

**IMPACT OF COST CONTROL MECHANISM ON FINANCIAL
PERFORMANCE OF MANUFACTURING COMPANIES IN
KANDY DISTRICT**



by

BEHETHGEDARA MUDIYANSELAGE HARSHANI GEETHIKA BANDARA

EU/IS/2013/COM/97

COM 1747



Project Report
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A project report submitted to the Faculty of Commerce and Management, Eastern University, Sri Lanka, as a partial fulfillment of the requirement for the Degree of B.Com (Honour Accounting and Finance)

**DEPARTMENT OF COMMERCE
FACULTY OF COMMERCE AND MANAGEMENT
EASTERN UNIVERSITY, SRI LANKA**

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ABSTRACT

Organizations financial performance is depending on many factors. Cost control mechanisms are the most predictable factor for financial performance. Manufacturing sector in particular, becomes one of the most important and fastest growing sectors of the world economy in the second half of the 21st century. A little innovation has occurred in cost and cost control practices and there are many issues that deserve research attention. This study provides the knowledge of level of cost control mechanism influence on financial performance of manufacturing company.

The conceptualization framework of this study consists of four variables such as budgetary control, standard control, material control and strategic control mechanism. Primary and secondary data collection method were used in this research. The primary data were collected using questionnaires from the manufacturing company owners/management. The 122 manufacturing companies in Kandy district and I'm selected only 94 companies from proposition of population. Sample and the questionnaires was analyzed using five point Likert scale model.

Further collected data were analyzed by using the SPSS computer package for interpreting and obtaining conclusion. univariate analysis was used to find out the values for mean, standard deviation and percent by using the variables. Bivariate analysis was used to find out the impact and relationship between cost control mechanism and financial performance.

The overall research findings indicate that the cost control mechanism are a good predictor of the finance performance, as well as the variables of the cost control mechanism are significant predictors of the financial performance of manufacturing companies in Kandy District.

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ABBREVIATION

ABC –Activity Based Costing

JIT – Just In Time

SAP – System Application and Production

ERP – Enterprise Resources Planning

EOQ – Economic Order Quantity