reason why they all agreed is that they are directly involved in the practice of the measure. For instance, seasonal employment of staff by managers.

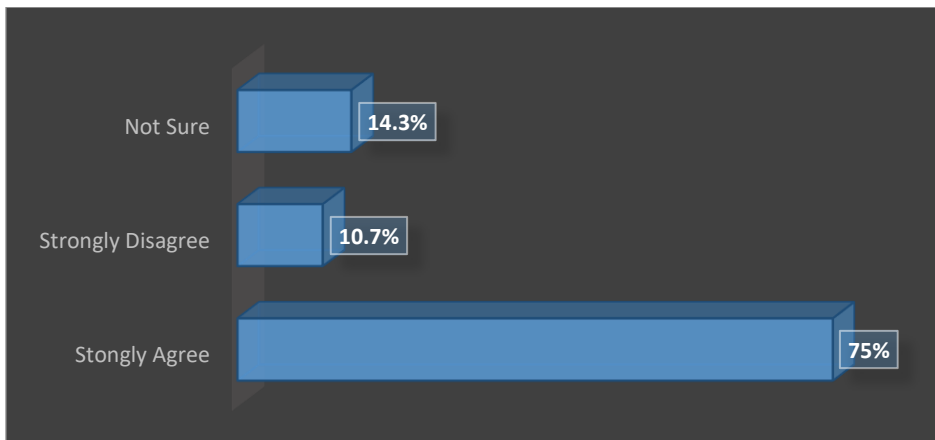
Figure 4.6: Labor Management System



4.3.7 Procurement Cost Management

The employees that strongly agreed that the hotel is using the Procurement Cost Management was 75% (21/28); those who did not agree were 10.7% (3/28) and 14.3% (4/28) unsure as in figure 4.7. As shown by the results most of respondents detected that costs were reduced at the procurement stage and those unsure may not be directly involved with procuring of goods. On interview question 2 management emphasized that procurement management was implemented as cost cutting measure.

Figure 4. 7: Procurement Cost Management

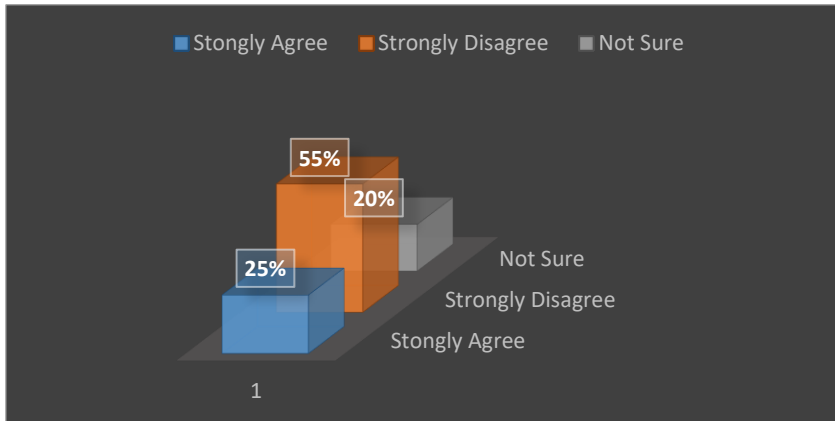


4.3.8 Lean Approach

The results show that 25% of the respondents were in agreement to lean approach being implemented by the hotel reduce costs while 55% strongly disagreed. Unsure respondents were 20% of the selected sample. Most of the respondents denied that lean production was adopted to cut costs. This is in contrary with Anderson (2014) when he suggested that if lean approach is used, costs reduction happens significantly while labor productivity and elimination through tussling and cutting of errors. However, lean approach was not implemented because hotel

managers do not see lean techniques as beneficial by just implementation but change in mindset and culture of the hotel as cited by CIMA (2014). The 20% are unsure because of unfamiliarity the approach.

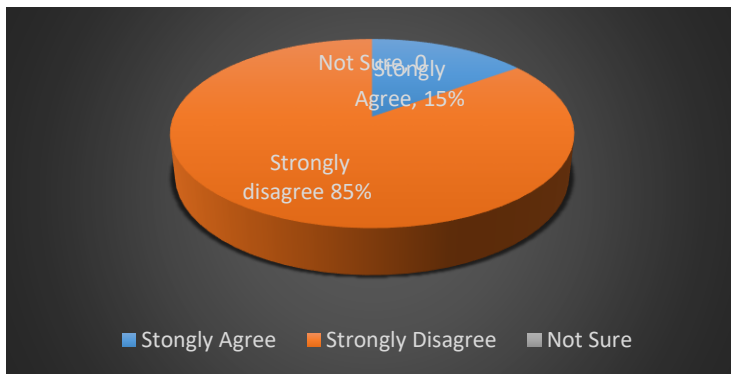
Figure 4.8: Lean approach



4.3.9 Automation of Systems

Figure 4.5 below shows that 85 % of the employees selected in sample strongly disagreed that Automation of Systems was part of cutting costs and the residual 15% agreed that automation of systems was implemented.

Figure 4.9: Automation of Systems



4.4 The following cost cutting measures were implemented by TVFH and analyzed

Table 4.4 shows results from the respondents that used to analyse data.

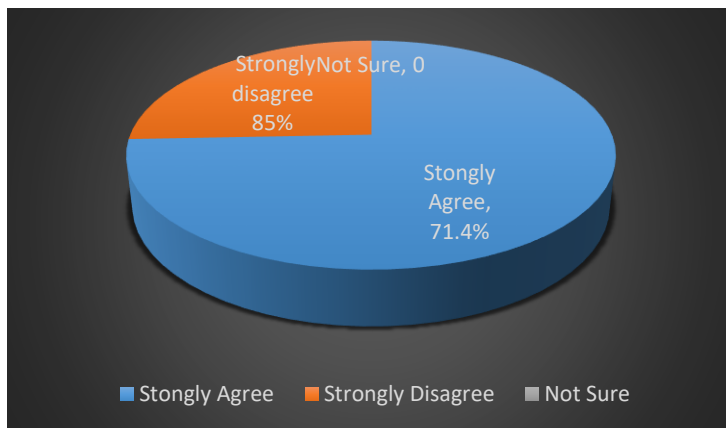
Table 4. 3: Cost Cutting Measures effectiveness

	Strongly agree	Not sure	Strongly disagree	Total
Just in Time	20	0	8	28
Total Quality Management	25	1	2	28
Outsourcing	14	0	14	28
Activity Based Costing	5	6	17	28
Leasing	19	3	6	28
Labor management system	11	0	17	28
Procurement cost management	22	4	2	28
Lean Approach	6	6	16	28
Automation of Systems	6	0	22	28

4.4.1 Just In Time

Figure 4.10 shows that 71.4% (20/28) strongly agreed to the question and those that disagreed were were 28.6% (8/28). Most employees agreed that JIT was effective and this was supported with Aradhye and Kallurka (2014) when they cited benefits like waste reduction, improved working efficiency, and faster reaction to customers was noticed in restaurants. However those who disagreed are of the view that suppliers are generally unreliable (<http://www.lancer.com> 20.04.2018; 1600hrs). Question 3 in interview guide, all management settled that JIT was effective in the cost cutting measure.

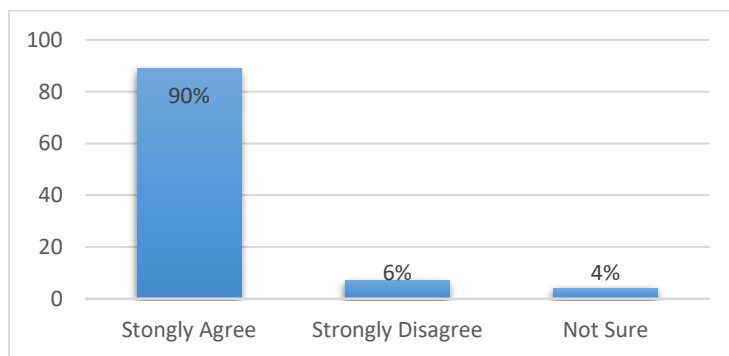
Figure 4. 10: Just In Time



4.4.2 Total Quality Management

The number of respondents that strongly agreed that TQM was effective measure by TVFH amounted of 90% of the sample. Employees that strong disagreed that TQM was effective was 6 % and 4% of the respondents were not sure. Overall, more parentage was of those agreeing than those who disagreed in line with Kelchener (2018) when he asserted that TQM initiates customer responsiveness quick, operations and services more efficient and cost effective. The results are as presented in the bar graph on figure 4.11. The management cited that they had engaged TQM in question 2 of interview, it was effective, and Tatsana-iam and Ngaoprasertwong (2013) regarded TQM as an effective measure that involves all employees when trying to cut costs.

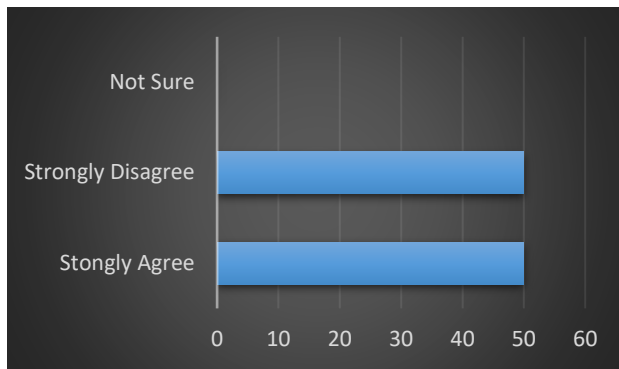
Figure 4. 11: Total Quality Management



4.4.3 Outsourcing

The rate of the employees that strongly agreed on the effectiveness of outsourcing was 50% (14/28); those who did not agree were 50% (14/28) as in figure 4.12. These results showed that half of respondents observed that costs were reduced by outsourcing. This is in line with Sheththa (2017) when he cited that outsourcing cuts cost of training and recruitment and it produces results faster. However, the other half failed to see the effectiveness of outsourcing because of unexpected costs due to substantial additional charges for extra works (ACCA 2015). On question 3 of interview management cited that outsourcing was effective in the cost cutting.

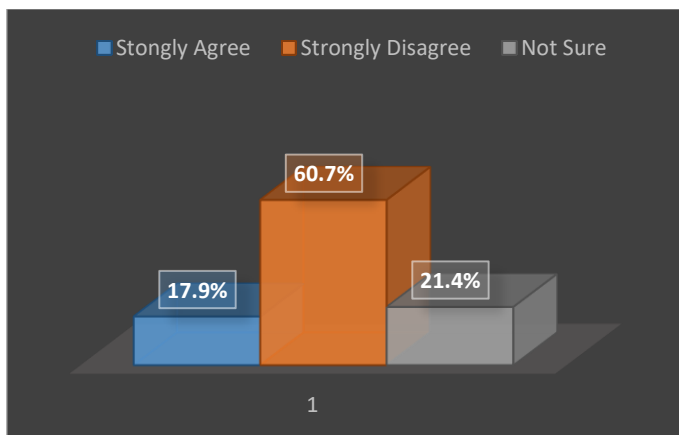
Figure 4. 12: Outsourcing



4.3.4 Activity Based Costing

Rates of respondents presented that those who agreed that the ABC system was effective as a technique was 17.9% (5/28) and those who disagreed that it was effective was 60.7% (17/28) and 21.4% (6/28) represented the respondents that were not sure. TVFH management also disagreed to effectiveness of ABC system in interviews. The results are as shown in figure 4.13 below.

Figure 4. 13: Activity Based Costing



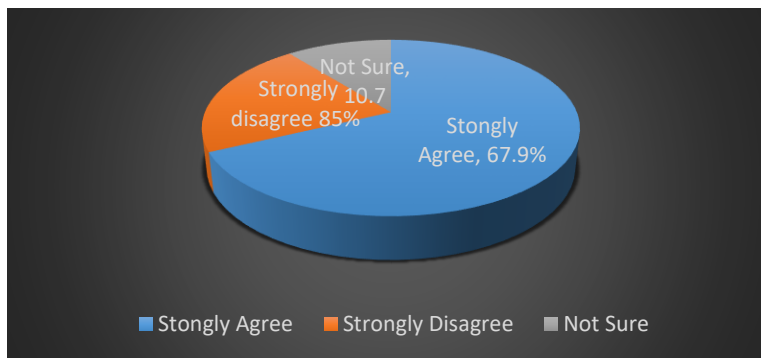
ABC technique was not effective for cutting costs to the hotel as shown by respondents' rates. This however is against Rojas (2018) when it cited that ABC can be used to identify it non valuing costly activities and are removed though increased understanding of overheads and cost drivers. Activity based costing may not be effective at TVFH as cited by CIMA (2014) that hotels must not give too much attention to controlling of activities as this may reduce attention to important

strategies. It added that ABC does not solve all costs methods and in cases it does not apply and setting up an ABC system can be costly and requires a lot of time. Conversely, answers from question 3 of the interview showed that the management regarded it as a good measure because it enable costs allocation leading to cutting of costs regardless of it not implemented. However, TVFH can implement of this measure which could lower costs.

4.4.5 Leasing

Strong agreement on the effectiveness on leasing were 67.9% (19/28) and strongly disagreement were 21.4% (6/28) and 10.7% (3/28) were unsure. The employees that agreed showed that the hotel’s employees were concluding that the effectiveness of this technique but a few were finding it not effective. Those agreeing on its effectiveness were backed by managers in interviews when they emphasised on Zimbabwe Revenue Authority (ZIMRA) not classifying an operating lease as a purchase; but as tax-deductible overhead expense and also leasing requires no down payment. However, Jan (2013) backed other respondents when she clarified leasing as ineffective because it has a lease payments paid which may be expensive in long run.

Figure 4. 14: Leasing

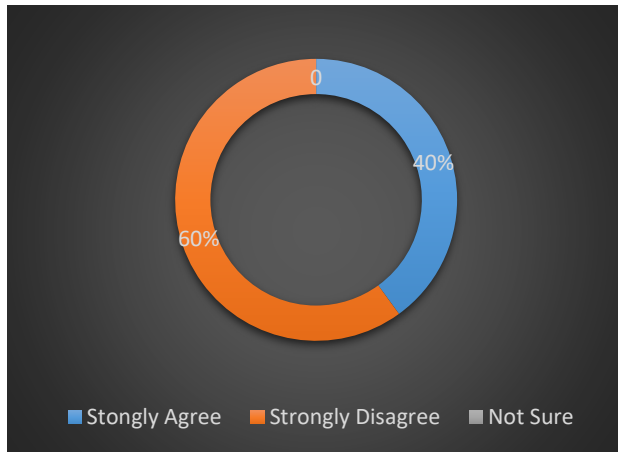


4.4.6 Labor Management System

The respondent rate of those who agreed that the Labor Management System was effective was 40%, those who disagreed was 60% and those unsure was 0%. The rates shows that all respondents are finding ineffective of labor management systems. In contrary, the interviewees all agreed on the effectiveness of labor management system. The reason why they all agreed is that the employee wages were reduced by 20% in the past 3 years. However, those who find it ineffective are noticing reduction in quality of services as postulated by Lawrence (2017), layoffs is ineffective way of

reducing cost because of reputation damage and laid off employees leave the company with their skills and expertise which reduces quality.

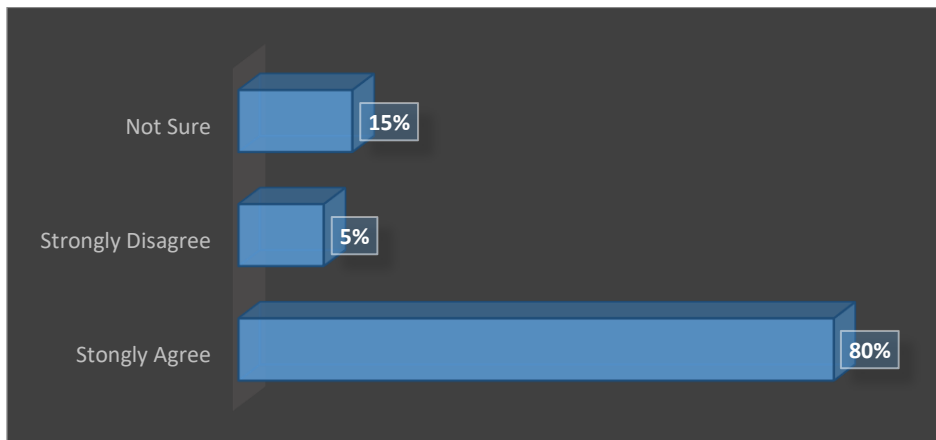
Figure 4.15: Labor Management System



4.4.7 Procurement Cost Management

The rate of the employees that agreed that the Procurement Cost Management was effective was 80% (22/28); those who did not agree were 5% (2/28) and 15% (4/28) unsure as in figure 4.16. These results showed that most of respondents detected that costs were reduced at the procurement stage as supported by McCrea (2013) when he stipulated that procurement cost management is effective because buyers who put more focus on product quality and on time delivery and ease on order placement reduce procurement cost than those who focus on price only.

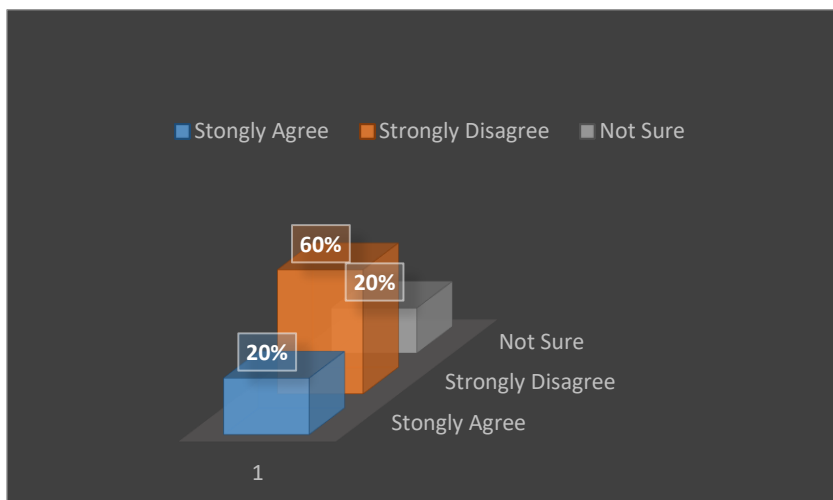
Figure 4.16: Procurement Cost Management



4.4.8 Lean Approach

Results shows that 20% of the respondents were agreeing that lean approach was effectively adopted by the hotel to reduce costs while 60% disagreed. Those who were unsure constituted of 20% of the sample selected. Majority of the respondents disagreed that lean approach was effective as a cost cutting measure. This is in contrast with Tatsana-iam and Ngaoprasertwong (2013) when they postulated that lean approach is very effective because it reduces the processing time in the workstations. However, lean approach is not effective because hotel managers do not see lean techniques as beneficial by just applying them but through changing mindset and culture of the whole organisation as cited by CIMA (2014).

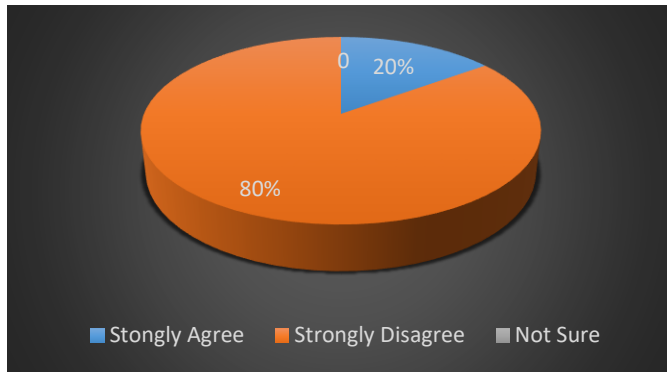
Figure 4.17: Lean Approach



4.4.9 Automation of Systems

The results from figure 4.5 below showed that 80 % of the respondents disagreed that Automation of Systems was effective part of reducing costs as supported by Christensen (2018), when he cited that updated computer hardware and software are important for a automated office, so hotels may have to update their computer environment initially and keep them updated. In addition, experts in monitoring computer systems are needed and they come with a cost. However, the remaining 20% agreed that automation of systems was effective, an automated office, electronic mail replace the need to print and storage and maintenance costs, copying and printing costs, freight and postages costs are reduced, which reduces expenses (<http://156.98.19.245> 21.03.2018; 0200hrs).

Figure 4. 18: Automation of System



4.5 The identification of cost drivers had the following impact at TVFH

4.5.1 Accurate service costing

Table 4. 4: Accurate service costing

	Strongly agree	Not sure	Strongly disagree	Total
Accurate service costing	10	0	18	28
Rate %	35	0	65	100

Table 4.4 shows that 35 % of the respondents strongly agreed that the identification of cost drivers by the hotel had an effect on accurate service or product costing while 65% of the respondents strongly disagreed. The most number of respondents was not agreeing to identification of costs drivers having an impact on accurate product or service costing. However, Nassar et al., (2013)

understood that the identification of cost drivers was enhanced method in determining service costing.

4.5.2 Control of overheads

Table 4. 5: Control of overheads

	Strongly agree	Not sure	Strongly disagree	Total
Control of overheads	20	6	2	28
Rate %	71.4	21.4	7.1	100

The employees that agreed that identification of cost drivers had an effect on controlling overheads constituted 71.4% while 21.4% of the respondents were unsure while 7.1% of the respondents disagreed that the identification of cost drivers had an influence on controlling overheads. Due to launching the use of cost drivers TVFH have significantly cut their costs, as asserted in KPMG (2015) that the cost driver analysis affects cost structure information in managers in ways that they will highlight on cost savings.

4.5.3 Accurate product/service pricing

Table 4. 6: Accurate product/service pricing

	Strongly agree	Not sure	Strongly disagree	Total
Accurate product /service pricing	6	0	22	28
Rate %	20	0	80	100

Results in table 4.6. shows that 20% of the respondent strongly agreed that the identification of costs drivers by the hotel had an effect on accurate service or product pricing while 80% of the respondents strongly disagreed. No impact was found to be on accuracy of product or service pricing identification of cost drivers by most respondents. However, this was in contrary to CIMA (2014) when it cited that cost drivers identification offers a more accurate technique of product or service costing, making pricing decisions more accurate.

4.5.4 Reducing material wastages

Table 4. 7: Reducing material wastages

	Strongly agree	Not sure	Strongly disagree	Total
a) Reducing material wastages	6	4	18	28
Rate %	21.4	14.3	64.3	100

Table 4.4 shows that the respondent rate who strongly agreed that the cost drivers had an impact on reduction of material wastages was 21.4%; those who denied were 64.3% of the respondents and those unsure amounted to 14.3%. Most employees responded that materials were not reduced by identification of cost drivers and this accorded with the response from the management in interviews when they cited that the hotel did not implement the ABC system due to the nature of business. They cited that it would be a good strategy to reduce costs through identification of cost drivers

4.5.4 Improving the resources allocation process

Table 4. 8: Improving the resources allocation process

	Strongly agree	Not sure	Strongly disagree	Total
b) Improving the resources allocation process	18	4	6	28
Rate %	64.3	21.4	14.3	100

The table 4.4 shows that 64.3% respondents strongly agreed that cost drivers had an impact on improving the resource allocation process and 21.4% that did not agree and 14.3% that were not sure. However, the results contravened with Rojas (2018) who purported that hotels that use ABC system are successful when budgeting because ABC methods are better incorporated with resource allocation procedures.

4.6 The problems hindering cost cutting measures effectiveness at TVFH

The following table shows the outcomes and their respective percentage

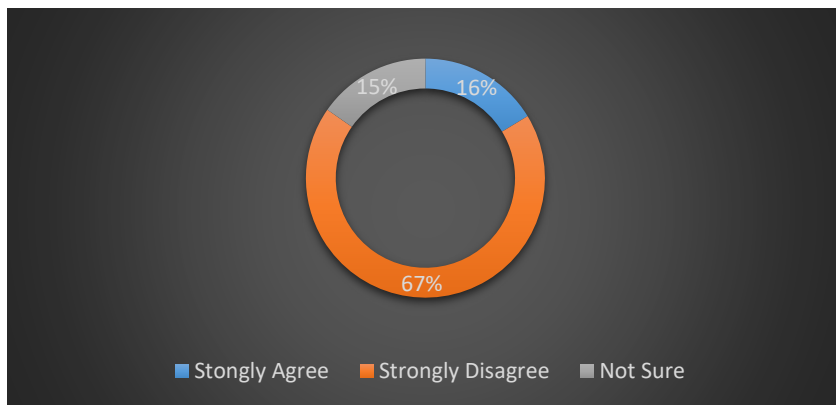
Table 4.9: Problems hindering effectiveness

	Strongly agree	Not sure	Strongly disagree	Total
a) Avoiding compromising on quality	5	4	19	28
b) Unreliability of suppliers	22	0	8	28
c) Staff training and development costs	17	3	8	28
d) Resistance from staff	5	0	23	28
e) Research and development costs	16	6	6	28
f) Lack of expertise	14	11	3	28

4.6.1 Avoiding compromising on quality

The outcome was as follows: those who agreed that this problem hindered the effectiveness of cost cutting measures were 18%, those that disagreed comprised of 67% of the respondents and 15% of the respondents were unsure. The majority of the respondents refused that avoiding compromising on quality hindered the effectiveness of cost cutting measures. The results deduced were against Altman (2015), who asserted that problems hindering cost cutting measures in hotels is fear of compromising quality for guests

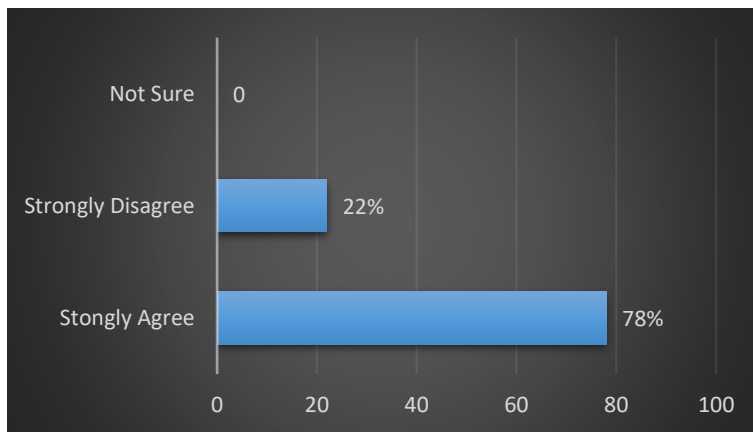
Figure 4.19: Avoiding compromising on quality



4.6.2 Unreliability of suppliers

The outcome was as follows: those who agreed that this problem hindered the effectiveness of cost cutting measures were 78%, those that disagreed comprised of 22% of the respondents and 0% of the respondents were unsure. The majority of the respondents agreed that unreliability of suppliers hindered the effectiveness of cost cutting measures. The results deduced were in agreement with (<https://www.twi-global.com> 23.03.18; 1652hrs) which asserted that problems hindering cost cutting measures in hotels is unreliability of suppliers when especially practicing JIT.

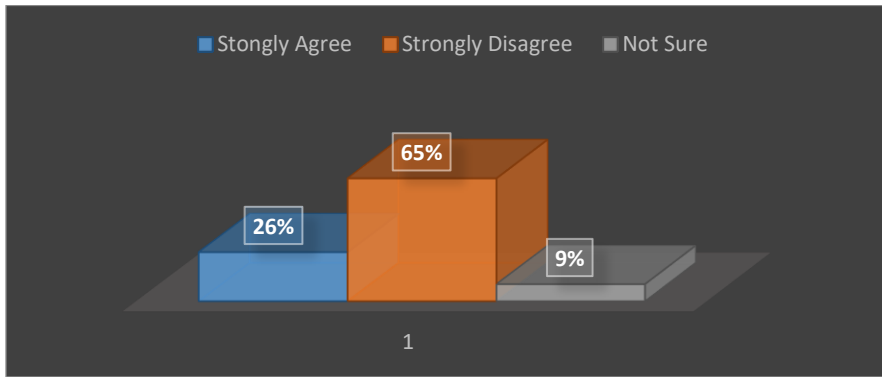
Figure 4. 20: Unreality of suppliers



4.6.3 Staff training and development costs

The outcome was as follows: those who agreed that this problem hindered the effectiveness of cost cutting measures were 26%, those that disagreed comprised of 65% of the respondents and 9% of the respondents were unsure. The majority of the respondents disagreed that staff training and development costs hindered the effectiveness of cost cutting measures. The results deduced were against with Murray (2017) when he [cited that many companies](#) believe that the costs of the introduction of cost cutting measure(TQM) are far greater than the benefits it will produce.

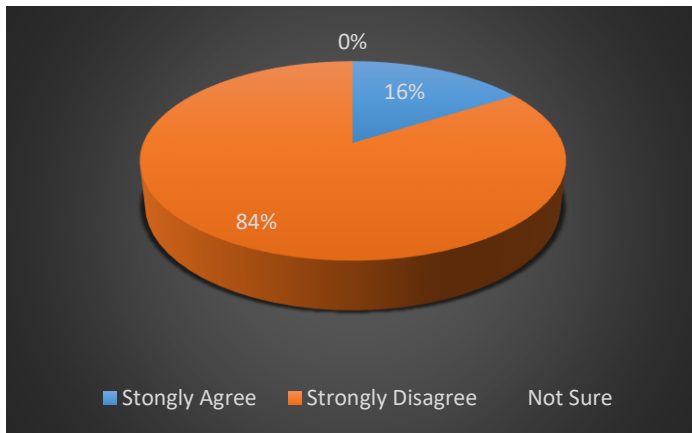
Figure 4. 21: Staff training and development costs



4.6.4 Resistance from staff

The outcome was as follows: those who agreed that this problem hindered the effectiveness of cost cutting measures were 16%, those that disagreed comprised of 84% of the respondents and 0% of the respondents were unsure. The majority of the respondents disagreed that resistance from staff hindered the effectiveness of cost cutting measures. The results deduced were against with (<https://www.gnapartners.com> 23.03.18; 1435hrs) when they cited staff resist chance when cost cutting measure are implement. For instance, reduced working hours that will result in reduced wages.

Figure 4.22: Resistance from staff

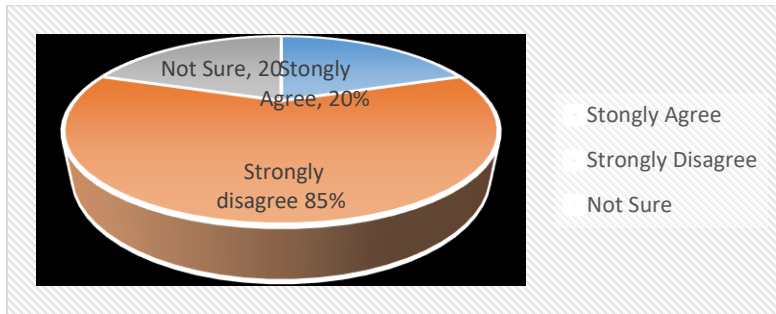


4.6.5 Research and development costs

The outcome was as follows: those who agreed that this problem hindered the effectiveness of cost cutting measures were 60%, those that disagreed comprised of 20% of the respondents and 20% of the respondents were unsure. The majority of the respondents agreed that research and development costs hinders the effectiveness of cost cutting measures. The results deduced were in

line with Rojas (2018) when he asserted that setting up an ABC system can be expensive, time consuming and research and development costs involved may be more than benefits.

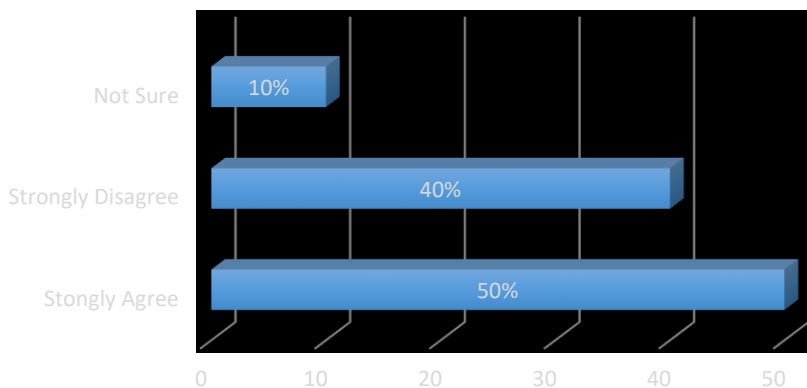
Figure 4.23: Research and development costs



4.6.6 Lack of expertise

The outcome was as follows: those who agreed that this problem hindered the effectiveness of cost cutting measures were 50%, those that disagreed comprised of 40% of the respondents and 10% of the respondents were unsure. The majority of the respondents agreed that lack of expertise hinders the effectiveness of cost cutting measures. The results deduced were in line with Morgan (2015) when he cited most of cost cutting measures need expertise to be run efficiently but many organisations lack the expertise needed.

Figure 4. 24: Lack of expertise



4.7 The introduction of new cost cutting measures to reduce costs

The researcher sought to get what the respondents thought of introducing a cost cutting measures in the hotel

Table 4.10: Results: New cost cutting measures

	Strongly agree	Not sure	Strongly disagree	Total
a) Recycling of plastic materials	22	3	3	28
b) Use of LED lights	17	3	8	28
c) Encourage reuse of towels	22	3	3	28

4.7.1 Recycling of plastic materials

79% of the respondents were in agreement with the introduction of recycling of plastic materials as shown in Table 4.6 above. Meanwhile those who were against the idea encompassed of 11% of the respondents and those unsure were 10% of the respondents. The results showed that the most of respondents were supportive of the introduction of a recycling of plastic materials and managers also cited in question 5 of interview that the introduction of a recycling of plastic would decrease operation costs for the hotel

4.7.2 Use of LED lights

60% of the respondents strongly agreed that a use of LED lights could reduce costs as shown by the table above and the responsive rate of those who were against the idea was 30% whereas those unsure were 10% of the respondents. Most of the respondents were in support of the introduction of LED lights. These results showed a positive strike with (<http://www.hoteleffectiveness.com> 18.04.2018; 1524hrs) where they asserted that LED lighting most energy and power efficient and

LED bulbs consumes at least 70% less energy and lasts 26 times longer compared to incandescent bulbs.

4.7.3 Encourage reuse of towels

Table 4.6 above shows 80% of the respondents who agreed that encouraging reuse of towels could reduce costs and the responsive rate of those who were against the idea was 10% while those who were unsure were 10% of the respondents. Most of the respondents were in support of the introduction of encouraging reuse of towels. These results agreed with ([http://www. hotel effectiveness.com](http://www.hotel effectiveness.com) 18.04.2018; 1524hrs) where they asserted that by placing small signs or placards in the guestroom encouraging guests to reuse their towels and estimates that the request reduces the number of towels of laundry as well as the related water, machinery running, electricity, and labor costs by 17 percent.

4.8 Labor cost management of lay off did not damage the quality of service delivery at TVFH.

Table 4. 11: Layoff and service delivery

	Strongly agree	Not sure	Strongly disagree	Total
Respondents	17	0	11	28
% Rate	60	0	40	100

The outcome was 60% of the respondents believed that labor cost management of lay off did not damage the quality of service delivery at TVFH. The remaining 40% of the respondents disagreed. The results from the questionnaire responses revealed that the majority believed the laying off employees did not affect the quality of services at the hotel. The evidenced that quality was not compromised in the fact that TVFH remained in the leading hotels of the world (LHW) association throughout the past 5 years

4.9 Outsourcing of services to other organisation can reduce moral of staff.

Table 4.12: Outsourcing and staff morale

	Strongly agree	Not sure	Strongly disagree	Total
Respondents	18	2	8	28
% Rate	64.3	7.1	28.6	100

Table 4.8 shows that 64.3% (18/28) of the respondents agreed to their moral being reduced by outsourcing. 28.6% of the respondents (8/28) disagreed while the remaining 7.1% were not sure on whether they are affected by outsourcing. The results were in agreement with Sheththa (2017) when he cited that most employees are demotivated by having work they can perform outsourced from other organisations.

4.10 Internal audit department have a positive impact of the reduction of costs at the TVFH.

Table 4.13: Audit department and cost cutting

	Strongly agree	Not sure	Strongly disagree	Total
Respondents	20	5	3	28
% Rate	71.4	17.9	10.7	100

Table 4.9 shows that 71.4% (20/28) of the respondents agreed to internal audit department helping in cost reduction. 10.7% of the respondents (3/28) disagreed while the remaining 17.9% were not sure on whether internal audit department helped in cost reduction exercise. The results were in agreement with management when they emphasized in interviews that internal audit department is functional in reducing costs at TVFH.

4.11 Interviews

The response rate of interviews carried out was 75 % (3/4) for five questions. The interviews were directed to senior management from the following departments: Accounting, Food and Beverage and Human Resources. In the departments where the managers were unavailable the researcher managed to interview representatives, for instance in the assistant accountant, Food and beverage

supervisor and Human Resource supervisor. The researcher resorted to telephone interview if the whole department top personnel was not around.

4.11.1 Interview responses analysis

Question 1: Which cost drivers are there at The Victoria Falls Hotel?

The management interviewed agreed that the common cost drivers included labor hours, number of runs, machine hours, number of orders received, and number of inspections. Each interviewed manager emphasized more on the cost drivers directly involved in their department. For instance, labor hours was emphasized by human resource manager. They also agreed on the benefits of identifying these cost drivers to control the costs. These benefits mentioned include accurate product and service costing and pricing, reduced material wastage and better resource allocation. However, from the questionnaire number (3), 80% disagreed to product and service pricing, 64% disagreed to reduced material wastage and 65% disagreed to product and service costing being a benefit by the company. Whereas CIMA (2017) stipulated that cost drivers identification is important because it provides the competencies needed to analyse and properly manage costs to support the implementation of organization strategy

Question 2: Which cost cutting measures that are being implemented at TVFH?

The management mentioned the cost cutting measures that were adopted by the hotel were JIT, Procurement cost management, TQM, outsourcing, leasing, labor management system as this was also in line with questionnaires responses. The interviewees also mentioned that there are in the processes of implementing automations of systems at the hotel and activity based costing to in some areas of the hotel but none of them mentioned lean approach. However, from the questionnaire number 1, 64% disagreed to activity based costing, 54% disagreed to lean approach and 86% disagreed to automation of systems being implemented by the company. Whereas Anderson (2014) postulated that lean approach aims to reduce errors to reduce costs significantly increasing labor efficiency and removing waste.

Question 3: Which cost cutting measures are effective at TVFH?

The management mentioned the cost cutting measures that were effective to the hotel were JIT, Procurement cost management, TQM, outsourcing, leasing, labor management system. All the respondents interviewed said that the current cost reduction measures implemented were a success

to the hotel since overhead costs had reduced by 3% in the past year. It was also mentioned to be a success as quality of services were not compromised. However, from the questionnaire number 2, 50% disagreed to outsourcing and 60.7% disagreed to labor management system being effectiveness at the hotel. Whereas Sheththa (2017) states that outsourcing is an effective cost cutting measure in hotels because it caters for some functions that need large outlay of money and materials, which may be unavailable. Labor management system seemed like a sensitive issue during the interviewed because layoffs have a disadvantage in the emotional distress many people experience when they lose a job (<https://yourbusiness.azcentral.com> 18.4.2018; 1652hrs).

Question 4: What are the hindrances from effectively implementing the cost cutting measures?

The management mentioned the cost cutting measures were hindered by unreliability of suppliers when procuring goods to apply just in time well and resistance from staff in labor management system. Other hindrance included staff training and development costs to fully implement TQM and research and development costs to fully implement ABC system. Management also mentioned that the hindrances were internal and external that they do not have control over, for example, exchange rates and duty charges. However, from the questionnaire number 5, 65% disagreed to staff training and development costs and 60% disagreed to staff resistance being hindrance to effectiveness of cost cutting measure.

Question 5: Which cost cutting measures can be recommendable to TVFH?

All the interviewed management thought due to the introduction of lean production, automation of systems, recycling of material and LED lights costs can be reduced by a bigger percentage. Responses from the questions were all strongly supporting these the introduction of cost cutting measures. Food and beverage manager mentioned that some of the materials they used to dispose can be recycled and cost can be saved. Assistant Accountant asserted that the procurement can buy LED lights for the hotel and power costs and costs of new lights can be reduced by big amount. The Human Resource manager was of the opinion that if lean approach is implemented unnecessary activities can be eliminated so the number of workers' wages of the hotel, ultimately reducing costs. The Debtors Controller interviewed mentioned that all the costs of buying paper for printing could be eliminated through automation of the office systems.

4.12 Secondary Data

Table 4.14: OPEX for 1 January 2018- 31 March 2018

Year	1st Quarter	1st Quarter	1st Quarter
	Projected	Actual	Variance
	\$000	\$000	\$000
Food	76000	82000	(6000)
Beverages	32000	35000	(3000)
Cleaning Supplies	25000	21000	4000
Repairs and Maintenance	18000	44000	4000
Total	151000	152000	(1000)

Source: OPEX draft (2018 1st Quarter)

Operational expenses draft showed that projected costs of food and beverage has varied negatively to the actual costs. The food cost were more with \$6000 and beverage costs were more than projected with \$3000. However on the brighter side cleaning supplies and repairs and maintenance costs are less than the projected with \$4000 respectively. These results showed that the hotel's costs varied with the projected ones due to the cost cutting measures that were put in place. Those applied in Food and Beverage not so effective and those applied in cleaning and maintenance effective. For instance, some cleaning services being outsourced which reduces costs of chemicals to clean carpets and leasing of equipment saves on costs of fixing broken down machinery. However, some cost cutting measures were not implemented such as lean production, ABC system, Automation of system can help reduce the operational costs. Anderson (2014) postulated that lean approach aims to reduce errors to reduce costs significantly increasing labor efficiency and removing waste. Saving paper can reduce the procurement of paper from paper suppliers thus reducing costs (<http://www.nrdc.org> 21.03.2018; 1000hrs). ABC system smoothen resource allocation to operations which are effective while eliminating those effective (Rojas 2018) (Rojas 2018).

4.13 Summary

In this chapter, the researcher presented and analysed the data gathered at TVFH. The data was presented in tables, bar graphs, pie charts and data gathered interviews was summarized.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

In this chapter, the researcher will give suggestions to The Victoria Falls Hotel on cost cutting measures through the analysis of the effectiveness of cost cutting measure. Literature reviewed by the researcher, all the findings in the field through primary and second data and the knowledge of the researcher on the subject matter is what the researcher used to give the recommendations to TVFH.

5.1 Summary

The main aim of the research was analyzing the effectiveness of cost cutting measure implemented by TVFH in attempt to cut rising costs.

Chapter 1 introduced the research topic and the background of study explaining where the problem is emanating from. Of which the problem emanated from internal and external sources causing the increase of operation costs (OPEX). The chapter also contained the statement of problem, objectives and research questions, significance of the study, assumptions, delimitations and limitations of the study

Chapter 2 reviewed opinions and views of other authors, researchers and scholars on the effectiveness of cost cutting measures applicable in the tourism and hospitality sector. The chapter also reviewed management accounting techniques and problems hindering the effectiveness of cost cutting measures. The identification of cost drivers and its essence was discussed in detail with the authors giving the merits and demerits associated with adopting it within a hotel. The protuberant authors in chapter 2 CIMA (2014), Sheththa, Lawrence (2017), Tatsana-iam . and Ngaoprasertwong (2013) and Anderson (2014).

Chapter 3 dealt with the research designs and instruments that were used to conduct the research by the author. The advantages and disadvantages of using each type of data and instrument used were discussed. The types of data the author make use were primary data, secondary data, qualitative and quantitative data. The research instruments used in this research were interviews and questionnaires only.

In the following chapter, data was collected using the research instruments by the researcher, primary data and secondary data was presented and analysed. Pie charts, line and bar graphs, and tables were used to present data. Interviews data was summarized and discussed.

5.2 Major Finding

5.2.1 Which cost cutting measures that were implemented by TVFH?

- Management and other employees were in agreement as shown by results that outsourcing, JIT, procurement management system, labor management system and leasing were implemented in trial to reduction costs.
- Most of the employees agreed that the TQM was implemented by TVFH while management agreed and there is an office that focuses on quality issues at the hotel.
- Lean approach system was not implemented by the hotel as most of employees and the management cited.
- TVFH implemented automation of system to a lesser extent as one of its measures to cut costs and all management had agreed to implement this measure to a lesser extent but willing to expand implemented this technique.
- ABC system was not implemented by the hotel but management viewed it as a good idea regardless of costs involved in setting it up and the employees disagreed that the hotel used ABC.

5.2.2 What cost cutting measures were effective in reduction of the overheads?

- The majority of the people agreed that JIT was effective with benefits like waste reduction, improved operational efficiency, and faster response widely observed in services like restaurants.
- The respondents strongly agreed that TQM was one of the measures that was effective when they asserted that TQM eliminates defects and waste, which reduces production costs in a hotel.
- The majority of the strongly agreed on the effectiveness of outsourcing and leasing as cost cutting measures since they reduce the capital expenditure (CAPEX).

- Costs were reduced at procuring of commodities and services as responsive results shows as buyers save a lot of money by negotiating on order placement, on time delivery and product quality.
- However, ABC and Lean approach was disagreed on the effectiveness, as it was also not implemented at the hotel.

5.2.3 What were the impacts of establishing operating cost drivers?

- Most respondents disagreed that the cost drivers' identification had had an effects on accurate service costing, accurate product pricing and reduction of material wastages.
- However, the other respondents agreed that cost drivers identification had effects on control of overheads and improvement of the resource allocation process.

5.2.4 Which problems are hindering the effectiveness of cost cutting measures?

- The majority of the respondents agreed that unreliability of suppliers hindered the effectiveness of cost cutting measures.
- The majority of the respondents agreed that research and development costs hinders the effectiveness of cost cutting measures when they asserted that setting up an ABC system can be expensive, time consuming and research and development costs involved may be more that benefits..
- The minority of the employees had agreed that resistance from staff, staff training and development costs and avoidance of compromising quality hindered the effectiveness of cost cutting measures.

5.2.5 What cost cutting measures are recommendable in hotels?

- The majority of employers and employees viewed the introduction of a recycling of plastic materials and management also pointed out in interview question 5 that the introduction of a recycling of plastic would decrease operation costs for the hotel.
- The majority of the respondents showed that the majority of the respondents were in support of the introduction of LED lights and encouragement of reusing towels can be useful in reducing costs.

5.3 Conclusion

The success of this research was seen as the author was able to gather data from TVFH using questionnaires and interviews while also having access to secondary data helped him in responding to his sub research questions. The research was a success because the researcher was able to note that most hotel workers well understood the most of the cost cutting measures and involved in cost reduction.

5.4 Recommendations

The following recommendations was made from responses from primary and secondary data.

The hotel should implement the lean approach in service and other, which CIMA (2014) stated that the benefits of lean management techniques are that any activity that fails to add value can be considered waste, including wasted effort.

The hotel should completely involve employees in cost cutting exercises since the results from the questionnaires showed unfamiliarity with certain cost cutting measures like outsourcing. Management should inform employees about cost cutting measures through training and involvement in meetings. CIMA (2014) supported this idea when they said hotel managers must understand that lean approach is effective though changing mindset and culture of the whole organisation

The hotel should implement automation of systems in all departments because the results from questionnaires and showed less implementation of the cost cutting measure. Website (<http://www.globalstewards.org> 21.03.2018; 1700hrs) cited that usage of less paperwork at the workplace can cuts costs for a business saves time and improves document security because of automation of offices

TVFH should fully implement ABC system because is merit to accurate service and product costing and it controls costs within the hotel. If the hotel costs its products and services accurately then it might be able to allocate its resource better and even distribution. Rojas (2018) stipulated that as costs are allocated per product, business processes which are performing well and which ones need to be improved can be clarified. ABC can be used to identify non valued added activities and can help to better allocate resources to efficient and profitable activities

TVFH should also continue saving energy and encourage reusing of towels it lowers cost electric bills of lights and running of washing machines. The recycling of material especially plastic would be good for cost cutting and it is environmentally friendly of which in Zimbabwe it will comply with the requirements of ISO 14001:2004 (Environmental Management System). This was supported by (<http://www.hoteleffectiveness.com> 18.04.2018; 1524hrs) where they asserted that LED lighting and encouraging reuse of towels are becoming hotels cost savings measures to a greater extent.

The hotel should also should improvise on their labor management and lay off less employees because of the negative implications of lay off. However, the hotel can try integration of labor in all departments through interchanging departments and training them. Lawrence (2017) cited that layoffs is ineffective way of reducing cost because of reputation damage and laid off employees leave the company with their skills and expertise which reduces quality.

The company should also consider reduce outsourcing and try to delegate some of the outsourced work to hotel employees as it demotivates employees. Sheththa (2017) cited that most employees are demotivated by having work they can perform outsourced from other organisations.

The hotel should consider training and developing more employees to implement the cost cutting measures effectively. Most of the measures including lean approach and ABC system need understanding and expertise as results shows that most employees are unfamiliar. Hence, for effective cost reduction all employees need to participate as supported by Kokemuller (2017) when he cited that employees need shift of mind set when implementing cost cutting measure so they be motivated and effective.

5.5 Areas of further study

The researcher recommends that further studying must be carried on analysis of cost cutting measures and problems hindering the effectiveness in Zimbabwe.

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Board Minutes dated 15 January 2017

Operation expenditure sheet (OPEX) 2015-2017

Operation expenditure sheet (OPEX) 1 January 2018- 31 March 20

Financial Statements for the year ended 31 December 2015

Financial Statements for the year ended 31 December 2016

Financial Statements for the year ended 31 December 2017

Appendices

Appendix 1 Approval letter



Midlands State University

P Bag 9055

Gweru

Zimbabwe

16 April 2018

Dear Sir/Madam

Re: Request to conduct a research

I am a student studying Bachelor of Commerce (Honours) Degree in Accounting at Midlands State University. The research topic is '**an investigation of the effectiveness of cost cutting measures in the tourism and hospitality business.**' **Case of The Victoria Falls Hotel.** The data obtained will be used for academic purposes only and be assured of privacy and confidentiality of the data collected. Your permission is greatly appreciated.

Yours faithfully

Japhet Nyasha Dakwa

R147086X

Appendix 2 Questionnaires



Midlands State University

P Bag 9055

Gweru

Zimbabwe

16 April 2018

Dear Sir/Madam

Re: Request to conduct a research

I am a student studying Bachelor of Commerce (Honours) Degree in Accounting at Midlands State University. I am kindly asking for your assistance in completing the questionnaire attached to the letter in connection with the research I am conducting at your company. The research topic is **‘an investigation of the effectiveness of cost cutting measures in the tourism and hospitality business.’ Case of The Victoria Falls Hotel.** The data obtained will be used for academic purposes only and be assured of privacy and confidentiality of your data. Your contributions will be greatly appreciated.

Yours faithfully

Japhet Nyasha Dakwa

R147086X

Instruction

a) Please tick the box adjacent to the response of your choice

Department of the respondent

1.) The following cost cutting measures were adopted by The Victoria Falls Hotel

	Strongly agree	Not sure	Strongly disagree
j) Just in Time			
k) Total Quality Management			
l) Outsourcing			
m) Activity Based Costing			
n) Leasing			
o) Labor management system			
p) Procurement cost management			
q) Lean Approach			
r) Automation of Systems			

2.) The following cost cutting measures implemented by TVFH were effective

	Strongly agree	Not sure	Strongly disagree
s) Just in Time			
t) Total Quality Management			
u) Outsourcing			
v) Activity Based Costing			
w) Leasing			
x) Labor management system			
y) Procurement cost management			
z) Lean Approach			
aa) Automation of Systems			

3.) The identification of cost drivers at TVFH had the following impacts

	Strongly agree	Not sure	Strongly disagree
c) Accurate service costing			
d) Control of overheads			
e) Accurate product/service pricing			
f) Reducing material wastages			
g) Improving the resources allocation process			

4.) The problems hindering the implementation of cost cutting measures at TVFH were:

	Strongly agree	Not sure	Strongly disagree
g) Avoiding compromising on quality			
h) Unreliability of suppliers			
i) Staff training and development costs			
j) Resistance from staff			
k) Research and development costs			
l) Lack of expertise			

5.) The introduction of the following cost cutting measures can reduce costs

	Strongly agree	Not sure	Strongly disagree
d) Recycling of plastic materials			
e) Use of LED lights			
f) Encourage reuse of towels			

6.) Labor cost management of lay off did not damage the quality of service delivery at TVFH.

Strongly agree Not sure Strongly disagree

7.) Outsourcing of services to other organisation can reduce moral of staff.

Strongly agree Not sure Strongly disagree

8.) Internal audit department have a positive impact of the reduction of costs at the TVFH.

Strongly agree Not sure Strongly disagree

9.) Do you think reduction of working hours can lead to reduction of costs?

Yes No

10.) Any other comment.....

THANK YOU

Appendix 3
Interview Guide

- 1.) Which cost drivers are there at The Victoria Falls Hotel?
- 2.) Which cost cutting measures that are being implemented at TVFH?
- 3.) How effective are the cost cutting measures implemented by the TVH?
- 4.) What are the hindrances from effectively implementing the cost cutting measures?
- 5.) Which cost cutting measures can be recommendable to TVFH?