

# A Study on Cost Control and its Impact on Organisation Performance

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**Abstract:** *In accounting, the term cost denotes the monetary expenditures for producing goods or services. It includes the expenditure done for the supplies of factors of production I.e., Land, Labour, Capital and Entrepreneur. As industries grow the concept of cost control started getting importance place in business organisation. Day after day and Year after year cost control has proven very effective for the reduction of cost of the and increasing the overall profitability of the organisation. Now a day both large and small organisation follows the technique of cost control. While organisations may have different technique of cost control depending up on the size of the activity of the business but the ultimate moto of the cost control system is to reduce cost*

**Keywords:** Monetary Expenditure, Cost Control

## I. INTRODUCTION

As Industrial revolution has gain momentum the requirement of cost control and reduction has become important part for the organisation. Due to the increases in competition the cost has become an important concept for the company as the increment in cost of final product become difficult option for the company. At the very least, cost control aims to control the growth of expenditure of the company over time.

For controlling the cost, the company's Internal management team uses cost accounting technique. Both fixed and variable cost are put together to conclude the total cost of the product. They first record the cost individually and then compare the input cost to output income.

The method of cost control was implemented by a large, selected number of companies during the 1990s, often taking a ham - handed approach that resulted in mass layoffs, part time appointment and outsourcing the secondary activity products. The moto of the organisation was to become as low-cost and efficient as possible with apparent disregard of the employees irrespective of any status.

The long-term impact of cost control was that it damaged the business, as the selling of non-essential property and mass layoff of employees which has resulted the reduction in the quality of the company's production. This made it impossible for the company to get a a competitive advantage or larger share of the market.

The Cost control system has two kind of impact, it has impacted the organisation as well as the employee of the organisation. As it is a short term solution, In the long run it's going to reduce the quality of the product of the company and also going to loose the quality of the employees in the organisation.

## II. REVIEW OF LITERATURE

A. ([www.investopedia.com/terms/c/cost-control.asp](http://www.investopedia.com/terms/c/cost-control.asp))

Cost control is the technique of controlling the cost of the production of the organisation. During Industrial revolution the idea has gained important in the business houses.

B. (<https://doeren.com/4-benefits-cost-control-management>)

Cost Control has gain important for the business as competition increases it has become difficult for business to increase the cost of product for profitability.

### Hypothesis:

1. Cost Control can be used for long term

2. Cost Control reduces the quality and damages the brand name of the organisation
3. It has monetary and psychological impact on the mind of the employees and customers.

Methods of Data Collection:

The method of data collection used for this research is as follows:

**Pre-field methods:**

This consist of a collection of primary data on the topic. To get a comprehensive knowledge of the study area, different books from the college library were referred. The research also relied on books, records and website etc. Some online articles were also referred.

**Field Method:**

Data were collected by Questionnaire method and personal interview method from the age group of above 18. A sample size of 20 was used for the collection of data. A Simple Random Sampling method was used. Questionnaire and personal interview were used to collect the data. The research is a descriptive type of research design.

**Post – Field method:**

The data collected will be processed, assimilated and analysed. A suitable bibliography is prepared to show the reference used. As a whole, the research design is descriptive.

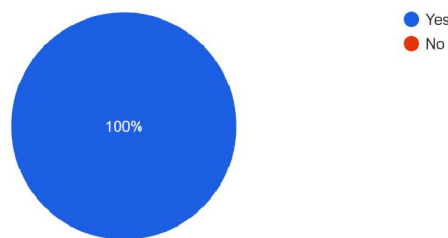
**Scope of the study:**

The research has studied the impact of Cost Control on different organisations. Responses of the Individuals above the age group of 18 years from different genders has been studied.

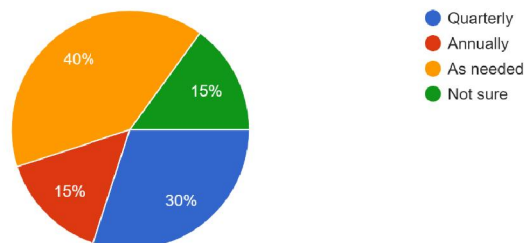
**Findings:**

The findings of the research are as follows:

Are cost control measures implemented in your organization?  
20 responses

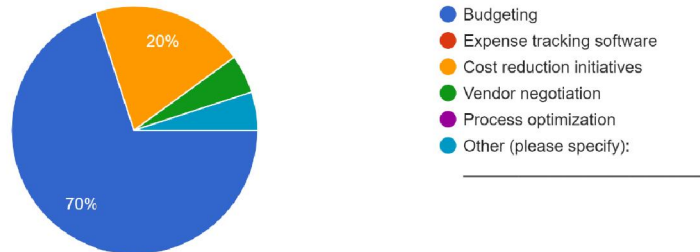


How often are cost control measures reviewed and updated?  
20 responses



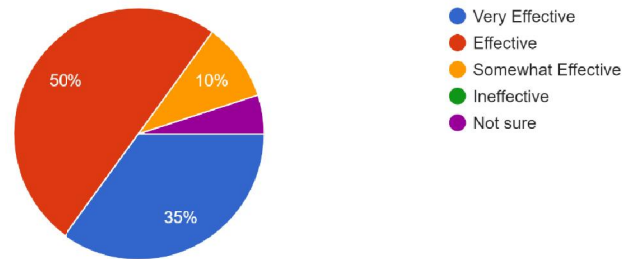
What specific cost control measures are in place in your organization? (Check all that apply)

20 responses



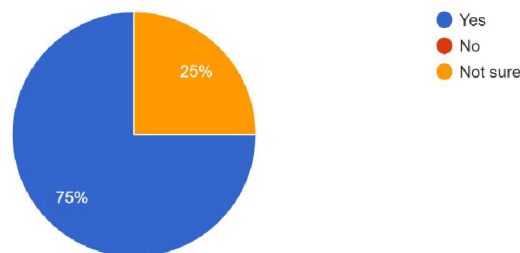
How would you rate the effectiveness of your organization's cost control measures?

20 responses



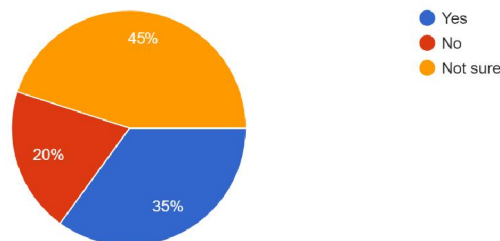
Have cost control measures led to increased profitability for your organization?

20 responses



Have cost control measures ever resulted in layoffs or workforce reduction?

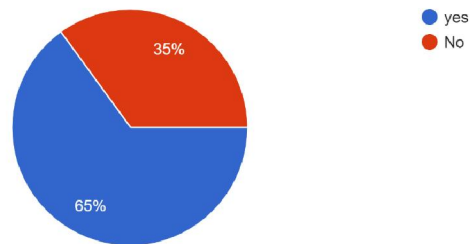
20 responses



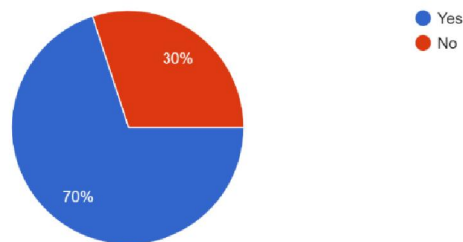
Have stakeholders (e.g., customers, investors) ever expressed concerns about cost-cutting affecting product/service quality or value? (Select one)

20 responses

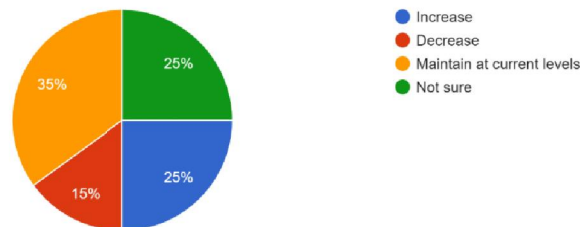
Does your organization communicate its cost control initiatives to stakeholders and the public?  
20 responses



Has your organization faced any challenges or negative consequences as a result of cost control efforts?  
20 responses



Do you anticipate that the organization will need to increase or decrease its cost control efforts in the coming year? (  
20 responses



**Suggestion:**

1. Reduction in Expenses

The advantage of putting cost controls in organisation is lowering your company's overall expenses. The amount of money spent on different employee can be reduced or lowered. It will result in more cash on hand in company, which can be use for the capital investment.

2. Improves the efficiency of the employee

Cost control measures believes in laying off of employee, which will leads to having only efficient employee. Also employee will be motivated as they will get more wage and preference over others in the organisation.

3. Reduction in Quality and standard of the product

Cost Control has to be implemented for the shorter period of time. In long run it will reduce the overall quality of the product of the organisation leading to reduce the overall market share of the organisation.

4. Fear in Employee

The employee of the organisation will be in constant fear of loosing their jobs due to high layoff strategy adopted by the organisation. This will reduce the morale of the employee which will leads to more fear for layoff which will leads to more turnover of the employee in the organisation

**REFERENCES**

[1]. <https://www.investopedia.com/terms/c/cost-control.asp>

[2]. Wikipedia

[3]. <https://icmai.in/icmai/>