

An Evaluation of Cost Control Techniques on Organizational Decision Making

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ABSTRACT:

This paper is presented to evaluate the cost control techniques on organizational decision making. Also to review the budget as an effective tool of cost control and cost reduction. The basic goal of any firm is to maximize profits, but the main obstacles they face are the rising operating costs. Due to this, the cost of production rises and may result in certain cost management and cost reduction measures, making it difficult for many firms to run efficiently within their knowledge-based costs. The selected research method was a descriptive survey. 40 questionnaires in all were distributed and used for the investigation with aid of simple random sampling technique. By using relevant statistical methods, such as the percentage and frequencies method, the acquired data were analyzed. Based on the findings, it was evident that majority of respondents opined that cost control has a plays prominence role on organizational decision making. Over the past few decades, competitive pressure from the exponential growth in information technology, manufacturing technology, and service sectors has transformed how businesses operate. These major changes in the global economy have prompted the development of relevant and sustainable cost management practices.

The control of costs and decision-making are crucial to enhancing business performance. Careful cost analysis aids managers, analysts, and business owners in figuring out total costs as well as clients in figuring out what bills they may expect to get. Cost management establishes the foundation for corporate expenses and controls the steps taken to monitor the budget and prevent going over it. To guarantee that projects are completed on time and are in line with established goals and budgets, cost-management decision-making fosters a push for better value at lower cost. Either post costing or continuous costing can be used for cost collection, analysis, and measurement. While continuous costing analyses expenses before an activity is finished, post costing uses actual costs. A further aspect of cost accounting is the analysis of

individual cost components using a standard for each cost item and the detection of variations. It also entails going over quarterly or monthly reports that provide the cost and profit information for a certain sale for that time frame. Cost accounting assists with cost benefit analysis, decision-making, and the identification of cost-effective alternatives.

Keyword: Cost control technique, Decision making, Organization etc.

I. INTRODUCTION:

Traditional costing methods ignore the reality that complicated products require more resources than simply structured items, which can result in incorrect decision-making because they do not give managers detailed information. By creating activity-based and target cost management systems, businesses have significantly decreased their reliance on conventional costing techniques in recent years. Because there is no real connection between the cost pool and the cost driver, the traditional costing technique of allocating costs can be quite wrong. Cost is regarded as the fundamental aspect that the business can effectively manage given the myriad factors driving price decisions in manufacturing companies. Instead, reliable cost data is thought to serve as the foundation for pricing decisions. In order to accomplish the goal of the organisation, cost information is required in addition to helping with decision-making. The management must regularly have access to important expense and revenue data because these factors heavily influence the organization's financial stability. The majority of businesses strive to maximize profits, which can be done by reducing production costs. Management employs two effective techniques, namely cost control and cost reduction, for this goal. Cost control is a technique that provides the management with the essential data to determine if real expenses are in line with budgeted costs or not. Company may employ the cost-reduction technique to reduce the product's unit cost without sacrificing its quality.

Through competitive analysis, we can control overall costs through the process of cost control. It is a practice that aims to bring the real cost into line with the accepted standards. It makes sure that the production costs won't rise above the budgeted amount. The creation of the budget for production is the first step in a series of diverse tasks that make up cost control.

OBJECTIVE:

To evaluate the cost control techniques on organizational decision making.

RESEARCH METHODOLOGY:

RESEARCH DESIGN:

Descriptive research has used for the study.

SAMPLE SIZE:

Researcher has used sample size of 40 with aid of simple random technique for the study.

METHOD OF DATA COLLECTION:

To carry out this study, researcher has adopted primary data, data collected through structured close ended questionnaire with help of interview technique. 5 point Likert scale has used for the questionnaire.

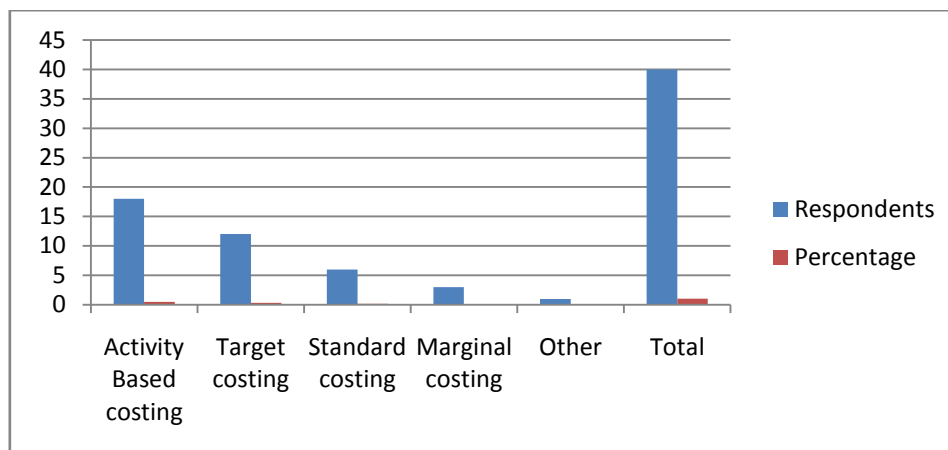
TOOLS FOR ANALYSIS:

Tables has used to classification of collected data, percentage has used to analysis of the data.

II. DATA ANALYSIS:

Table: 1 Which type of technique adopted in your organization

Particulars	Respondents	Percentage
Activity Based costing	18	45%
Target costing	12	30%
Standard costing	6	15%
Marginal costing	3	7.5%
Other	1	2.5%
Total	40	100%



INTERPRETATION:

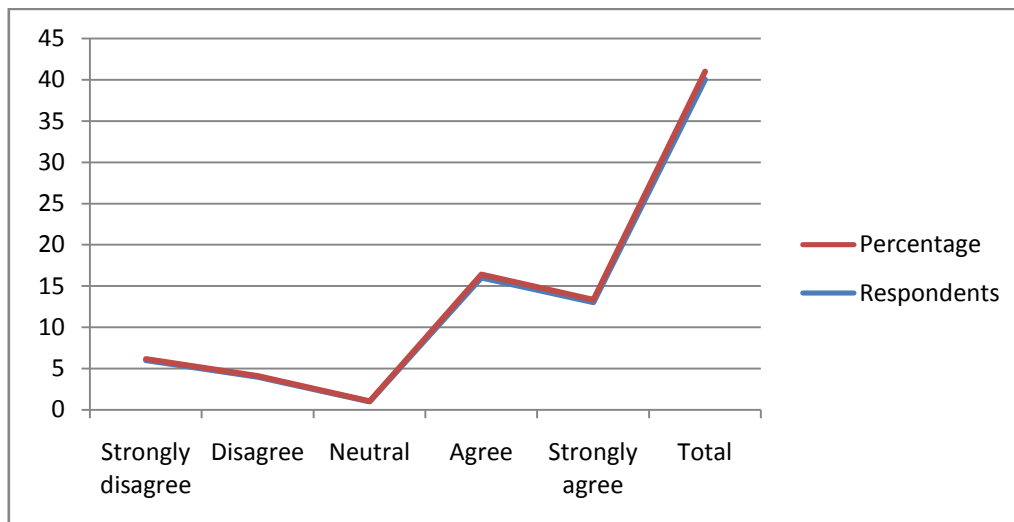
As per the above data, it can see that respondent's opinion about type of technique adopted in your organization. Majority of the respondents (45%) are belongs to Activity based

costing, 12% of the respondents say that their organization adopted target costing, 15%, 7.5% and 2.5% for Standard costing, Marginal costing and other respectively, technique adopted by their organization.

Table: 2 Do you agree that Activity based costing is more useful than traditional costing technique in your manufacturing company?

Particulars	Respondents	Percentage
Strongly disagree	6	15%
Disagree	4	10%
Neutral	1	2.5%
Agree	16	40%
Strongly agree	13	32.5%

Total	40	100%
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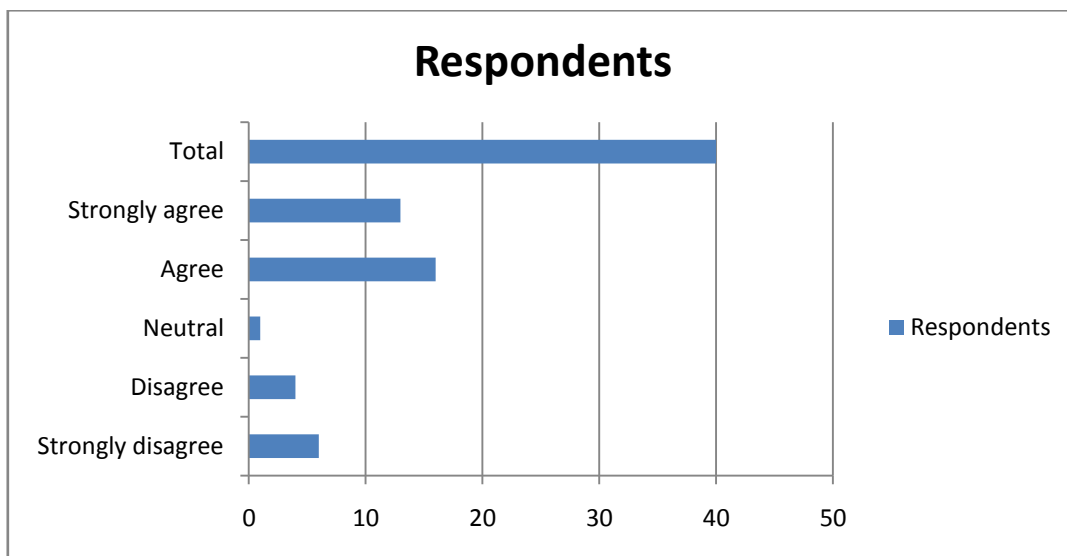
INTERPRETATION:

The above graph depicts that activity based costing is more useful than traditional costing technique in their manufacturing company. It can see that, majority of the respondents

supported that activity based costing is more useful than traditional costing technique, remaining 25% of the respondents not agreed about the above statement.

Table:3 do you agree that activity based costing technique is used for improvement of the decision making processes in your manufacturing company?

Particulars	Respondents	Percentage
Strongly disagree	5	12.5%
Disagree	6	15%
Neutral	3	7.5%
Agree	18	45%
Strongly agree	8	20%
Total	40	100%



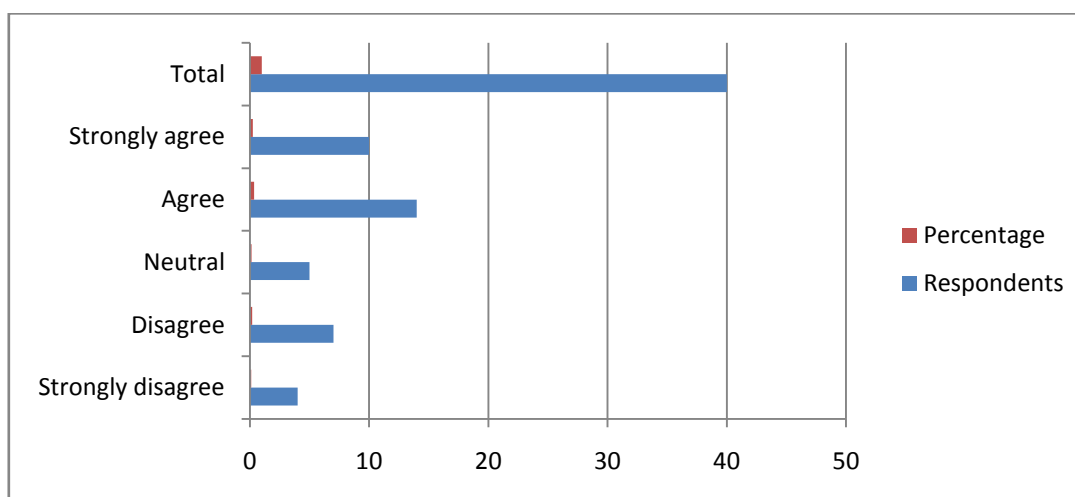
INTERPRETATION:

The table state that, activity based costing technique is used for improvement of the decision making processes in manufacturing company. Majority of the respondents agreed the above

statement, remaining 27% respondents not agreed about activity based costing technique is used for improvement of the decision making processes in manufacturing company.

Table:4 do you agree target costing is used for making rational and quick decisions in your manufacturing company?

Particulars	Respondents	Percentage
Strongly disagree	4	10%
Disagree	7	17.5%
Neutral	5	12.5%
Agree	14	35%
Strongly agree	10	25%
Total	40	100%



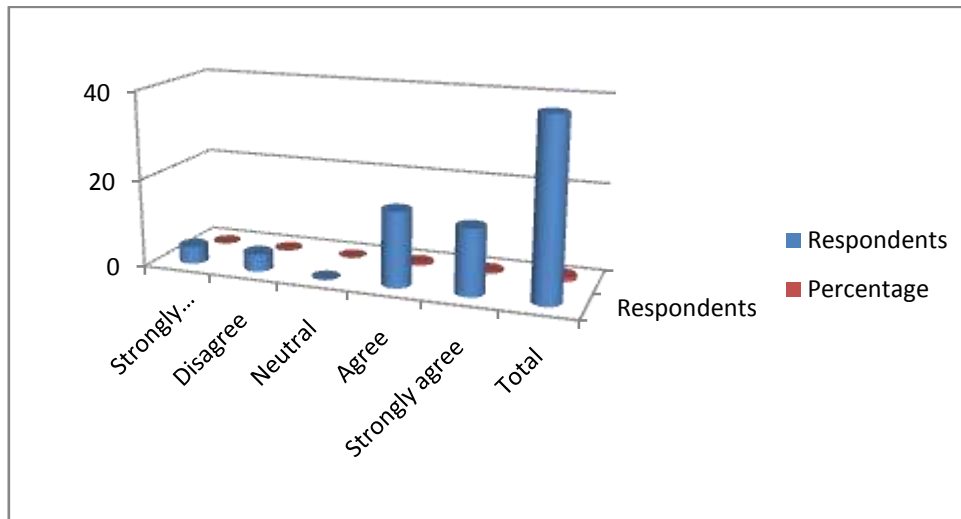
INTERPRETATION:

The above table state that target costing is used for making rational and quick decisions in

manufacturing company. 60% respondents are agreed about above statement, remaining respondents are not agreed.

Table:5 Do you agree Activity based costing and target costing impact on better performance of the organization?

Particulars	Respondents	Percentage
Strongly disagree	4	10%
Disagree	4	10%
Neutral	0	0%
Agree	17	42.5%
Strongly agree	15	37.5%
Total	40	100%



INTERPRETATION:

80% of the respondents agreed that activity based costing and target costing impact on better performance of the organization. Remaining 20% respondents not agreed the above statement.

III. CONCLUSION:

Researcher conducted this research with the intention of evaluation of the cost control technique on organizational decision making. This study used primary data, structured close ended questionnaire has prepared and distributed to 40 respondents for collection of data and to achieve the aim of the study. 5 point Likert scale technique used, simple random sampling technique adopted for selection of sample size. The control of costs and decision-making are crucial to enhancing business performance. Careful cost analysis aids managers, analysts, and business owners in figuring out total costs as well as clients in figuring out what bills they may expect to get. Cost management establishes the foundation for corporate expenses and controls the steps taken to monitor the budget and prevent going over it. To guarantee that projects are completed on time and are in line with established goals and budgets, cost-management decision-making fosters a push for better value at lower cost. Either post costing or continuous costing can be used for cost collection, analysis, and measurement. While continuous costing analyses expenses before an activity is finished, post costing uses actual costs. A further aspect of cost accounting is the analysis of individual cost components using a standard for each cost item and the detection of variations. It also entails going over quarterly or monthly reports that provide the cost and profit information for a certain sale for that time frame. Cost accounting assists with cost

benefit analysis, decision-making, and the identification of cost-effective alternatives. Majority of the respondents (45%) are belongs to Activity based costing, 12% of the respondents say that their organization adopted target costing, majority of the respondents supported that activity based costing is more useful than traditional costing technique, 65 Percent of the respondents agreed about activity based costing technique is used for improvement of the decision making processes in manufacturing company. 60% of the respondents said that target costing is used for making rational and quick decisions in manufacturing company. 80% of the respondents agreed that activity based costing and target costing impact on better performance of the organization

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