COST MANAGEMENT TECHNIQUES AND FINANCIAL PERFORMANCE OF AN ORGANIZATION: A CASE STUDY OF STANBIC BANK MBALE BRANCH

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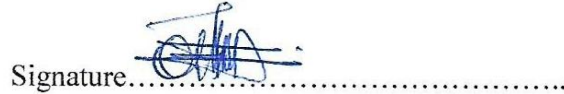

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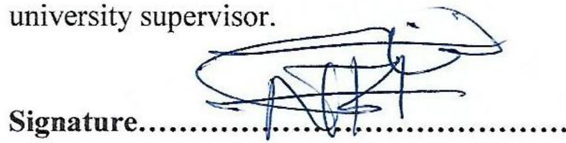
APPROVAL

This paper has been submitted for examination with the approval of Mr. Katisme Nicson as the university supervisor.



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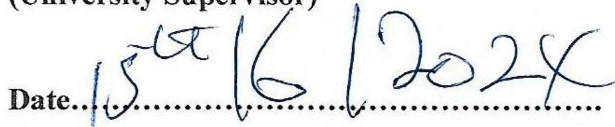

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ABSTRACT

This study investigated the Cost management techniques and financial performance of an organization in Mbale Town, focusing on the cost management and financial performance of Stanbic Bank Mbale branch. A cross-sectional research design was employed, to explore the relationship between working cost management and financial performance. The study targeted a population of 100 registered banks, with a sample size of 85 respondents selected through Salant & and Dillma, 1994 sample size table. Data was collected using questionnaires and analyzed using SPSS software.

The findings reveal a strong consensus among respondents regarding the Effective cost management techniques which are pivotal to enhancing the financial performance of organizations, particularly within the banking sector. This study examines the relationship between cost management strategies and financial performance in a case study of a major bank. The research explores various cost management techniques, including activity-based costing, lean management, and budgeting controls, to determine their impact on the bank's profitability, operational efficiency, and overall financial health. Through a comprehensive analysis of financial statements, interviews with key management personnel, and a review of internal cost control documents, the study identifies the most effective practices that contribute to sustainable financial performance. The findings reveal a significant positive correlation between the implementation of robust cost management techniques and improved financial metrics such as return on assets (ROA), return on equity (ROE), and net profit margins. The study concludes with recommendations for banking institutions to adopt a strategic approach to cost management, emphasizing the integration of technology and continuous process improvement to achieve long-term financial stability and competitive advantage.

CHAPTER ONE

1.0 Introduction

This chapter presents the preliminary work and sections of this research work and, in particular, the context contains the following: the background of study, the problem statement, the objective of the study, the research questions, the scope of the study and the conceptual framework.

1.1 Background of the study.

Early Accounting Practices: The roots of cost management techniques can be found in early accounting systems dating back thousands of years. (Johnson, H. T., Kaplan, R. S.1987) Ancient civilizations such as the Mesopotamians, Egyptians, Greeks, and Romans used rudimentary accounting methods to keep track of their financial transactions and resources, and industrial revolution in the 18th and 19th centuries, brought about significant advancements in the manufacturing and business practices. With the rise of factories and mass production, businesses begun to focus more on cost control and efficiency, this era saw the emergence of early cost accounting techniques aimed at allocating costs to products and optimizing production processes.

Scientific Management; In the late 19th and early 20th centuries, figures like Frederick Winslow Taylor pioneered the principles of scientific management. Taylor's work emphasized efficiency and productivity through systematic analysis and standardization of work processes. (Wren, D.A., & Bedeinss, A.G. 2009), Cost accounting techniques were further refined during this period to support these management principles, and Development of Management Accounting; The early to mid-20th century saw the development of management accounting as a distinct field within accounting. Innovations such as activity-based costing (ABC) and variance analysis became prominent, allowing managers to better understand and control costs within organizations. The aftermaths of world war 11saw a growing emphasis on cost management and financial performance analysis, particularly in the context of rebuilding economies and managing complex organizations. Techniques such as budgeting, performance measurement, and cost volume profit analysis gained traction during this period. Advancements in Information Technology, the latter half of the 20th century brought significant advancements in information technology, which revolutionized how cost management and financial performance analysis were conducted. The advent of computers and specialized software enabled more sophisticated cost allocation methods, financial modeling, and data analysis. (Davenport, T. H. 19998)

Globalization and Competition, in recent decades, globalization and increased competition have intensified the importance of cost management and financial performance analysis. Organizations are under pressure to operate more efficiently, reduce costs, and maximize profitability to remain competitive in the global marketplace and Evolution of Performance Metrics, over time, there has been a shift towards a more holistic view of financial performance, incorporating non-financial metrics such as customer satisfaction, employee engagement, and environmental sustainability. This has led to the development of frameworks like the Balanced Scorecard, which aims to provide a more comprehensive assessment of organizational performance. John Wiley & Sons (2004)

1.2 The problem statement

In cost management, there is a growing concern about the increasing Inaccurate regulatory compliance cost, digital transformation expenses, interest rate volatility, risk management and compliance and human capital challenges which has detrimental effects on customers, employees, shareholders and regulators as a whole. (Heidi Mandeni's Schooner and Michel W., 2000, Michel Croupy, Dan Galai, and Robert Mark, 1998). This problem statement aims to address the cause among them include loan and credit management, customer inquiries and complaints, fraud prevention and regulatory compliance which has led to different consequences among them including increased costs, reduced profitability, poor financial performance and ineffective resource allocation. However, Advanced Analytics, Process Optimization, Technology investments, Strategic Sourcing and Employee Training and Empowerment have been put in place to solve the problem of cost management and techniques and financial management of Stanbic bank.

1.3 Purpose of the study

The general objective of the study was to establish the cost management techniques and financial performance of Stanbic bank in Mbale town.

1.4 Specific objectives of the study

I) To examine the different cost management techniques utilized by organizations in the study context.

II) To examine the contribution of cost management techniques towards financial performance of an organization to the study context.
III) To examine the relationship between cost management and financial performance of organizations in the study context.

1.5 Research questions

I) What is the relationship between cost management techniques and the financial performance of an organization in the study context?
II) What are the effects of cost management techniques on the financial performance of an organization in the study context?
III) What are the possible challenges facing cost management techniques and the financial performance of an organization and possible solutions in the study context?

1.6 Scope of the study

1.6.1 Geographical Scope

The geographical scope was Mbale town. Mbale town is a municipality in Mbale district, eastern Uganda. The town is bordered by Sironko district to the north, Bududa district in northeast, Tororo district to the south, Butalenja district to the southwest and Budaka district in the west.

1.6.2 Content scope

The content scope of the study was cost management techniques and financial performance on Stanbic bank bale branch in town. The variables to be studied include financing options, record keeping and cash flow management technique and how they lead to the financial performance of Stanbic bank in Mbale town.

1.6.3 Time Scope.

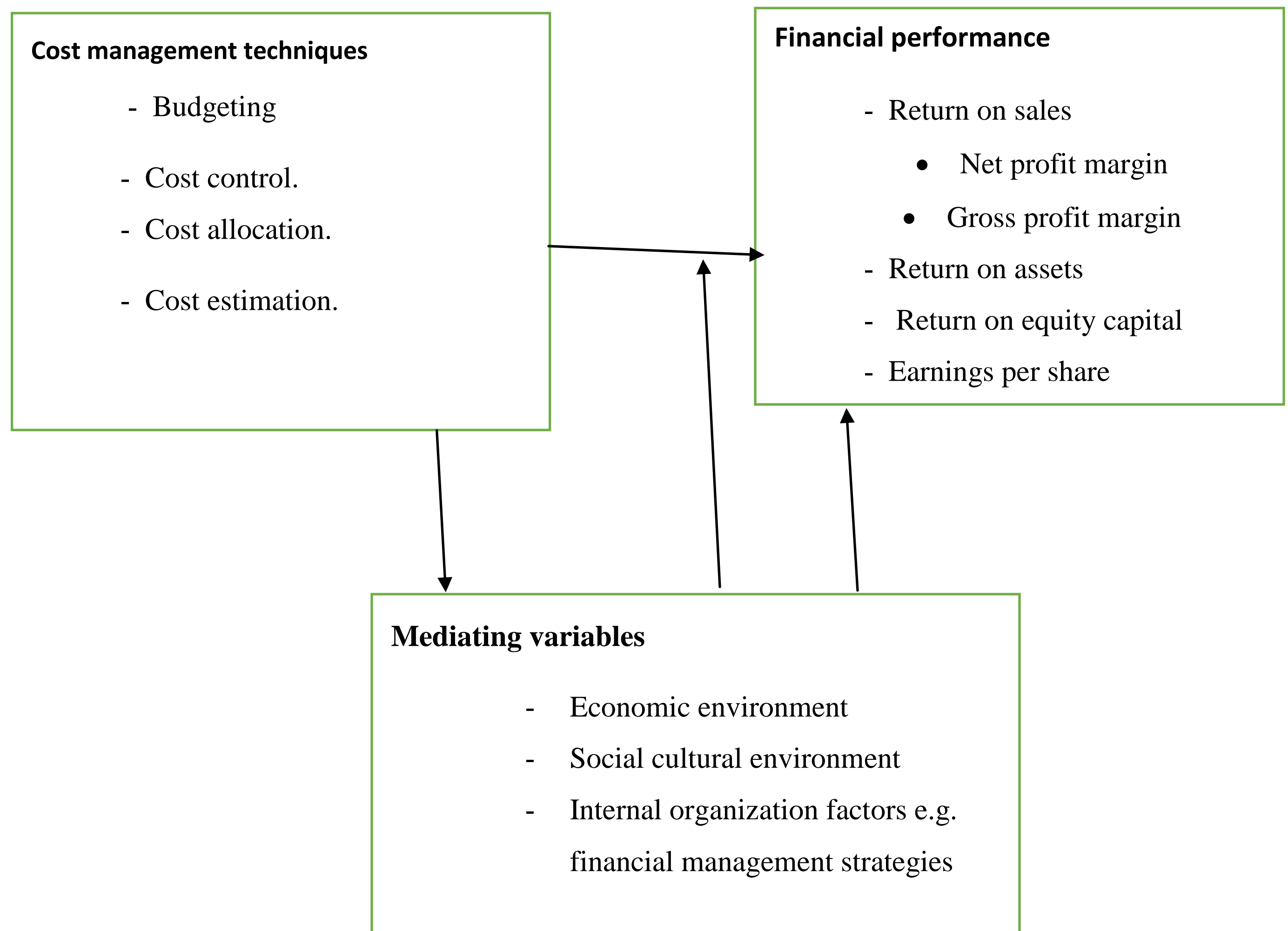
For the time scope, the inquiry covered the period from 2020-2023. The study is to be covered in one month that is May 2024. This period allowed field preparation, community entry, data collection, data analysis and presentation.

1.7 Conceptual frame work

Mugenda and Mugenda (2003) explained that the theoretical outline represents a structure of concepts put together to aid in showing association between the dependent and independent variables in the study. Therefore, it is an interconnected set of ideas (theories) about how a particular functions or is related to its part. The main purpose of the conceptual framework is to clarify concepts and purpose relationships among the variable of the study, provide a context for interpreting the study findings and explain observations. The study will comprise of an independent and dependent variable while not forgetting mediating factors. The independent variable being cost management techniques and dependent being financial performance of an organization. This can be shown in the figure

1.7Figure the conceptual framework

From the above review, the following conceptual framework is derived:



Source: derived by the researcher in concurrence with working capital management theories by Shin, H. and Soenen, L. (1998); Economic theories by Cantillon, R., and Knight, F.H., (1913).

The conceptual framework illustrates the relationship between cost management techniques and financial performance, with mediating variables influencing this relationship. Specifically, it posits that budgeting, cost control, cost allocation, and cost estimation are key strategies that organizations use to manage costs. These techniques are expected to directly impact various financial performance indicators, such as return on sales, net profit margin, gross profit margin, return on assets, return on equity capital, and earnings per share. However, the framework also acknowledges that this relationship is not direct and is moderated by several mediating variables, including the economic environment, social-cultural environment, and internal organizational factors like financial management strategies. These mediating variables can either enhance or hinder the effectiveness of cost management techniques on financial performance, suggesting that the context in which these techniques are applied is crucial for achieving desired financial outcomes. This framework emphasizes the complex interplay between internal management practices and external factors in determining financial success.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the literature related to this study. Specifically, this section covers theory of cost management, the various cost management techniques, an empirical review of financial performance and research gaps.

2.1 Definition of key terms

2.1.1Cost

Hilton, Maher, and Selto (2000), in the context of financial and managerial accounting define Cost as the cash or cash equivalent value sacrificed for goods and services that are expected to bring a current or future benefit to the organization." This definition considers the cash or cash equivalent value sacrificed, emphasizing the expectation of current or future benefits to the organization.

2.1.2 Cost management

According to Edward Blocher, David Stout, and Paul Juras (1999), Cost Management is defined as the process of planning, monitoring, and controlling costs within an organization. The context used by these authors emphasizes the strategic role of cost management in enhancing decision-making and profitability by meticulously estimating, budgeting, and controlling expenditures. This approach ensures that resources are utilized efficiently, supporting the financial health and competitive position of the organization.

2.1.3 Financial performance

Eugene F. Brigham and Michael C. Ehrhardt (1978), in the context of financial Management theory & practice define Financial performance as a measured of evaluating financial ratios and metrics such as earnings per share, return on assets, and debt-to-equity ratio, which provide insights into the firm's profitability, efficiency, and financial stability. Brigham and Ehrhardt focus on maximizing shareholder value through effective financial strategies and decision-making.

2.1.4 Bank

Adam Smith, (1776) defined a bank as a financial institution that facilitates monetary transactions by accepting deposits from the public and creating credit. Banks provide a safe place to store money, offer loans, and ensure liquidity in the financial system, which supports trade and economic activity.

2.2 Examine the different cost management techniques utilized by organizations in the study context.

Cost management involves the process of planning, controlling, and managing the budget of a business. David Stout and Paul Juras (1999). It is essential for maintaining financial health, ensuring profitability, and achieving strategic objectives. Effective cost management helps organizations optimize their resources, reduce wastage, and improve overall efficiency.

Budgeting is the process of creating a plan to spend your money, detailing expected revenues and expenditures over a specific period which helps organizations plan for future financial activities, allocate resources efficiently, and monitor financial performance. Budgeting has been used for centuries, evolving from simple cash management to sophisticated financial planning tools with its types like incremental budgeting which deals in adjusting previous budgets to account for changes, Zero-Based Budgeting which helps in building budgets from scratch, justifying each expense and lastly Flexible Budgeting which helps in adjusting budgets based on changes in activity levels. Ensuring financial discipline, aids in resource allocation, and provides a benchmark for performance evaluation. “Robert S. Kaplan and David P. Norton” (1996).

Standard Costing involves assigning expected costs to products and services, then comparing these with actual costs to determine variances. “Charles T. Horngren” (1962). It also provides a framework for cost control and performance evaluation by highlighting deviations from expected costs. Standard costing emerged in the early 20th century as industries sought better ways to control costs during the mass production era, establishing expected costs for materials, labor, and overhead based on historical data and future projections and comparing actual costs to standard costs to identify deviations and analyze causes which helps to identify areas where costs are deviating from expectations, enabling corrective actions to be taken promptly.

Activity-Based Costing (ABC) allocates overhead costs to specific activities based on their actual consumption that offers more accurate cost information by linking costs to the activities that drive them, aiding in more informed decision-making which was developed in the 1980s to address the limitations of traditional costing methods, providing more precise cost allocation. On the other hand, Activity-Based Costing (ABC) helps in identification of Activities by determining the key activities that consume resources , assignment of cost by allocating costs to activities based on their actual consumption which provides a more accurate picture of product

and service costs, leading to better pricing, cost control, and strategic decision. Charles T. Horngren (1962)

Target Costing involves setting a cost limit for a product or service based on market conditions and desired profit margins. Which Ensures products are competitively priced and profitable by aligning production costs with market-driven pricing strategies. Target costing originated in Japan during the 1960s as a response to competitive pressures, emphasizing cost control from the product development stage. Target costing helps in Market-Driven Costing by setting cost targets based on competitive market prices and desired profit margins, setting cost targets which involve cross-functional teams during product development to ensure cost targets are met. Ensures products are designed with cost efficiency in mind, aligning production costs with market expectations. Ray H. Garrison (1976).

However, there are examples or case studies from organizations within the context study. A manufacturing company which implemented ABC to more accurately allocate overhead costs, leading to better pricing strategies and improved profitability whereas a retail organization using flexible budgeting to adapt to fluctuating market conditions, resulting in more effective resource allocation and financial performance. There is comparative analysis of the effectiveness of different techniques which are budgeting which provides a solid foundation for financial planning but may lack flexibility, Standard costing offers robust cost control but can be rigid if not regularly updated, ABC provides detailed insights but can be complex and costly to implement and target costing ensures market competitiveness but requires accurate market data and collaboration across departments. Robin Cooper (1988-1989), a pioneer in activity based costing along with Kaplan (1991), extend the concept to time-driven activity-based costing (TDABC).

In other words, there can be factors influencing the choice of cost management techniques in these organizations which include industry-Specific factors like market conditions, competition, and regulatory environment. Organizational factors like size, structure, strategic objectives and technological factors like availability and sophistication of cost management tools and systems.

On the other hand, there are challenges and limitations faced by organizations in implementing these techniques i.e., Resistance to change this is where employees may be resistant to new cost management methods, Complexity where some techniques, like ABC, can be complex and costly

to implement, and data accuracy which shows reliable data is crucial for effective cost management, but may be difficult to obtain. Limitations Specific to the study context are also industry-specific constraints, regulatory requirements, market volatility, and competitive pressures and organizational limitations are Limited resources, lack of expertise, and inadequate technology. Charles T. Horngren (1962)

Lastly, this challenges and limitations also have possible solutions or improvements to overcome these challenges which include; training and education which provides employees with the necessary skills, knowledge, simplification which helps in adapting of complex techniques to fit the organization's. Capabilities and technology adoption which means utilizing advanced software and tools to streamline cost management processes and continuous improvement by regularly reviewing and updating cost management practices to adapt to changing conditions. Robin cooper (1989)

2.3 Examine the contribution of cost management techniques towards financial performance of an organization to the study context.

Cost management techniques refer to a range of strategies and practices that organizations use to plan, control, and reduce their expenses in order to enhance profitability and financial performance. These techniques help businesses to allocate resources efficiently, minimize waste, and ensure that costs do not exceed budgets, ultimately contributing to better financial health and competitive advantage. David Stout and Paul Juras (1999).

Budgeting is the process of creating a plan to spend an organization's resources. This plan outlines expected income and expenses over a specific period, typically a fiscal year "James C. Van Horne and John M. Wachowicz Jr" (1968-1974). Helps in forecasting revenues, planning expenditures, and managing cash flows which Involves setting financial goals, estimating future revenues, and allocating resources to various departments and projects. Includes various types of budgets such as operating budgets, capital budgets, and cash flow budgets which provide a financial framework for decision-making, helps in monitoring performance against financial targets, and ensures that resources are used effectively.

Cost control refers to the practices and procedures used by organizations to monitor, regulate, and reduce business expenses to increase profitability. Ensuring that actual costs do not exceed planned costs through setting cost standards, measuring actual performance, and taking corrective actions when necessary and variance analysis (comparing budgeted costs to actual costs), implementing cost-saving measures, and improving operational efficiency which helps in identifying areas of overspending, enables better financial planning, and enhances overall cost efficiency. Horngren (1962), Datar, and Rajan (2006-2017).

Michael E. Porter(1985), Cost reduction involves the strategic efforts to lower overall costs without compromising the quality of products or services aiming to improve profit margins by decreasing unnecessary expenses and optimizing resource utilization through analyzing all aspects of the business to identify cost-saving opportunities, such as renegotiating supplier contracts, streamlining processes, and reducing waste by using methods like lean manufacturing, outsourcing non-core activities, and adopting technology to improved efficiency leading to sustained cost savings, enhances competitiveness, and increases profitability. "James P. Womack T. Jones and Daniel Roos" (1990).

Cost allocation is the process of identifying, aggregating, and assigning costs to cost objects such as products, services, departments, or projects ensuring that all costs are accurately assigned to the right cost objects, providing a true picture of profitability and performance through determining the basis for allocation e.g., direct labor hours, machine hours, or square footage and applying these bases consistently "Ray H. Garrison, Eric W. Noreen, and Peter C. Brewer" (1976). Activity-based costing (ABC), which allocates costs based on activities that drive costs, and traditional costing methods which allocate costs based on a simpler basis which helps in pricing products and services appropriately, aids in financial analysis and reporting, and supports strategic decision-making by revealing the true cost structure of the business. "Michael E. Porter" (1985)

Agency theory examines the relationship between principals (owners) and agents (managers), where there is a potential for conflicts of interest. Cost management practices are vital for aligning the interests of managers with those of the owners to ensure that resources are used efficiently and effectively by implementing effective cost controls that can mitigate agency problems by ensuring that managers do not overspend or engage in wasteful activities. Financial performance can be monitored through metrics such as profitability and return on investment (ROI) to evaluate the effectiveness of management's cost control efforts "Michael C. Jesen and William H. Meckling" (1976).

Transaction Cost Economics (TCE) focuses on the cost of transactions and the ways organizations can minimize these costs to improve efficiency "Oliver E. Williamson" (1975-1985). It suggests that organizations should structure their operations to reduce transaction costs associated with market exchanges, such as bargaining and enforcement costs by reducing transaction costs through vertical integration, outsourcing, or strategic partnerships, organizations can achieve cost savings and enhance financial performance. Ronald Coase (1937). Cost-efficiency is a key metric here, reflecting the reduction in transaction costs and the improvement in operational efficiency.

Resource-Based View (RBV) posits that an organization's resources and capabilities are key to achieving and sustaining competitive advantage "Jay B. Barney" (1991). Effective cost management can enhance the value of these resources by optimizing their use and minimizing waste through investing in cost management systems and technologies that can improve the

efficiency and effectiveness of resource utilization. Performance through metrics such as ROI and cost-efficiency which indicate how well an organization is leveraging its resources to generate financial returns. “Edith Penrose” (1959) and “David J. Teece” (1997).

According to Joan Woodward (1965) Contingency theory suggests that the effectiveness of cost management practices depends on the context or environment in which an organization operates. There is no one-size-fits-all approach; instead, organizations must tailor their cost management strategies to their specific circumstances. Organizations should adapt their cost management techniques to factors such as industry dynamics, competitive pressures, and organizational size using financial performance metrics like profitability and cost-efficiency need to be analyzed in the context of the specific contingencies faced by the organization and with effective cost management, various financial performance metrics are improved. “Paul R. Lawrence” and “Jay W. Lorsch” (1967). Here are some key metrics, Profitability measures the ability of an organization to generate income relative to its revenue, costs, and expenses. Gross Profit Margin (Gross Profit / Revenue) × 100. These metrics indicate how well an organization is managing its costs in relation to its sales and overall operational efficiency.

Return on Investment (ROI) measures the gain or loss generated on an investment relative to the amount of money invested. ROI = (Net Profit / Cost of Investment) × 100 ROI helps in assessing the efficiency of cost management practices in generating returns from investments in resources, projects, or initiatives and Cost-efficiency which assesses how effectively an organization uses its resources to achieve its goals with minimal cost. Alfred Rappaport (1986).

Examining the contribution of cost management techniques is crucial in the context of this study as it provides valuable insights into how organizations can enhance their financial performance through strategic cost control and optimization. Effective cost management is vital for maintaining competitive advantage, especially in dynamic and challenging economic environments (Steven R. Anderson 2007). By understanding which techniques are most effective, organizations can implement strategies that lead to better resource allocation, improved profitability, and sustained financial health. This study focuses on industry-Specific Factors Manufacturing Sector which is set within the manufacturing industry, known for its high fixed costs and significant investment in machinery and inventory and techniques like lean manufacturing and just-in-time inventory management are particularly relevant here. In contrast,

the service sector, with its emphasis on labor costs and customer service, might benefit more from budgeting and cost control measures focused on human resources and service delivery efficiency and the region under study may experience economic fluctuations that affect both input costs and consumer demand. Effective cost management can help organizations navigate these uncertainties by maintaining flexibility and resilience.

2.4 Examine the relationship between cost management and financial performance of organizations in the study context.

Understanding the relationship between cost management techniques and the financial performance of organizations is crucial for business success “Robert S. Kaplan and David P. Norton” (1996). Effective cost management can significantly impact an organization's profitability, resource allocation, and overall financial health. This objective aims to explore how different cost management techniques influence financial performance within the specific context of the organizations being studied.

Agency Theory, this theory deals with conflicts of interest between managers (agents) and shareholders (principals) “Michael C. Jensen and Eugene F. Fama” (1976). Effective cost management practices align the interests of managers with those of shareholders by focusing on profitability and efficiency by implementing stringent cost management practices, managers can ensure that resources are utilized effectively, thereby enhancing the organization’s financial performance. For example, regular variance analysis can prevent cost overruns and ensure budget adherence.

Contingency Theory, According to Joan Woodward (1965) this theory posits that the effectiveness of management practices depends on specific situational factors like organizational size, industry, and market conditions. Cost management techniques should be tailored to fit the organization’s specific context. For instance, a manufacturing company might benefit more from Activity-Based Costing (ABC) due to its detailed allocation of overhead costs, while a service-based company might find traditional budgeting more suitable.

Resource-Based View (RBV) focuses on utilizing an organization’s internal resources and capabilities to achieve competitive advantage and superior financial performance. Effective cost management enhances resource efficiency. “Jay B. Barney” (1991) For example, target costing helps in setting cost objectives based on market conditions, which can streamline product development processes and enhance profitability. Edith Penrose” (1959) and “David J. Teece” (1997).

Hypotheses derived from these models are, hypothesis 1 shows that organizations that implement rigorous cost management practices achieve better financial performance compared to

those that do not, hypothesis 2 shows the impact of cost management on financial performance is moderated by organizational size and industry characteristics, and hypothesis 3 talks about the adoption of advanced cost management techniques like ABC and target costing is positively correlated with higher profitability and return on investment (ROI). “Daniel Kahneman and Amos Tversky” (1974).

Methods used to study the relationship are surveys and questionnaires, these can be distributed to financial managers and executives to collect quantitative data on the types of cost management techniques used and their perceived impact on financial performance and financial Data Analysis which is collecting and analyzing financial statements and performance metrics to identify trends and correlations. “Milton Friedman” (1953) Qualitative Methods which deals in conducting in-depth interviews with financial managers, CFOs, and other key stakeholders to gain qualitative insights into the implementation and effectiveness of cost management practices and Mixed Methods which combines quantitative data with qualitative insights to provide a comprehensive understanding of the relationship. For example, survey results can be supplemented with interview findings to validate quantitative data.

John W. Creswell (1994) states that data collection techniques like surveys help in designing detailed questionnaires targeting financial managers to gather data on cost management practices and financial outcomes that can cover aspects such as budgeting, cost control measures and the use of techniques like ABC and target costing. Interviews, structured or semi-structured interviews with key stakeholders to gain deeper insights into the practical challenges and benefits of implementing cost management techniques, and Financial Analysis which help to extract relevant performance data such as profit margins, ROI, and cost-to-revenue ratios. This data is then correlated with the cost management practices reported in surveys and interviews.

Descriptive statistics summarizes the collected data, including mean, median, and standard deviation of key financial performance indicators, and the prevalence of different cost management practices and inferential Statistics uses statistical methods such as correlation analysis and regression analysis to test the hypotheses and determine the strength and nature of the relationship between cost management practices and financial performance “Earl R. Babbie and William G. Zikmund” (1975-1984). Statistical analysis shows correlation analysis which helps to determine the strength and direction of the relationship between cost management

practices and financial performance. For instance, a positive correlation between the use of ABC and profitability would suggest that ABC is associated with better financial outcomes. And regression analysis which can identify causative effects and quantify the impact of specific cost management practices on financial outcomes. For example, regression models can be used to predict how changes in cost management practices influence profitability or ROI.

Market competition, regulatory environment, and technological advancements influence the relationship between cost management and financial performance for example in highly competitive industries, advanced cost management techniques might be more critical for maintaining profitability “Adam Smith” (1776). For instance, companies in the tech sector might need to adopt ABC to stay ahead due to rapid technological changes.

Effective cost management leads to better financial control, reduced waste, and improved profitability for example implementing ABC helps organizations gain detailed insights into cost drivers and eliminate non-value-adding activities, thereby improving cost efficiency and financial performance “Robert S. Kaplan” (1996). And also cost management plays a crucial role in informing strategic decisions like pricing strategies, investment in new projects, and resource allocation e.g. target costing which helps organizations develop products that meet market price expectations while maintaining profitability, guiding investment decisions and strategic planning. “H. Thomas Johnson” (1987).

2.5 Literature gap

Despite extensive research on cost management techniques and their impact on financial performance, there are several gaps in the existing literature. Many studies have focused on general findings without considering the specific contexts in which these techniques are applied. Additionally, there is limited research on the comparative effectiveness of cost management techniques across different industries and regions.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

In this chapter, the researcher analyses the research design, area of study, study population, selection of the sample, data sources, research tools and methods, methods that will be used for testing the validity and the reliability of research findings.

3.1 Research Design

The study used a cross-sectional design. Cross-sectional study represents what is going on at a particular point in time. This study is important in collecting Qualitative and Quantitative data because cross-sectional studies collect data using questionnaires and interviews (Oslen & Marie, 2004). Qualitative data focuses on descriptive and inferential statistics. This approach produced results in form of tables, and figures which are the basis for discussion and conclusions about the findings. For qualitative data, this was in form of statement by which respondents gave suggestions, opinions, or strategies for archiving the results. The analysis of qualitative data provided the basis for an in-depth understanding of the situation under study.

3.2 The Study Area

The area of study was Mbale Town in Mbale District, Eastern Uganda. The town is bordered by Sironko district to the north, Bududa district in northeast, Tororo district to the south, Butalenja district to the southwest and Budaka district in the west. It lies on approximately 225 kilometers (140 miles) northeast of Kampala, Uganda's capital city, on all-weather tarmac highway.

3.3 Study population

The population of the study was central and commercial banks in Mbale Town. The total population of the municipality is 586,300 (Uganda Bureau of Statistics, 2020). From this population of the sample study was drawn.

3.4 Sample size and selection

The sample of the study was 100 selected according to the judgmental sample. In the researcher's opinion, by the judgmental sample, the size was considered a sufficient population (Salant & Dillman, 1994).

Table1. Sample sizes

Respondents	Sample population	Sampling Technique
Central banks	50	Purposive sampling
Commercial banks	50	Random sampling
TOTAL	100	

3.5 Sampling Techniques

The study used simple random sampling and purposive sampling. For purposive sampling, this was used because it was helpful in selecting typical and useful people that gave relevant data.

3.6 Source of Data

Both primary and secondary sources of data were employed in the study. This primary source consisted of the respondent sampled from central banks and commercial while secondary data consisted of textbooks, journals, magazines, and other publications. The former first hand provided information relating to study variables while the later provided information that could not be captured from primary sources.

3.7 Research Tools and Methods

Both close and open-ended questionnaires were used to solicit responses from respondents. The close-ended questions enhance precision and conciseness while open-ended questions helped to clarify the responses provided in close-ended questionnaires.

The questionnaires were self-administered and this enhanced response through clarification of the questions especially to respondents that could not read and write. The use of self-administered questionnaires also justifies the neglect of the interview guide since interviews were held with respondents as the questionnaires were being administered. To enhance data analysis, a uniform rating scale (the 5 point Likert scale) was adopted in the preparation of questionnaires.

3.8 Quality Control Methods

3.8.1 Validity of the instruments

Content Validity which refers to the extent to which a measure represents all aspects of a given social concept (Sushil &Verma, 2010) was measured under the study. The researcher was to ensure that the instruments have adequate traits through consultations with the researcher's supervisor and peers.

3.8.2 Reliability

Reliability means the extent to which results are consistent over time. If the results of the study can be reproduced under a similar methodology, then the research instrument is considered to be reliable (Joppe, 2000). The strategy that was used to obtain reliability was; peer debriefing, prolonged engagement, and audit trails.

3.9 Data Analysis

The collected data was analyzed depending on the nature of the data. For Qualitative data, it was sorted by checking for any errors and analyzed as postulated in the research objectives. Patterns and connections within and between categories were identified. It was then interpreted by composing explanations and substantiating them using the respondents' open responses. While analyzing qualitative data, conclusions were made on how different themes/ variables.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION.

4.0 Introduction

This chapter presents the results of the study in relation to the study objectives. The results are presented below as follows.

4.1Response rate

This study had a 100% response rate, which was a great response rate. According to Amin (2012), survey results with a high response rate are also likely to be more accurate.

Table 4:1 Response rate

Number of questionnaires distributed to respondents	85
Number of questionnaires received back from respondents	85
Number of questionnaires not received back from respondents	0

Source: Primary data

$$\text{Response rate} = \frac{\text{received questionnaires}}{\text{Total questionnaires distributed}} = \frac{85}{85} * 100 = 100\ \%$$

This study had a 100% response rate, which was a great response rate. According to Amin (2012), survey results with a high response rate are also likely to be more accurate. In contrast to the individuals the researcher had targeted, the number of respondents to the study is provided in this part, together with information on the respondents' gender, age, educational attainment, current employment status, and length of service. This was predicated on the data that was submitted in the survey.

4.2 Biographic characteristics

The gender distribution of respondents who took part in the survey is shown in Table 4.2. The frequency of responses in each category and the accompanying percentages are shown in the table.

Table 4.2 Gender of the respondents

	Frequency	Percent
Male	41	48.2
Female	44	52
Total	85	100.2

Source: Primary data

Tables 4.2 above 48.2% of the respondents were males compared to their counter parts females who were 52% of all the respondents involved in the study.

Table 4.3 Age group of the respondent.

Table 4.3 provides information about the age distribution of study participants, including the frequency and percentage of respondents in each age group.

	Frequency	Percent
25-34	25	29.3
35-44	30	35.1
45-54	20	23.9
Above 55	10	11.9
Total	85	100.2

Source: Primary data

23.9% of respondents in table 4.3 above were between the ages of 45 and 54, 35.1% were between the ages of 35 and 44, 11.9% were over 55, and 29.3% were between the ages of 25 and 34.

Table 4.4 Marital status of the respondent

Table 4.4 gives a general picture of the distribution of respondents' marital status among survey participants. The information displays the percentages and frequencies of the different marital statuses that were seen in the sample population.

	Frequency	Percent
Single	23	27.08
Married	29	34.18
Widow	19	22.38
Widower	10	11.78
Divorced	4	4.78
Total	85	100.2

Source: Primary data

From the table 4.4 above, 34.18% of the respondents were married, followed by 27.08% single, 4.78% again were divorced, only 11.78% were widowers and 22.38% were widows. This shows that most of the respondents had families hence find it reasonable to run some small-scale businesses.

Table 4.5. Education level of the respondent

The study's participants' educational backgrounds are broken out in the table, along with the relevant frequencies and percentages. Respondents are divided into five educational categories: elementary, secondary, diploma, certificate, and bachelors.

	Frequency	Percent
Primary	23	27.08
Secondary level	10	11.78
Certificate	21	24.78
Diploma	20	23.58
Bachelors	11	12.98
Total	85	100.2

Source: Primary data

The majority of respondents (27%) in the above table were at the primary education level, followed by 11.7% at the secondary education level, 24.7% at the certificate level, 23.5% at the diploma level, and 12.9% at the bachelor's degree. This demonstrates that the chosen respondents could at least read and write and they could complete the questionnaire without the researcher having to give it any thought.

Table 4.6 Bank type A

Breakdown of the different bank categories represented by study participants is given in Table 4.6. Based on the responses of the participants, it provides the frequency and percentage of each type of business.

	Frequency	Percent
Commercial banks	40	47.1
Central banks	25	29.5
Credit banks	20	23.6
Total	85	100.2

Source: Primary data

According to the findings, 47.1% of the respondents used commercial banks, followed by 29.5% with central bank, and 23.6% with credit banks. This demonstrates that the chosen respondents fit the study's objectives and were drawn from the appropriate pool.

Table 4.7 The period spent by the respondents using this banks

Table 4.7 gives a summary of the amount of time respondents spent using a specific bank. Respondents are categorized according to the duration of their involvement in their own firms.

	Frequency	Percent
0-5 Years	44	51.825
6-10 Years	22	25.925
11-15 Years	6	7.125
Above 15 Years	13	15.325
Total	85	100.2

Source: Primary data

From the table 4.7 above 25.925% of the respondents had been using the bank for the period between 6 to 10 years, while 51.825% had been in business for a period between 0 to 5 years and only 7.125% had been in the business for a period between 11 to 15 years. This means that the selected respondents were suitable for the study since most of them had been using banks for quite long hence well informed and able to give reliable information to the study.

4.3. Different cost management techniques utilized by organizations

Table 4.8 presents findings related to different cost management techniques utilized by organizations. These findings are crucial for organizations to maintain profitability and efficiency. Several techniques are commonly used by organizations to manage costs effectively.

Statement	Mean	Std Deviation
Standard Costing establishes cost benchmarks for various activities and compares actual costs against these standards to identify variances.	3.93	1.37
Activity-Based Costing (ABC) helps to allocates overhead costs based on activities that drive costs, providing more accurate cost information for products and services.	4.27	0.62
Lean Management focuses on eliminating waste and improving processes to reduce costs and increase efficiency.	3.72	0.99
Cost-Volume-Profit (CVP) Analysis analyzes how changes in costs and volume affect a company's operating profit.	4.48	0.95
Benchmarking compares an organization’s performance metrics to industry best practices to identify areas for improvement.	3.49	1.33
Outsourcing and Off shoring reduces costs by delegating certain business processes or production to third parties or overseas providers.	3.88	1.48
Just-in-Time (JIT) Inventory reduces inventory holding costs by aligning production schedules closely with demand.	4.37	1.13

Source: Primary data

The table presents data on the different cost management techniques utilized by organizations. Mean scores and standard deviations are provided for each statement, reflecting the respondents' perceptions.

Firstly, it's evident that there's a general consensus among respondents regarding the different cost management techniques utilized by organizations. Both statements pertaining to this aspect received high mean scores (4.48, 4.37 and 4.27), indicating a strong belief in the significance of identifying cost management techniques in financial planning. However, the relatively high standard deviations suggest some variability in opinions among respondents.

Similarly, respondents acknowledge by outsourcing activities like lean management, focuses on eliminating waste and improving processes to reduce costs and increase efficiency.(mean = 3.72) and Cost-Volume-Profit (CVP) Analysis analyzes how changes in costs and volume affect a company's operating profit. (Mean = 4.48). These findings highlight the crucial role that accurate cost management techniques play in regulatory adherence and in bolstering the credibility of banks when ensuring good financial performance.

Moreover, Benchmarking compares an organization's performance metrics to industry best practices to identify areas for improvement. (Mean = 3.49), suggesting a potentially lesser emphasis on this aspect among respondents. Underscoring the role of comprehensive data in informing strategic choices. However, the mean score for the statement regarding the organizations continuously evaluate their staffing levels and skills mix to ensure they are aligned with current and future needs. Outsourcing and off shoring reduces costs by delegating certain business processes or production to third parties or overseas provider is (mean = 3.88).

In summary, these techniques help organizations maintain financial health, improve profitability, and gain a competitive edge in the market. From facilitating financial planning and regulatory compliance to aiding decision-making and securing external funding, cost management practices emerge as a cornerstone of effective organization management. However, the variability in opinions, as indicated by the standard deviations, suggests that while there is widespread recognition of cost management techniques utilized by organizations, nuances and priorities may vary among respondents.

4.4 Contribution of cost management techniques towards financial performance of an organization.

Table 4.9 presents key findings on the contribution of cost management techniques towards the financial performance of an organization. The table outlines various statements regarding the Cost management techniques significantly impact the financial performance of an organization in various ways and provides statistical measures such as mean and standard deviation to quantify respondents' perceptions**.**

Statement	Mean	Std Deviation
Enhanced profitability through standard costing and variance analysis helps in identifying cost overruns and inefficiencies, enabling corrective actions to enhance profitability.	4.29	1.30
Better Budget Control like budgeting and forecasting enables organizations to plan their financials effectively, control expenditures, and anticipate future financial needs, leading to more disciplined financial management.	3.57	1.43
Lean Management and Kaizen focus on process improvement and waste reduction, resulting in lower operating costs and enhanced efficiency also Just-in-Time (JIT) reduces inventory holding costs and minimizes waste contributing to cost savings.	4.29	1.19
Cost-Volume-Profit (CVP) analysis helps in understanding the relationship between costs, sales volume, and profits, aiding in strategic decision-making and benchmarking provides insights into best practices and performance standards, helping organizations make informed decisions to stay competitive.	4.53	0.93
Outsourcing and Offshoring reduces operational and labor costs, improving cash flow and liquidity, supplier Management and Negotiation secures better terms and prices, leading to cost savings and improved cash flow.	3.60	1.26
Value Engineering optimizes product designs and processes to reduce costs while maintaining quality, enhancing the overall value delivered to customers. And an economy of scale achieves cost reductions by spreading fixed costs over a larger number of units, lowering per-unit costs.	3.28	1.30

Source: Primary data

The data presented in Table 4.9 Evaluates the contribution of cost management techniques towards the financial performance of an organization. The mean scores and standard deviations provide insights into the respondents' attitudes towards various statements regarding the contribution of cost management. The findings suggest that cost management is generally seen as beneficial for organizations. The statement with the highest mean score (4.53) indicates that Cost-Volume-Profit (CVP) analysis helps in understanding the relationship between costs, sales volume, and profits, aiding in strategic decision-making and benchmarking provides insights into best practices and performance standards, helping organizations make informed decisions to stay competitive.

Respondents also strongly agree (mean score of 4.29) that Lean Management and Kaizen focus on process improvement and waste reduction, resulting in lower operating costs and enhanced efficiency. And also Just-in-Time (JIT) Inventory reduces inventory holding costs and minimizes waste, contributing to cost savings and efficient resource utilization. Moreover, the data suggests that cost management is viewed as providing valuable insights into the financial health of the organizations (mean score of 4.29), improve its net income without needing to proportionately increase its asset base. This emphasizes the role of cost management as a tool for enhancing strategic planning.

However, there are areas where the perceived effectiveness of cost management appears to be less pronounced. For instance, the statement in (3.57), Better Budget Control like budgeting and forecasting enables organizations to plan their financials effectively, control expenditures, and anticipate future financial needs, leading to more disciplined financial management. Zero-Based Budgeting ensures that every expense is justified, promoting cost control and eliminating unnecessary spending. Indicating a less unanimous agreement among respondents. Similarly, the notion that Outsourcing and Offshoring reduces operational and labor costs, improving cash flow and liquidity, supplier management and Negotiation secures better terms and prices, leading to cost savings and improved cash flow, garnered a mean score of 3.60, suggesting a somewhat lower level of consensus on this aspect.

Additionally, the statement about value engineering optimizes product designs and processes to reduce costs while maintaining quality, enhancing the overall value delivered to customers. And

an economy of scale achieves cost reductions by spreading fixed costs over a larger number of units, lowering per-unit costs received a relatively lower mean score (3.28), implying that while there is recognition of the importance of monitoring; there may be challenges or gaps in implementing this aspect effectively.

In summary, by effectively implementing these cost management techniques, organizations can achieve better control over their finances, enhance operational efficiency, improve profitability, and ensure long-term sustainability. This leads to stronger financial performance and a competitive edge in the market.

4.5. Relationship between cost management and financial performance of organizations.

Table 4.10 presents key findings regarding the relationship between cost management and financial performance of organization. It outlines various statements related to the relationship between cost management and the financial performance of organizations intrinsically linked and profoundly impactful and provides statistical measures such as mean and standard deviation to gauge the respondents' perceptions.

Statement	Mean	Std Deviation
Effective cost management techniques, such as lean management and value engineering, reduce operational expenses and improve profit margins and also allocating resources based on activity-based costing (ABC) ensures that resources are used where they add the most value, enhancing profitability.	**4.13**	**1.32**
Techniques like just-in-time (JIT) inventory management reduce the amount of capital tied up in inventory, improving liquidity and rigorous budgeting and variance analysis help maintain control over expenses, preventing cash flow issues and ensuring	**4.65**	**0.95**

there are funds available for essential activities.		
Methods like lean management and continuous improvement (Kaizen) enhance operational efficiency by eliminating waste and streamlining processes, leading to cost savings and better financial outcomes while efficient operations translate to higher productivity levels, which contribute to better financial performance through increased output and reduced costs per unit.	**3.64**	**1.29**
Cost-volume-profit (CVP) analysis provides insights into the relationships between costs, sales volume, and profits, aiding in strategic planning and decision-making. Comparing performance metrics against industry standards helps identify areas for improvement and adopt best practices, contributing to better financial performance.	**4.48**	**0.45**
Effective cost management minimizes financial risks by ensuring expenses are controlled and predictable, contributing to overall financial stability which organizations with strong cost management practices are better positioned to withstand economic downturns and market volatility, protecting their financial performance.	**4.91**	**0.29**
By managing costs effectively, organizations can offer competitive pricing, attracting more customers and increasing market share and savings from cost management can be reinvested in innovation and development, driving growth and enhancing financial performance.	**3.89**	**1.06**

Source: Primary data

The data in Table 4.10 sheds light on the relationship between cost management and financial performance of organizations. Each statement is rated in terms of mean and standard deviation,

offering insights into the perceived effectiveness and variability of these management techniques among the surveyed organizations.

The first statement is that effective cost management techniques, such as lean management and value engineering, reduce operational expenses and improve profit margins and also allocating resources based on activity-based costing (ABC) ensures that resources are used where they add the most value, enhancing profitability, with a mean rating of 4.13 and a standard deviation of 1.32. This indicates a relatively moderate level of agreement among respondents regarding the relationship between cost management and financial performance of organization. However, the considerable standard deviation suggests some diversity in opinions, hinting at varying degrees of understanding or implementation among organizations.

On the other hand, the second statement receives a notably a mean rating of 4.65, coupled with a standard deviation of 0.95. This indicates a stronger consensus among respondents regarding the techniques like just-in-time (JIT) inventory management reduce the amount of capital tied up in inventory, improving liquidity and rigorous budgeting and variance analysis help maintain control over expenses, preventing cash flow issues and ensuring there are funds available for essential activities. The relatively lower standard deviation suggests a more uniform understanding or agreement within the sample regarding this aspect's importance for organizations' financial health.

In contrast, the third statement receives a lower mean rating of 3.64, accompanied by a moderate standard deviation of 1.29. This suggests a less unanimous perspective on the methods like lean management and continuous improvement (Kaizen) enhance operational efficiency by eliminating waste and streamlining processes, leading to cost savings and better financial outcomes while efficient operations translate to higher productivity levels, which contribute to better financial performance through increased output and reduced costs per unit. The relatively higher standard deviation implies a broader range of opinions or experiences among respondents, indicating that some may not fully recognize the direct link between effective cost management techniques and financial performance of organizations.

The fourth and fifth statements receive higher mean ratings of 4.83 and 4.91, respectively, indicating a strong consensus among respondents regarding the effective cost management minimizes financial risks by ensuring expenses are controlled and predictable, contributing to

overall financial stability which organizations with strong cost management practices are better positioned to withstand economic downturns and market volatility, protecting their financial performance. Both statements also have moderate to high standard deviations, suggesting some variability in respondents' perceptions or experiences despite the overall agreement on their importance.

Lastly, the sixth statement, concerning managing costs effectively, organizations can offer competitive pricing, attracting more customers and increasing market share and savings from cost management can be reinvested in innovation and development, driving growth and enhancing financial performance, receives a mean rating of 3.89 and a standard deviation of 1.06. This suggests a relatively high level of agreement among respondents on the necessity of accurate data for financial purposes, although there appears to be some variability in the extent to which organizations prioritize or achieve this accuracy.

In summary, while organizations generally recognize the relationship between cost management directly enhances financial performance by improving profitability, cash flow, operational efficiency, strategic decision-making, and risk management. It helps organizations achieve a competitive edge, ensure sustainable growth, and build stakeholder confidence, all of which contribute to robust financial health.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1Introduction

This chapter presents the discussion, conclusions and recommendations of the study on cost management techniques and financial performance of an organization. The first section presents a summary of the study findings in relation to the specific objectives. This is followed by a discussion, conclusion, and recommendations of the study in relation to the objectives of the study.

5.2 Discussion of the key findings

5.2.1 Different cost management techniques utilized by organizations

The findings of cost management techniques utilized by organizations align closely with the existing literature, reinforcing the critical importance of meticulous cost management techniques. Nguyen and Luong (2021), organizations that effectively utilize budgeting and forecasting experience better financial outcomes, including increased profitability and financial stability. This agrees with the findings, as a high mean score regarding cost-volume-profit (CVP) Analysis, analyzes how changes in costs and volume affect a company's operating profit. However, the relatively lower emphasis on benchmarking compares an organization's performance metrics to industry best practices to identify areas for improvement, suggesting a gap between the statements regarding the organizations by Kaplan and Anderson (2007), continuously evaluate their staffing levels and skills mix to ensure they are aligned with current and future needs. Outsourcing and off shoring reduces costs by delegating certain business processes or production to third parties or overseas provider. Similarly, Womack and Jones (1996) highlight that lean management significantly reduces operational costs and increases profit margins by improving operational efficiency highlighted both in empirical and literature review. Kimes (1989), effective revenue management can lead to higher occupancy rates and improved revenue per available room (RevPAR), thereby enhancing overall financial performance.

The synthesis of literature and empirical findings underscores the multifaceted importance of different cost management techniques utilized by organizations, indicating a need for a better integration profitability processes to enhance organizations performance.

5.2.2 Contribution of Cost Management Techniques to Financial Performance of an organization.

The findings of the study agree with several aspects discussed in the literature review, providing a better understanding of the contribution of cost management techniques to financial performance of an organization. Horngren et al. (2015) highlighted that organizations with robust budgeting and forecasting processes experience improved financial outcomes, including enhanced profitability and reduced financial risk. This correlates with the findings, as observed, a strong consensus among organizations owners regarding the importance of the contribution of cost management techniques to financial performance of an organization. However, the study findings add depth by revealing varying levels of understanding and utilization among owners, which aligns with the observations of Kaplan and Anderson (2007), found that firms utilizing ABC often achieve better financial performance by improving cost accuracy and enhancing strategic decision-making. This precision in cost allocation leads to better pricing strategies and higher profit margins.

Womack and Jones (1996) emphasize that lean management significantly boosts financial performance by lowering operational costs and improving efficiency. Organizations adopting lean principles typically see increased profitability and customer satisfaction due to enhanced process efficiency and product quality. Lean management aims to eliminate waste and streamline processes. Techniques such as Just-In-Time (JIT) inventory management and continuous improvement (Kaizen) focus on enhancing efficiency and reducing unnecessary costs.

Furthermore, while Kimes (1989) highlights that effective revenue management practices can lead to improved occupancy rates and higher revenue per available unit, particularly in the hospitality industry. These improvements directly contribute to better financial performance by optimizing revenue streams based on market demand. This aligns with the findings OF Drury (2013), firms using standard costing and variance analysis can better monitor and control costs, resulting in enhanced financial performance.

5.2.3 The relationship between cost management and financial performance of organizations

Respondents generally agree on the relationship between cost management and financial performance. This is in line with the literature, which emphasizes the relationship between cost management, where effective budgeting and forecasting allow organizations to plan their financials accurately, setting the stage for disciplined financial management and strategic resource allocation. Horngren et al. (2015), There is a strong consensus among respondents regarding the organizations that implement robust budgeting and forecasting techniques experience improved financial stability and profitability. This corresponds to findings suggesting that these methods help align operational activities with financial goals, reducing the likelihood of unexpected financial deficits.

While the direct link between cost management and financial performance is less unanimously recognized among respondents, the literature supports the notion that ABC provides a detailed understanding of cost drivers by assigning costs to activities based on their actual consumption of resources (Kaplan and Anderson (2007) found that firms using ABC have better insights into their cost structures, leading to more strategic decision-making and enhanced profitability. This method helps organizations optimize their resource use and improve overall financial performance. Womack and Jones (1996) observed that companies adopting lean practices achieve significant cost savings and efficiency gains, which translate into improved financial performance. The continuous improvement aspect of lean management ensures that these benefits are sustained over time. Kimes (1989) highlights that effective revenue management practices, particularly in the hospitality industry, lead to higher occupancy rates and revenue per available room (RevPAR).

5.3 Conclusion

There's a strong consensus among respondents regarding the different cost management techniques utilized by organizations indicating a strong belief in the significance of identifying cost management techniques in financial planning. However, the relatively high standard deviations suggest some variability in opinions among respondents where they could acknowledge by outsourcing activities like lean management, focuses on eliminating waste and

improving processes to reduce costs and increase efficiency, Cost-Volume-Profit (CVP) Analysis analyzes how changes in costs and volume affect a company's operating profit. These findings highlight the crucial role that accurate cost management techniques play in regulatory adherence and in bolstering the credibility of organizations when ensuring good financial performance.

There is significance consensus of the contribution of cost management techniques towards the financial performance of an organization. While cost management is generally seen as beneficial for organizations. Cost-Volume-Profit (CVP) analysis helps in understanding the relationship between costs, sales volume, and profits, aiding in strategic decision-making and benchmarking provides insights into best practices and performance standards, helping organizations make informed decisions to stay competitive. Moreover, the data suggests that cost management is viewed as providing valuable insights into the financial health of the organizations improving its net income without needing to proportionately increase its asset base. This emphasizes the role of cost management as a tool for enhancing strategic planning. However, Better Budget Control like budgeting and forecasting enables organizations to plan their financials effectively, control expenditures, and anticipate future financial needs, leading to more disciplined financial management indicating a less unanimous agreement among respondents.

There is a consensus regarding the effective cost management techniques, such as lean management and value engineering, reduce operational expenses and improve profit margins and also allocating resources based on activity-based costing (ABC) ensures that resources are used where they add the most value, enhancing profitability. This indicates a relatively moderate level of agreement among respondents regarding the relationship between cost management and financial performance of organization. However, this indicates a stronger consensus among respondents regarding the techniques like just-in-time (JIT) inventory management reduce the amount of capital tied up in inventory, improving liquidity and rigorous budgeting and variance analysis help maintain control over expenses, preventing cash flow issues and ensuring there are funds available for essential activities that suggests a less unanimous perspective on the methods like lean management and continuous improvement (Kaizen) enhance operational efficiency by eliminating waste and streamlining processes, leading to cost savings and better financial outcomes while efficient operations translate to higher productivity levels, which contribute to better financial performance through increased output and reduced costs per unit. The relatively

higher standard deviation implies a broader range of opinions or experiences among respondents, indicating that some may not fully recognize the direct link between effective cost management techniques and financial performance of organizations.

5.4 Recommendations

The advent of the internet has brought a lot of innovations in the management of costs. For example, by using the internet the organizations can automatically implement strategic cost management techniques, and benchmarking to improve their financial outcome.

To help analyze the impact of these techniques on financial performance indicators like profit margins, cost efficiency, and revenue growth. Computer spreadsheets are essential to modern organizations, as they allow managers to prepare a lot of financial reports. For example, cash budgets are vital to the management of costs. Management often makes use of cost management techniques in determining costs. The availability of computer spreadsheets helps in preparing several cash budgets based on possible future situations

Owners/managers of organizations should avail themselves with the various training programmes organized by government and other bodies like; government- sponsore organizations support services to polish their knowledge in financial management and other managerial topics. This will help improve their trading activities as poor managerial skills have commonly been associated with organizations' failure.

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Drury, C. His comprehensive text, "Management and Cost Accounting," offers insights into how cost accounting serves as a framework for helping firms improve their efficiency and profitability.

Goldratt, E. M. Known for his Theory of Constraints, Goldratt discusses cost management from a process improvement perspective, which impacts organizational financial health.

Hammer, M. Though known for business process reengineering, his views on cost management through process improvements offer critical insights into financial performance enhancements.

Kaplan, A. M., & Haenlein, M. They explore cost management in the context of newer technologies and digital transformation, assessing impacts on organizational finance.

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APPENDIX

QUESTIONNAIRE.

UGANDA CHRISTIAN UNIVERSITY

School of Business

I am Otin Hadijah a student of Uganda Christian University conducting a research study on the "cost management techniques and financial performance of an organization" in Mbale Town as a requirement for the award of Bachelor's degree in Science of Accounting and Finance of Uganda Christian University.

I am kindly requesting you to assist me in this study by answering the following questions. I assure you that your information will be treated with utmost confidentiality.

SECTION A: Demographic Data

Please tick (√) in the appropriate box ☐ as the most agreed answer to the following statements.

1. Gender of the respondent.

☐ Male ☐ Female

2. Age group of the respondent.

☐ 25-34 years ☐ 35-44 years ☐ 45-54 years ☐ above 55 years

3. Marital status of the respondent.

☐ Single ☐ Married ☐ Widow ☐ Widower ☐ Divorced

4. Education level of the respondent.

Primary level ☐ Secondary level ☐ Certificate level ☐

Diploma level ☐ Bachelor's level ☐ Masters Level ☐

Others specify………………………………………………………………………………….

5. Bank type:

Commercial banks. ☐ Credit banks ☐

Central banks. ☐

Others specify…………………………………………………………………………………

6. For how long have you been using this bank?

0 – 5 years ☐ 6-10 years ☐ 11-15 years ☐ Above 15 years ☐

SECTION B:

(Please tick most appropriate of: Strongly agree =5, Agree=4, Not sure=3 Disagree=2, and strongly disagree=1)

1. The different cost management techniques utilized by organizations.	**1**	**2**	**3**	**4**	**5**
Cost estimation helps to involves predicting the costs of a project or activity to establish a budget.					
Cost classification helps to categorize costs into fixed, variable, direct, indirect, etc., to understand their impact on the business.					
Cost allocation helps to assign costs to specific departments, projects, or products to track expenses.					
Cost control helps to monitor and regulate costs to ensure they stay within budgeted limits.					

Cost reduction helps to identify areas to reduce costs without compromising quality or efficiency.					
Cost avoidance helps to avoid unnecessary costs by making strategic decisions.					
Activity-based costing (ABC) helps to assign costs to specific activities to understand their cost drivers.					
2. The contribution of cost management techniques towards financial performance of an organization.					
Effective cost management enables organizations to allocate resources more efficiently, leading to improved financial performance.					
Cost management techniques provide valuable insights that support informed decision-making, driving business growth and profitability.					
Organizations that excel in cost management can maintain a competitive edge in their respective markets.					
By optimizing costs, businesses can increase their value to shareholders, fostering long-term sustainability and success.					
Cost management techniques help identify and eliminate unnecessary expenses, streamlining operations and promoting financial effectiveness.					
Effective cost management provides the flexibility to invest in growth opportunities, respond to market changes, and weather financial storms.					
3. The relationship between cost management and financial performance of organizations.					
Financial efficiency, resources are allocated more					

efficiently, leading to improved financial performance.					
Cost management provides valuable insights that support informed decision-making.					
Organizations that excel in cost management maintain a competitive edge in their respective markets.					
Cost management helps identify and eliminate unnecessary expenses.					
Effective cost management provides flexibility to invest in growth opportunities and respond to market changes.					
Improved profitability helps to reduce costs leading to increased profitability.					

Thank you so much.