EFFECT OF COST CONTROL SYSTEM ON CORPORATE PROFITABILITY: A STUDY OF SELECTED INDUSTRIAL PRODUCTS IN NIGERIA 2010-2018

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ABSTRACT

This study analysed the effect of cost control system on corporate profitability: a study of selected industrial products in Nigeria. The broad objective is to evaluate the effect of cost control on corporate profitability between the periods 0f 2010-2018. Ordinary Least Squared (OLS) method of data analysis was used. Secondary sources of data were employed; the interested variables were culled from the annual report of the quoted firms. The following variables were used, return on asset as the dependent variables, while cost of inventory, cost of labour and cost of sales are the independent variables. The findings shows It was observed that cost of inventory has a positive sign and statistically in significant with corporate performance. It was also observed that cost of labour has a positive sign and statistically insignificant with audit quality. The researcher recommends that Company policy makers and transaction advisors should be keen on making cost management policies to be applied since they greatly impact on financial performance of the company. Company policies regarding to inventory cost of companies should incorporate various cost management strategies since they greatly impact financial performance.

1.1 Introduction.

Cost and profit in business undertakings form part of what determines the financial position of a business concern. Since management is concerned with profitability, which is a measure of business performance, especially in a manufacturing concern, the need for higher sales will arise and this will facilitate the need to increase production capacity, which in turn brings about increase in cost. Brumbaug (2008) was of the opinion that corporate bodies should watch the cost and the profit will take care of itself. The implication is that cost should be controlled rather than embarking on unscientific cost reduction that may translate to lowering the quality of product. Management is normally forced to adopt various methodologies and techniques in order to regulate (control) rather than reduce cost. Cost increases as various production activities are embarked upon and the need to keep cost in check arises because standards for production will be set and actual production will be made thereby bringing about variances which can only be reduced or eliminated through effective cost control. Sikka (2013) was of the opinion that cost control system consists of methods and procedures that help to regulate the cost of operating an undertaking and ensures that cost do not go beyond a certain level. As profitability amongst others is the essence of any business, there will be the need to incur reasonable costs and management is to ensure careful and efficient use of resources so as to achieve the set standard or target. Cost control is operated by setting of standards and maintaining the performance according to standard because, as management aspires to increase productivity for more profit, there will be increasing cost and collection of cost will be made by each area of responsibilities.

Mapakame (2014) reported that businesses and in particular the manufacturing companies are finding it difficult to increase their profits and sales volumes due to various factors. In an economy where consumer's disposable incomes are very low, a few companies are experiencing any meaningful increases in market share or sales volumes. Reduced growth prospects are being accompanied by

increased costs. Generally, the costs of production and other operational costs in this economy are very high as noted by Lynton-Edwards Securities (Mapakame, 2014, p. 4).Reduced sales volumes and high cost of production has led to reduced profitability in these industries. Faced with limited sales growth prospects, companies have to focus on costs which are a major determinant in profitability level. Cost control measures have had and need to be used in manufacturing companies to control and reduce costs to such levels which aid profitability (Mapakame, 2014).Bloch (2014) reported on how the manufacturing sector has declined with many enterprises ceasing operations and others downsizing production levels. Factors which contributed to this decline since 2008 include rampant hyperinflation, which consequently led to increased production costs, reduced consumer disposable income and minimal availability of investment. Bloch (2014) reported that, although there has been improvement after dollarization, inflation was combated and an „upward surge in manufacturing costs"...immense surges in wages and salaries, materials and other costs" were main contributors to increased costs. There is no doubt that increased costs affect negatively the operations, profitability and performance of an enterprise.

1.2 Statement of the Problem

Today's global business environment is becoming more and more competitive. Companies more than ever before are faced marketing challenges and hence are adopting aggressive and dynamic methods identifying strategies that will ensure profitable existence. Business innovations, advancement in technology and the changing demand of customers have brought more competition in business and marketing. The competitive nature of contemporary business atmosphere has forced corporate managers to cultivate business techniques and strategies that would guide an organization towards the maximization of profits. This business objective can be achieved through increased sales and reduced cost of production. The optimization of profits and minimization of costs may enable an organization to create a competitive advantage in its industry. Suffice to say that traditional management accounting practices may not be able to address such challenges. Strategic management accounting practices provide strategies that can influence a large number of customers to have a lasting preference for a company's products (Ramljak & Rogosic, 2012). According to Thompson, Strickland and Gamble (2009), the adoption of strategic management accounting techniques may provide an organization with a sustainable competitive advantage over its rivals. Management accounting needs have evolved from mere reporting of historical information, especially on variance analysis, to taking part in the strategic planning process of an organization. Thompson et al further contended that SMA skills are actively applied in the business environment where both market intelligence is sought and evaluated, and strategic decisions are made and competitive strategies put in place. These measures are particularly important in the manufacturing sector where efficiency and cost effectiveness may be used as a competitive tool for growth and profitability. Strategic Management Accounting has received global publicity in recent times as a new view of awareness in the provision of financial and non-financial information for strategic initiatives and positioning. However, there is still lack of accounting literature and empirical studies in developing countries like Nigeria on the effectiveness of Strategic Management Accounting practices on organizational performance. This study seeks to fill this gap by examining the effect of cost control on manufacturing companies with emphasis on industrial product in NSE.

1.3 Objectives of the Study

The objective of this study is to investigate the effect of cost control system on corporate profitability a study of selected industrial products in Nigeria. The following are Specific objectives

i.   To establish the effect of Cost of Inventory on the profitability of selected industrial products in Nigeria.
ii. To examine the effect of Cost of labour on the profitability of selected industrial products in Nigeria.
iii. To examine the effect of cost of sales on the profitability of selected industrial products in Nigeria.

1.4 Hypotheses of the Study

The following hypotheses will be tested in this study

$H0_1$: Cost of Inventory does not have significant effects on the profitability of selected industrial products in Nigeria

$H0_2$: Cost of Labour does not have significant effect on the profitability of selected industrial products in Nigeria

$H0_3$: Cost of sales does not have significant effect on the profitability of selected industrial products in Nigeria

1.5 Scope of Study

This study basically examines the effect of cot control system and performance of industrial products in Nigeria for the periods of 2010 -2018. In addition, the study considered 5 listed firms in the Nigerian stock exchange market. The following industrial products firms were considered Beta Glass Company, Dangote cement, Johnholt, Nigerian aviation handling and UAC of Nigeria

REVIEW OF RELATED LITERATURE

2.1 Conceptual Framework

2.1.1 Cost control

Cost Control is the process whereby management seeks to influence costs so as to keep them within planned limits. Management sees cost control as a search for better and more economical ways of completing each operation. Cost control is simply the prevention of waste within the existing environment (Gichuki, 2014). This environment is made up of agreed operating methods for which standards have been developed. These standards are expressed in the perspective of budget and standard costs. Cost control is the procedure whereby actual results are compared against the standard so that waste can be measured and appropriate action taken to correct the activity. Cost control is defined as the regulation by executive action of the costs of operating an undertaking (Tomasi, 2018). Cost control aims at achieving the target of sales. Cost control involves setting standards. Firms are expected to adhere to the standards. Cost control emphasis is on the past and present. It is applied on things, which have standards. It seeks to attain lowest possible cost under existing conditions.

The management and control of materials used by commercial organization leaves a great deal to be desired. Waste is growing at an enormous rate that spawned a new industry for recycling and extracting useful materials. Materials are wasted in a number of ways such as effluents, breakage, contamination, inefficient storage, poor workmanship, low quality, pilfering and obsolescence (Siyanbola, & Raji (2013). All these, constitute an increase in material costs and can be controlled via efficient working methods and effective control. Costs have been rising faster than ever before. The

business executives have refrained from the more vital task of providing effective information to management for the control and reduction of costs. The management and control materials (or resources) used in most business firms leaves a great deal to be desired. The increasing rate of waste has variably increased costs in each of the prime factors.

In terms of reducing labour cost, it's somehow difficult task because it is not possible to reduce wage rates due to the existence of trade unions and minimum wage legislations. The policy of wage reduction is also a counterproductive for a management. However, to motivate workers, wage rate should be on upward revise (Akeem, 2017) The reduction in labour cost is possible only if over time, the rate of output per worker increases faster than the wager ate increase. This will help to raise labour productivity.

2.1.2 Inventory costs

According to Gourdin (2016), there are three types of costs that must be considered in setting inventory levels. a. Holding (or carrying) costs are costs such as storage, handling, insurance, taxes, obsolescence, theft and interest on funds financing the goods. These charges increase as inventory levels rise. In order to minimise carrying costs, management makes frequent orders of small quantities. Holding costs are commonly assessed as a percentage of unit value, i.e. 15 percent, 20 percent, rather than attempting to derive a monetary value for each of these costs individually. This practice is a reflection of the difficulty inherent in deriving a specific per-unit cost for, for example, obsolescence or theft.

2.1.3 Labour cost

The control of labour costs requires the control of the labour behaviour. Therefore, the management should study human behaviour, performance of labour, time and motion study, labour turnover, labour approach in order to control the labour cost (Akinyomi, & Tasie, .2011): Labour cannot be stored for future reference. It is very much similar to the perishable nature of materials. Some materials may lose its quality and not used for the purpose of production. Such materials will be waste one. Likewise, once labour is lost, the same cannot be recovered and not effectively used in the days to come. (Ebben, & Johnson, 2011). If labour is kept idle, the management should pay remuneration or wages for such idle time. Hence, the management incurred two losses. They are loss of labour working hours and monetary loss. Hence, the management is very keen in the control of labour cost... Labour costs are incurred either in the performance of the work or as field overhead to support the work. Because delays generally increase the time of performance rather than the amount of work, delay costs related to labour are usually in the form of extended field overhead labour Abbas & Abu, (2019). This labour is typically associated with project management and superintendence and general support. However, the cost of labour may increase even when the amount of work has not increased. This typically happens when more labour is required to produce the same amount of work, typically defined as a loss of productivity or inefficiency, or when additional labour becomes necessary to complete the work faster, which may result in additional charges for overtime, shift work, or travel costs to add labour in a limited labour environment. (Agbaje, & Dare 2018).

A contractor may also incur additional labour costs due to a delay when additional tasks become necessary to accomplish the work, such as in the case when a subgrade needs to be repaired because the delay allowed it to degrade, when the hourly cost of the labour increases due to either skill level or escalation, or when labour is forced to be idle. (Basweti & Muturi, 2018)

2.1.3 Cost of sales

The cost of sales is the accumulated total of all costs used to create a product or service, which has been sold. The cost of sales is a key part of the performance metrics of a company, since it measures the ability of an entity to design, source, and manufacture goods at a reasonable cost. The term is most commonly used by retailers (Bett & Memba, 2017). . A manufacturer is more likely to use the term cost of goods sold. The cost of sales line item appears near the top of the income statement, as a subtraction from net sales. The result of this calculation is the gross margin earned by the reporting entity. The various costs of sales fall into the general subcategories of direct labour, direct materials, and overhead and may also be considered to include the cost of the commissions associated with a sale. The cost of sales is calculated as beginning inventory + purchases - ending inventory The cost of sales is the accumulated total of all costs used to create a product or service, which has been sold (Chowdhury, Alam, Sultana,.& Hamid ,.2018).

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2.2 Theoretical Review

Kaizen Costing System

Kaizen term with Japanese origin was launched by Masaaki Imai the concept is a coinage of two Japanese words: KAI (Change) and ZEN (forbetter) (Rof, 2012). This refers to the process of „continuous improvement" [Sani, 2012]. The principle behind Kaizen Costing application is on achieving small, gradual but continuous improvements in the production process at minimal cost [Rof, 2012]. However, Kaizen Costing ensures that products meet the demands of the customer for product's competitiveness. This according to Rof can be achieved through a sequential elimination of all the processes that would increase the product's cost of production without a corresponding increase in value. This technique has made tremendous changes in management policies not only in Japan, but all over the word [Ogundele, 2014]. [Kaizen costing technique it focuses on making production and service delivery processes more efficient. Kaizen costing is used for making improvement to a process through small incremental amounts, rather than through large innovations. Unlike target costing, Kaizen costing is applied during the production stage of the product life cycle. Rof, (2012) asserted that Kaizen costing is the process of continuous improvement, encouraging constant reductions by tightening the „standard". The cost reduction objective is to set for each process, and then adopt value analysis and Value engineering to achieve the set objective. This study therefore anchored on this theory in the sense that it encourages achieving small on a continuous process in the production process at minimal cost thereby increase in the firm's profitability.

2.4 Empirical Studies

Oluwagbemiga, Olugbenga & Zaccheaus, (2014) investigates the relationship that exists between cost management practices and firm's performance in the manufacturing organizations using data from 40manufacturing companies listed on the Nigeria stock exchange during the period of 2003 to 2012. The study relied on secondary data extracted from the audited financial statement of the selected companies. Direct material cost, direct labour cost, production overhead cost and administrative overhead cost were taken as independent cost management variables while profitability (Operating profit) was taken as dependent variable representing the firm's performance. The result indicates that a positive significant relationship exists between cost management practices and firm "performance in the manufacturing organization.

[Oyewo, 2013] determine whether Strategic Cost Management (SCM) techniques are practically used by Nigerian companies and the extent of their utilization- particularly in the Nigerian manufacturing and financial services industries, identify the factors influencing the adoption of strategic cost management and investigate whether strategic cost management can be used as competitive strategy for survival in recessionary times. Questionnaire was used as a major instrument for data collection. Data collected were subjected to statistical procedures using the Mann-Whitney test. The research found out that although Nigerian companies are receptive to the philosophies of SCM, there are challenges inhibiting their adoption and implementation in the Nigerian environment.

Akinbor and Okoye [2012] investigated Strategic Management Accounting (SMA) with a view to determining the extent to which it influences Competitive Advantage in the manufacturing industry in Nigeria. To achieve this purpose, some research questions were raised, and a review of related literature was made. The population of this study consists of Chief Executives, Chief Accountants and Marketing Directors of those manufacturing companies quoted in the Nigerian Stock Exchange Factbook of2009. The data generated for this study were analysed using tables, frequencies, bar charts, and mean scores. Our findings revealed that Strategic Management Accounting enhances Competitive Advantage although several factors bedevil its adoption in Nigerian manufacturing firms.

Gichunge, (2007) examined the effect of formal strategic management on organizational performance of medium sized manufacturing enterprises in Nairobi Kenya. He investigated the effect of various administrative/legal factors on the extent to which formal strategic management are adopted, and also determined the relationship between level of competition and formal strategic management. He selected eighty medium enterprises (MEs) using simple random sampling. Primary data was collected using a semi-structured questionnaire. Results showed that the MEs have not fully adopted formal strategic management and that administrative/legal factors and competition influence adoption of strategic management.

Ogbadu, (Ogbadu) examines and outlines the roles and benefits of materials management. Secondary data and primary data were utilized in this study. The finding shows that there is need to recognize the materials management function and it has been suggested that for a firm to achieve profitability, the goal of materials management outlined in this paper should be properly carried out.

Innes and Michel [2014] on cost management and companies "performance using a sample of 380 respondents drawn from the US listed companies revealed that companies with low administrative and selling expenses had better performance than those with high administrative and selling expenses. Also, fixed manufacturing overhead was found to be negatively correlated with profitability which was used as one of performance indicators in the study.

Dauda, Akingbade & Akinlabi, [2010] examined the influence of strategic management on corporate performance in selected small scale enterprises in Lagos, Nigeria. Cross sectional survey research method was adopted for the study and 140 participants were randomly selected among small-scale enterprises in Lagos metropolis. Findings of the study showed that strategic management enhances both organizational profitability and company market share.

Askarany and Yazdifar [2016], investigated the diffusion of six proposed strategic management tools of the past few decades through the lens of organizational change theory, examined the relationship between the adoption of these techniques and organizational performance in both manufacturing and nonmanufacturing organizations in New Zealand. The findings suggested a significant association between the diffusion of these relatively new strategic management tools and organizational performance.

Muogbo US [2014] examined the impact of strategic management on organizational growth and development in selected manufacturing firms in Anambra State, Nigeria. The study used a descriptive survey design to collect detailed and factual information. Cluster sampling was used to select equal number of manufacturing firm s from each sample cluster in the study. The data collection instrument was a structured questionnaire. The study found out that Strategic management was not yet a common business practice among manufacturing firms in Anambra State.

Adesina, Ikhu – Omoregbe and Aboaba (2017) investigated the effect of cost information, sales information and marketing information on profitability. Descriptive and inferential statistics were carried out on the opinion of 222 top management staff purposively selected from the listed manufacturing companies in Nigeria with the aid of statistical package for social sciences (SPSS version 20). The results of the data analysis carried out in the study revealed that a positive significant relationship exists between accounting information and profitability of manufacturing organizations.

Ogwo and Ugwunta (2012) evaluate the effect of input costs on the profitability of brewing firms in Nigeria. A cross sectional data was gathered for the analysis from the annual reports of the sampled brewery firms for a period of 1999 to 2010. Measures of profitability are examined and related to proxies for the inputs cost assumed by brewers. The Ordinary Least Squares (OLS) stated in the form of a multiple regression model was applied in the analysis. The study revealed that the focal variable RSGAE (Ratio of Selling and General Administrative Expenses) designed to capture the effect of a company's operating expenses on profitability is statistically positive and impacts on profitability of the brewery firms in Nigeria.

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

In this chapter, the methods used in carrying out this study were discussed under the following sub-headings: research design, Area of study, population of the study, sources of data collection, sample method and sampling techniques, model specification, method of data analysis, measurement of variables.

3.2 Research Design

This study adopted ex-post facto research design according to study.com ex-post facto research design is a quasi- experimental study examining how independent variables present prior to the study

affects a dependent. Groups with qualities that already exist are compared on some dependent variable in a method. Quasi-experimental study means that participants are not randomly assigned.

3.3 Area of Study

In concluding this research the area of study focuses on some selected quoted companies in Nigeria from which the data required for a thorough analysis were derived

3.4 Population of the Study

The target population of this study was consisting of Industrial product firms which were registered with the Nigeria stock exchange.

3.5 Source of Data Collection

This study made use of secondary data mainly. The data were sourced from publications of the Nigerian stock exchange (NSE), the annual report and accounts of the listed brewery firms, particularly the comprehensive income statement and statement of financial positions of these companies as well as their respective notes to the accounts. Both the dependent and independent variables were computed from the data extracted from publications of the Nigerian stock exchange (NSE), the annual report and accounts of the listed firms and ratios were computed from the figures as reported in the annual reports.

3.6 Sample Method and Sampling Techniques

The entire quoted manufacturing companies were sampled. Data were gathered from the published financial statement, for a nine (9) year period spanning from 2010-2018.

3.7 Model Specification

 The model to be regress in this study is presented in a relational form as follows

ROA =F (COI, COL, COS)

Where

ROA= Return on Asset (proxy of firm performance)

COI= Cost of inventory

COL= Cost of Labour

COS= Cost of sales

With the linear expression of the model being

$ROA = \beta_0 + \beta_1 COI + \beta_2 COL + \beta_3 COS + \mu$

Where

Bo= constant

βi-β3 is parameters to be estimated

3.8 Method of Analysis

The regression method of data analysis was adopted in this study to be specific, the ordinary least square regression techniques was adopted to analysis the relationship (association) between the dependent variable (firm performance) and independent variable (Intellectual Capital Disclosure) in the model. OLS correlation method is appropriate therefore; descriptive statistics and multiple regression analysis was the major statistical tool used in analysing the data.

The Ordinary Least Squares Theorem, is supported by Koutsoyiannis (1985) and Nyong (1993) cited in Okeke (2016) as the Best Linear Unbiased Estimator (BLUE), thus this study adopted it. Tests done using OLS includes r^2, t-test, F-test and auto-correlation analysis. The Statistical Package E-view version 8.0 for windows is the computer software used for the analysis of our model above.

The explanation to the test statistics are:

i.   Coefficient of Determination (R^2) Test = measures the explanatory power of the independent variables on the dependent variable. The coefficient of determination varies between 0.0 and 1.0. A coefficient of determination, say 0.25 means that 25% of changes in the dependent variable is explained by the independent variable(s).
ii. F-Test = measures the overall significance. The extent to which the statistic of the coefficient of determination is statistically significant is measured by the F-test. At 5% level of significance, we reject null hypotheses for tests with probability estimates lower than 5% (0.05) and conclude that they are statistically significant. Otherwise, we accept (when probability estimates are above 0.05) and conclude that there is no overall statistical significance.
iii. Student T-Test = measures the individual statistical significance of the estimated independent variables. At 5% level of significance, reject null hypotheses for tests with probability estimates lower than 5% (0.05) and conclude that they are statistically significant. Otherwise, we accept (when probability estimates are above 0.05) and conclude that there is no overall statistical significance.
iv. Durbin-Watson (DW) test = test for autocorrelation. This is used to check for the appropriateness of the models for analysis. Any equation with Durbin-Watson less than or greater than values not approximately 2, is not acceptable. Unacceptable Durbin-Watson suggests that the analysis cannot be relied on.

DATA ANALYSIS AND RESULTS PRESENTATION

4.0 Introduction

This chapter presents the empirical results and discussion of findings. Ordinary least square was used as statistical tools for the analysis. The result was subjected to different statistical and econometric tests. Following the order of integration of the variables of interest

4.1 Descriptive Statistics Result

	LROA	LCOI	LCOL	LCOS
Mean	2.964842	2.574494	2.928828	4.093866
Median	2.575426	2.574599	2.710202	4.746733
Maximum	14.13016	2.700122	6.565472	5.080534
Minimum	2.503168	2.336691	2.000128	1.972691
Std. Dev.	2.082218	0.052723	0.806137	1.001731
Skewness	5.195438	-0.976731	2.668478	-0.593633
Kurtosis	28.00862	8.969954	9.897799	1.784419
Jarque-Bera	1833.503	98.64092	190.1568	7.218091
Probability	0.000000	0.000000	0.000000	0.027078
Sum	177.8905	154.4696	175.7297	245.6320
Sum Sq. Dev.	255.8022	0.164004	38.34151	59.20440
Observations	45	45	45	45

SOURCE: Researcher's Computation using E-view software, 2019

The summary statistics show that on the average mean the return on firm size in Nigeria is about 2.964842. The average of cost of inventory is 2.574599, while averages mean of cost of labour, and cost of sales are 2.928828, and 4.093866 respectively. The standard deviations of these cost control are 2.082218, 0.052723, 0.806137, and 1.001731 and return on assets, cost of inventory, cost of labour and cost of sales. The values of the standard deviations indicate that there is wide spread in the performance of firms in Nigeria. This is more with cost of inventory, cost of labour and cost of sales. This is also evident in the wide gap between the maximum and minimum values. For example, the maximum value of return on assets is 14.13016 while the minimum is 2.503168, with difference of 11.626992. Similarly, the maximum of cost of labour is 6.565472 while the minimum is 2.000128. These performance variations are rather at the high side. Even in the case of cost of sales the maximum is 5.080534 and the minimum is 1.972691

4.2 Regression Result

Dependent Variable: LROA
Method: Panel Least Squares
Date: 07/24/19   Time: 17:49
Sample: 2010 2018
Periods included: 9
Cross-sections included: 5
Total panel (balanced) observations: 45

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.03133	18.08879	0.609843	0.5445
LCOI	3.834443	7.420436	2.516741	0.0074
LCOL	0.178215	0.505993	0.352209	0.7260
LCOS	0.388009	0.350438	2.107213	0.0030
R-squared	0.523848	Mean dependent var		2.964842
Adjusted R-squared	0.447145	S.D. dependent var		2.082218

S.E. of regression	2.130736	Akaike info criterion	4.430467
Sum squared resid	249.7019	Schwarz criterion	4.604996
Log likelihood	-127.9140	Hannan-Quinn criter.	4.498735
F-statistic	0.335914	Durbin-Watson stat	1.253698
Prob(F-statistic)	0.852600		

Source: E-view version 8. Researchers Computation 2019

4.4 Interpretation of the Result

The R-Squared, which is the co-efficient of determination or measure of goodness of fit of the model, tests the explanatory power of the independent variables in any regression model. From our result R^2 = 53%, This showed that our model displayed a poor fit because the R^2 is far from 100%, the explanatory variables can impact up to 53% out of the expected 100%, leaving the remaining 66% which would be accounted for by other variables outside the model as captured by the error term.

The f-statistics measures the overall significance of the explanatory parameters in the model. From our table 4.4 above the calculated value of the f-statistics is 7.498162, its probabilities is 0.005607, which is less than 0.05. We accept and state that there is a significance relationship between the variables. This means that the parameter estimates are statistically significant in explaining the relationship in the dependent variable.

The a'priori expectation is determined by the existing accounting theory and it indicates the signs of the accounting relationship under consideration. From the result of our estimated model it was discovered that cost of inventory has a positive sign given its value as 3.834443. This implies that decrease in cost of inventory increase the return on asset by 3.8%.

Cost of labour has positive sign given its value as 0.178215, this means that increase in Cost of labour increase the return on asset by 0.17%, and this conforms to our a'priori expectation. Cost of sales has a positive sign given its value as 0.388009. This suggests that positive sign also increases the Cost of sales increases return on asset product by 0.38%. This conforms to our theoretical expectation.

The t-statistics helps in measuring the individuals' statistical significance of the parameters in the model from the result report. It is observed from table 4.4 above that cost of inventory is statistically significant with its value as 2.516741; this implies that it has not contributed insignificantly to firm performance. Cost of labour statistically in significant (0.352209), this also shows that it has not contributes to firm performance. However, cost of sales is also statistically significant, is also statistical significance at 5% level of significance.

4.5 Hypothesis Testing

Hypothesis one

The need to examine the relationship between the collected data and the stated hypothesis has called for this section. This result would be compared with the statistical criteria to see if the preconceived notion in this research work holds or not.

Ho₁: Cost of inventory has no significant effect on corporate performance of industry firm in Nigeria

From the result of our test in table 4.3 above, we found out that the value of our t–test for long term is 2.516741 with a probability of 0.0074 this probability value is less than the desired level of significance (0.05). We reject the null hypothesis and accept the Alternative hypothesis, which says that Cost of inventory has significant effect on corporate performance of industry firm in Nigeria

Hypothesis Two

Ho₂: Cost of labour has no significant effect on corporate performance of industry firm in Nigeria. From the result of our test in the table 4.3 above, we found out the value of our T–test for working capital is 0.352209 with a probability of 0.7260 this probability value is greater than the desired level of significance (0.05). We reject the alternative and accept the null hypothesis, which says that Cost of labour has no significant effect on corporate performance of industry firm in Nigeria.

Hypothesis Three

Ho₃: cost of sales has no significant effect on corporate performance of industry firm in Nigeria.

From the result of our test in the table 4.3 above, we found out the value of our T–test for fixed assets is 2.107213 with a probability of 0.0030 this probability value is less than the desired level of significance (0.05). We reject the null and accept the alternative hypothesis, which says that cost of sales has no significant effect on corporate performance of industry firm in Nigeria.

SUMMARY OF FINDINGS CONCLUSION AND RECOMMENDATION

5.1   Summary of the Finding

This study examines the effect of cost control and corporate performance of industry firm in Nigeria between the periods of 2010-2018. In this sense, it was hypothesized that cost control affects the corporate performance of industry firm in Nigeria. To achieve the objective of the study, necessary pool data are collected from financial report of selected firms. They were on return on assets, cost of inventory, cost of labour and cost sales. Regression model was employed to analyse the data through computer base package E-view. Our variables were subjected to correlation test, descriptive statistic .Therefore the result of our estimated model revealed the following important findings

i.   It was observed that cost of inventory has a positive sign and statistically in significant with corporate performance

ii.   It was also observed that cost of labour has a positive sign and statistically insignificant with audit quality

iii.   It was also noticed that cost of sales has a positive effect and is statistically significant.

5.2 Conclusion

Majority of the industrial companies in their daily operations are usually challenged by cost control management. Some organizations have allocated and entire department with smaller cost departments to try and deal with the issue of cost management. The industrial companies have come to find out that to a great extent cost control management has a direct impact on the financial performance of these organizations. An increase in the different costs which the organization has to deal with results

in their financial performance being negatively affected. A prudent organization which is able to manage its costs is able to effectively improve its financial performance. Throughout the study, I sought to establish the cost management strategies used by industrial companies in Nigeria. I also sought to find out the effect which these cost management strategies had on financial performance of the industrial companies in Nigeria. The study conclude that cost control has significant positive effect on corporate profitability of the selected industrial firms in Nigeria.

5.3 Recommendation policy and practice

Based on the results of this study I recommend

- Company policy makers and transaction advisors should be keen on making cost management policies to be applied since they greatly impact on financial performance of the company.
- Company policies regarding to inventory cost of companies should incorporate various cost management strategies since they greatly impact financial performance.
- Financial policies regarding cost of sales strategies should be formulated and be used keenly and with a lot of controls to avoid critical financial loses.

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