

COST REDUCTION TECHNIQUES AND PERFORMANCE OF FOOD PRODUCTION COMPANIES IN NIGERIA

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Abstract

Food production companies face challenges on cost reduction as their main aim is to reduce cost and maximize profit, but the main constraints facing the companies are the risk of cost used during the operation. The cost of food production increases and lead to certain cost reduction as well as cost control which makes it very difficult for food production companies to operate. The research paper aims to investigate the evaluate the effect of cost reduction techniques on employee satisfaction on the performance of food production companies in Nigeria. The research method adopted was a descriptive survey using primary data and was obtained using a structured questionnaire administered to 161 staff in 15 food production and manufacturing companies. The statistical tools used to analyze the data collected were appropriate to analyze the data collected. Descriptive and inferential statistics comprising mean, standard deviation, correlation, and regression analysis where regression analysis was used to test the hypothesis using STATA statistical software package. The result shows that there is a statistically significant relationship between cost reduction techniques and employee satisfaction with the p -value = 0.000 and the F -statistics (5, 146) = 16.30. Based on the findings, the study recommended that the stakeholders should apply a cost reduction scheme and cost control scheme in their operation and every worker in the organization should be carried along. Food production companies must motivate their employees to achieve the desired goals and objectives.

Keywords: Cost control, Cost reduction technique, Employee Satisfaction, Food production companies, Performance, etc.

Introduction

Food production companies face series of challenges on cost reduction as the main objective of every organization is to reduce cost and maximize profit. The problems organization is facing in every business are the risk of cost used during the operation. Due to the problem facing the cost of food production increases and leads to certain cost reduction which makes it very difficult for food production companies to operate. This has made different organizations, and managers to regularly

source for, and adopts diverse strategies and varied action plans to improve financial performance and record an adequate profit for organizations, hence a need for adequate cost reduction technique (Figar & Ivanonic, 2015).

Cost reduction is increasingly recognized by organizations, regulators, and capital market authorities as a fundamental driver of firm performance. The role of cost reduction techniques in enhancing the risk management strategies of food production companies cannot be under-stressed. An

organization with appropriate cost reduction techniques has a better chance of meeting its profit goals (Siyanbola & Raji 2013). The growth of any organization is largely determined by how well it can manage its costs. This is partly because to be able to maximize profit, the cost must be reduced to the barest minimum. Cost reduction has become a vital tool for an organization to constantly stay ahead of the increased competition in the business environment (Alireza & Mahdi, 2012). Indeed, gainful organizations can profit by implementing cost-lessening techniques to make a considerably higher overall revenue on its items or administrations. It also aims to reduce cost from an accepted standard without reducing the effectiveness of the project or services (Lucy, 1996). Thus, organizations are becoming conscious of cost and are constantly searching for new ways of controlling cost and eliminating wastages (Sikka, 2003).

Cost reduction and performance are the lifeblood of a business enterprise and thus represent the bottom line for any organization. It can be used for planning and positive approach to the improvement of efficiencies such as increasing productivity and elimination of waste (Asaolu & Nassar, 2007). Consistent and detailed knowledge of all the variables that influence profit, as well as expense, is critical for a company to be successful. Policies and programs aimed at increasing agriculture and food production are being vigorously supported (Iliemena & Amedu 2019). To improve performance, Nigeria must take reasonable and pragmatic measures to ensure food protection and quality for domestic consumption and export, while keeping production costs to a bare minimum. Chisulo (2019) argued that cost reduction techniques have a significant effect on performance; therefore,

companies in both the private and public sectors have taken cost reduction seriously as a tactic that can be used to accelerate their performance.

An organization achieves effective performance as it uses its tools to reach a high degree of performance. Aside from appropriate cost reduction and cost control, businesses should ensure that their output is measured regularly. Furthermore, well-planned and effective cost reduction techniques will affect its performance; hence, it is advised that businesses revisit their cost reduction techniques (Owolabi & Makinde 2012). The effective and efficient management of cost is not only necessary to meet the profit objective of the company but also the going concern status of the entity. To record growth in terms of increase in profit of an organization, a cost reduction mechanism should be put in place.

For this reason, this paper aims at discussing how cost reduction techniques affect employee satisfaction on the performance of food production companies in Nigeria. The article adopts a multiple linear regression within the distributional regression framework using budgetary cost, standard cost, value analysis, activity-based cost, and target cost to measure cost reduction technique, regarded as the explanatory variables and the dependent variable is measured using employee's satisfaction. The study is expected to reveal new information that has hitherto remain unclear, to our knowledge as well as no study has been able to research the relationship between cost reduction techniques and employee satisfaction in food production companies in Nigeria.

Review of literature

Chi and Chen, (2020) carried out a study on employee satisfaction and the cost

of corporate borrowing. The study identified a channel through which stakeholders affect a firm's financing activities. Employee reviews on Glassdoor.com, a major employer rating platform, to gauge the employee satisfaction of U.S.-listed firms was used. Using text-based sentiment measures based on 644,280 reviews over 11 years, the cost of debt financing is significantly higher for firms with low employee ratings and firms with negative employee sentiment in comments. The results are robust to a system GMM approach that alleviates endogeneity concerns. The results suggest employee satisfaction improves financing conditions by signaling better growth potential and reducing agency conflicts with banks.

Egbide, Adegbola, Bamidele, Sunday, and Olufemi (2019) studied the relationship between cost reduction strategies and the growth of manufacturing companies in Nigeria. The study adopted Correlation analysis and the findings showed that there is a positive significant relationship between cost reduction strategies and the growth of manufacturing companies in Nigeria. The study recommends that manufacturing companies should adopt value analysis to reduce material costs.

Tomic, Tesic, Kuzmanovic, and Tomic, (2018) carried out an empirical study of employee loyalty, service quality, cost reduction, and company performance and the result of the research give strong support for the hypothesis that employee loyalty has a positive influence on service quality, service quality has a positive influence on cost reduction and cost reduction has a positive influence on company performance. Also, Sharma, Kong, and Kingshott, (2016) carried out a study on internal service quality as a driver of employee satisfaction, commitment, and

performance. A field survey using a structured questionnaire is employed to test all the hypotheses with 250 employees and their 25 supervisors in a manufacturing unit in Guangdong province of the People's Republic of China. All eight hypotheses are supported. ISQ has a positive effect on employee satisfaction, commitment, and employee well-being, which in turn positively influence employee performance. Employee well-being also positively moderates (strengthens) the effects of employee satisfaction and commitment on employee performance.

Mashau and Makhunga, (2018) studied the effects of cost-cutting measures on staff performance. This study examined whether cost-cutting measures implemented by the South African government have a negative or positive effect on staff members' job satisfaction or commitment to work; whether this affects employee morale and service delivery by the KwaZulu-Natal Treasury department's staff members. A quantitative research study was conducted through questionnaires. The study found that cost-cutting measures reduce service quality provided by the department. The implementation of cost-cutting measures influences staff morale negatively in the department which in turn affects staff performance. The study recommends the implementation of a model which will incorporate cost-cutting incentives for both senior management and junior staff for significant cost reduction outcomes. Ongoing monitoring of cost-cutting outcomes was also recommended.

Akeem, (2017) reviewed a budget as a tool to measure cost control and cost reduction and also investigated the application of cost control and cost reduction in an organization's performance using a structured questionnaire. Descriptive

survey research was adopted. The study uses a regression method of data analysis to test the hypothesis of the study. From the result, it was discovered that cost control has a positive impact on organizational performance. The result also showed that management style has a positive impact on organizational performance.

Egbunike and Adeniyi (2017) examined the influence of downsizing of staff and reduction of staff salary on bank profitability. The survey design was used for the study. The purposive sampling technique was used to select the sample frame from the first generation of banks that are licensed with international authorization in Nigeria. A linear regression analysis was used in estimating the parameter of the model. The study finds out that there is a negative relationship between downsizing of an employee, reduction of staff salary, and profitability. It was discovered that the period after banks downsize their employee, bank performance was at its low ebb.

Kahar, Rohman, and Chariri, (2016) in their study examined participative budgeting, budgetary slack, and job satisfaction in the public sector. The study explores the relationship of participative budgeting on budgetary slack in the public sector in Indonesia, by examining the roles of job satisfaction on these variables. A total of 185 budget managers of regional work units in the North Maluku province government, Indonesia, participated in the survey. The effective rate of return was 82.52 percent. Structural equation modeling was used to examine the direct and indirect effects of participative budgeting on budgetary slack. In particular, the study gives empirical shreds of evidence that participative budgeting factors affect budgetary slack mediated by intervening variables factors of job satisfaction. The

results revealed the significant negative effect of participative budgeting on budgetary slack, the significantly positive effect of participative budgeting on job satisfaction. This result affirmed the significantly negative impact of job satisfaction as a mediating variable on budgetary slack.

However, the results could not find the indication of moderating effect of job satisfaction in the relationship of these variables. Khadafi, (2015) examined the effect Of Budgetary Participation and Budget Adequacy on Individual Performance with Job Satisfaction as an Intervening Variable. Sampling was conducted using the purposive sampling method. Analysis of the research was conducted on 110 officials involved in budgeting in Aceh Utara (North Aceh) district administration. There are four variables measured in this study i.e. the budgetary participation, budget adequacy, job satisfaction, and individual performance. Data analysis uses analysts to track, supported by the application program AMOS 16 and SPSS 17. The model proposed in this study successfully meets the requirements for a model. The results of this study indicate that budgetary participation has a significant effect on individual performance, budgetary participation has a significant effect on job satisfaction, and budget adequacy has a significant effect on budget satisfaction, budget adequacy has a significant effect on individual performance. Budgetary participation and budget adequacy have significant effects on performance through job satisfaction.

Siyanbola & Raji (2013) worked on the impact of cost control on manufacturing industries profitability using primary data of 74 respondents. The respondents were randomly selected across cadres of the company's employees on production, sales,

purchasing, accounts, and store departments. The study focused mainly on cost reduction in a manufacturing company in Nigeria and used a Pearson correlation coefficient to establish the relationship between the variables. A relationship between cost control and business profitability.

Materials and Methods

Data

The data used was a structured questionnaire (primary data) obtained from five (5) different departments including the managers, supervisor, accountants, marketing and sales, and finance in 15 food production companies in Nigeria, adopting a descriptive survey as a research design. The food processing and manufacturing companies include Nestle Nigeria Plc, Unilever Nigeria Plc, Flourmill of Nigeria, Chi Limited, Dufil Prima Foods, Boloxxi Industries Limited, Dangote Group, UAC Foods, Dansa Food Limited, Deli Foods, Honeyland Foods Limited, Cadbury Nigeria Plc, Leventis Foods, Envoy Oil Industries, and Honeywell food. Though, the majority of these companies are registered companies. A population of about 270 staff was calculated as shown in Table 1 below and obtained on average staff present in every food production company. The average is calculated since it is theoretically and practically impossible to select all the departments in the companies.

The study adopted a determining sample size, according to Krejcie and Morgan, (1970), the efficient method of determining the sample size from a given population. The sample size of the study was deduced from the formula of Taro Yamane formula, with a 95% confidence level (Yamane, 1967). Accordingly, a study population of 270 from the data generated. Therefore, the Taro Yamane formula to

calculate sample size for a population of 270 was given as;

N= population of study

K= constant (1)

e= accepted sampling error (± 0.05)

n= sample size

$$n = \frac{270}{1 + 270(e)^2}$$

$$n = \frac{270}{1 + 270(0.05)^2}$$

$$n = \frac{270}{1.675}$$

$$n = 1.61.19 \cong 161$$

The total number of the staff interviewed was one-hundred and sixty-one (161). This indicated that 161 staff will be interviewed in all 15 food production companies in Nigeria and responses will be recorded accordingly. A sample size of 161 was adopted for the study to achieve greater precision and accuracy. Therefore, the questionnaires were distributed among the staff of the listed 15 companies in Nigeria.

Meanwhile, the target number of questionnaires expected to be filled was 161 questionnaires. Responses from the questionnaires were drawn from various parts of 15 food production companies in Nigeria. Due to missing questionnaires, incomplete cases and data access challenges only 152 questionnaires are filled completely and correctly. Therefore, all questionnaires which contain missing values are deleted. 95.0% of the questionnaires are adequate for data analysis and made an inference on Nigeria.

Reliability Test

A reconnaissance pilot survey was conducted in the 15 selected food production and manufacturing companies to identify the possible problem that might

arise from the questions during the field survey/ twenty (20) copies of the questionnaires were pilot-tested in the study area. Cronbach's Alpha reliability test was used to test the question for this study, the aim was to ascertain the reliability and verified that the questionnaires meet the anticipation for its effectiveness and contentment. The survey was done using STATA version 16 to measures the internal consistency among the sections/parts of the question to form a single scale to reflect how the component relate with each other. The Alpha Cronbach's test for reliability was conducted with the research major questionnaire for this study and data obtained through the pilot survey and the results are shown in Table 1. The table shows that the Cronbach's Alpha test Value obtained for each objective. The scale of the variables ranges from 0.632 – 0.750. Standard cost and value analysis have a slightly weak coefficient value, not within the acceptable limits of the face vitality, consistency, and reliability as shown in the recommendation for Cronbach's Alpha Reliability Coefficients showing in Table 1 (Appendix) while the other variables show the Cronbach's Alpha test conducted, which required no revision as the alpha values of the five variables are greater than 0.7. Therefore, there is a need to proceed with the data analysis.

Methods

The data collected from the field survey was analyzed using both the descriptive and inferential methods of data analysis. The descriptive method of analysis comprised the frequency distribution, percentage distribution, weighted mean score, standard deviation, and ranking while the inferential statistics used correlation matrix, and regression analysis. Multi-

collinearity was used to test whether there is no problem of multicollinearity and the variables, especially among the explanatory variables. Highly correlated explanatory variables were also determined by the bivariate analysis. The two methods of data analysis were used to analyzed data collected through the primary data response using appropriate statistical software, named "STATA" which was also used to calculate the weighted mean score of the ordinal variable (Likert scale) to justify the response based on the weight of each respondent.

Inferential statistics (correlation analysis and regression analysis) were used to generalize the population based on the findings generated from the samples. The correlation analysis was used to determine the level of strength and association between two variables while regression analysis, which used multiple linear regression analysis was used to measure the effect of cost reduction techniques on the performance of food production companies in Nigeria.

The study also used some criteria to determine the goodness of fit of the model such tests include adjusted r-squared, F-test, and coefficient of determination, known as R^2 . The coefficient of determination was used to determining the goodness of fit of the model and measuring the individual explanatory variables. The F-statistic was used to test the significance of the relationship between the response and the explanatory variables in the models. The level of significance (p-value or alpha level) was a critical probability related to a statistical hypothesis test which indicated how likely an inference supports a difference between an observed value and some statistical expectation is true. For this study, the decision rule stated that if the

probability value is less than 1% level of significance and 5% level of significance, the null hypothesis was rejected.

Model Specification

The dependent variables used in this research paper are employee satisfaction while the independent/explanatory variable was the cost reduction technique measured by budgetary control (BC), target cost (TC), value analysis (VA), activity-based costing (ABC), and standard cost (SC). These variables will be translated to the following model specification.

Model specifications:

$$ES_i = \beta_0 + \beta_1(BC_i) + \beta_2(SC_i) + \beta_3(VA_i) + \beta_4(ABC_i) + \beta_5(TC_i) + \epsilon_i$$

Where;

ES_i is the dependent variable (performance of food production);

BC, SC, VA, ABC, TC are the independent variables (cost reduction techniques);

β_0 = intercept or constant;

$\beta_1, \beta_2, \beta_3, \beta_4$ = the coefficient of the explanatory variables (TC, VA, ABC, SC, and BC)

μ is the error term of the model

i = cross-sectional variable

Hypothesis:

For this research, the following hypothesis was tested.

H₀ (Null Hypothesis): No significant effect between cost reduction techniques and employee satisfaction.

H₁ (Alternative Hypothesis): A significant effect between cost reduction techniques and employee satisfaction.

The decision rule states that if the probability value is less than 0.05 (p-value < 0.01), reject the null hypothesis; otherwise do not reject the null hypothesis.

Results

Table 3 presents the socio-demographic variables of the respondents. The result shows the frequency and percentage distribution of the respondents. From the result, 60.53% (60.53) of the organization interviewed are public organizations while 39.47% (39.47%) are private organizations. The result shows for designation indicates that 64.47% (98) of the respondents belong to other designation; 26.9% (41) are managers, and 8.56% (13) are the supervisor. For academic qualification, it is shown that 38.82% (59) have B.Sc / B.Tech; 34.21% (52) have OND / NCE; 15.13% (23) have HND; 8.55% (13) have M.Sc / M.Tech, and 3.29% (5) of the 152 total respondents have PhD.

The age of the respondents was also asked, the result shows that the majority of the respondents are between the age of 30 – 39 years with the frequency and percentage distribution of 72 (47.37%); followed by the respondents whose age are between 40 – 49 years with the frequency and percentage distribution of 33 (21.71%); 19.08% (29) are between the age of 25 – 29 years; 5.92% (9) are < 24 years; 5.26% (8) are between the age of 50 – 59 years, and 0.66% are between the age of 60 – 69 years of age. Meanwhile, the result for the years of experience of the respondents show that 59.87% of the respondents have 11 – 15 years of experience; 13.82% (21) have 5 – 10 years of experience; 9.21% have < 5 years of working experience; 5.26% (8) have 16 – 20 years; 26 – 30 years, and 31 years and above respectively while 1.32% (2) have 21 – 25 years of working experience. Table 3 also presents the result of gender indicating that a larger percentage of the respondents are female with the frequency and percentage distribution of 83 (54.31 percent) while 45.39 (69) of the respondents are male.

Table 4 present the summary statistics for each of the variables. The table presents the mean, standard deviation, minimum, maximum, observations for both dependent and independent variables. As indicated in Table 4, the budget cost has a mean value of (3.2305) which is the highest value among the explanatory variables and the standard deviation is given as (0.9235) with a minimum value of (1.33) and the maximum value of (5). The standard cost has a value of (3.1186 mean, ± 0.8855 SD), minimum and maximum values of 1.33 and 5 respectively. Value analysis has the value of (2.9936 mean; ± 0.7904 SD), a minimum value of (1.33), and the maximum value of (4.67); Activity-based control has the value of (3.015 mean; ± 0.8900 SD), a minimum value of (1.33), and the maximum value of (4.67); target cost (3.1092 mean; 0.7953 SD) with a minimum value of (1.33) and maximum value of (5.000) with a minimum value of (1.33) and the maximum value of (5.000). The summary statistics of the employee's satisfaction shows the mean value of (3.0276) and a standard deviation of (0.7963) with a minimum value of (1.60) and a maximum value of (5).

Table 5 presents the association between employee satisfaction and other variables shows a strong and weak positive relationship between the variables. The result shows the correlation coefficient of each pair of the variable with employee satisfaction. The coefficient is given as thus: ES and BC (0.5152), ES and SC (0.5073), ES and VA (0.3745), ES and ABC (0.5362), and ES and TC (0.3949). The result of the correlation analysis indicates that budget control, standard cost, and activity-based control exhibit a strong positive association with employee satisfaction while VA and TC display a weak positive association. The implication is that as standard cost, budget

cost, and activity base control increase, employee satisfaction increases rapidly while value analysis and target cost show that as they increase to improve employee satisfaction, it increases minimally. The high correlation which shows a strong correlation but not very strong correlation helps us to result in the testing of multi-collinearity before proceeding to regression analysis. The multi-collinearity test is tested using the variance inflation factor "VIF" and tolerance level indicated by "1/VIF". The result as indicated in Table 5 shows that there is no problem of multi-collinearity since the VIF values of all the explanatory variable is less than 10 ($VIF < 10$) and the tolerance level also confirmed that there is no problem of multicollinearity since the $1/VIF$ value is less than 1 ($1/VIF < 1$).

Table 6 reveals the regression analysis and the model summary of the effect of cost reduction techniques on employee satisfaction. The result of the model summary shows the adj r square which illustrates that 33.62% of the variation in ES is explained by the explanatory variables (cost reduction technique). This implies that cost reduction contributes to employee performance in a positive and significant way. Following the result of each of the explanatory variables, the analysis of coefficient value is revealed in Table 6 showing ($\beta_1 = 0.1861$; $\beta_2 = 0.1729$; $\beta_3 = 0.0627$; $\beta_4 = 0.1997$; $\beta_5 = 0.0163$). The coefficient of all the explanatory variables shows a positive contribution to the employee's satisfaction. Though all these variables have a positive effect on employee satisfaction but only three of the five (5) variables considered are significant at P-value < 0.01 and 0.05 respectively. The coefficient of the variable which are significant with employee's satisfaction is given as: BC (coeff = 0.1861; p-value =

0.0240); SC (coeff = 0.1729; p-value = 0.0450), and ABC (coeff = 0.1997; p-value = 0.0330) while the variables which are not significant with the employee satisfaction also show the coefficient and the probability value which is given as: VA (coeff = 0.0627; p-value = 0.4540). and TC (coeff = 0.0163, p-value = 0.8550). This means that BC, SC, and ABC have a significant effect on employee satisfaction. As these three variables increase, the employee's satisfaction also increases and contributing positively to employee satisfaction.

A decision rule is stated based on the hypothesis set. The decision rule states that

if the probability value (p-value) is less than 0.05, reject the null hypothesis, otherwise do not reject the null hypothesis. From the result, the p-value is less than 0.01 and 0.05 respectively. This shows that the null hypothesis was rejected and the alternative hypothesis was stated as the conclusion. The result also reveals that cost reduction techniques have a significant effect on employee satisfaction at P-value (0.000) < 0.01 (1% level of significance) with the F statistics value of 16.30. This implies that there is a significant effect of cost reduction techniques on employee satisfaction.

Table 3: The sample size of each level of socio-demographic variables with their percentage distribution.

Variables	Frequency	Percentage distribution (%)
Organization		
Public	92	60.53
Private	60	39.47
Total	152	100.0
Designation		
Manager	41	26.97
Supervisor	13	8.56
Others	98	64.47
Total	152	100.0
Academic Qualification		
OND/NCE	52	34.21
HND	23	15.13
B.Sc / B.Tech	59	38.82
M.Sc / M.Tech	13	8.55
Ph.D	5	3.29
Total	152	100.0
Age		
< 24 years	9	5.92
25 – 29 years	29	19.08
30 – 39 years	72	47.37
40 – 49 years	33	21.71
50 – 59 years	8	5.26
60 – 69 years	1	0.66
Total	152	100.0
Years of Experience		
< 5 years	14	9.21
5 – 10 years	21	13.82
11 – 15 years	91	59.87
16 – 20 years	8	5.26
21 – 25 years	2	1.32
26 – 30 years	8	5.26
31 years and above	8	5.26
Total	152	100.0
Gender		

Male	69	45.39
Female	83	54.31
Total	152	100.0

Source: Researcher's Field Survey, 2021.

Table 4: Descriptive Statistics of the Variables.

Variable	Mean	Std. dev	Minimum	Maximum	Obs. (N)
BC	3.2305	0.9235	1.33	5	152
SC	3.1186	0.8855	1.33	5	152
VA	2.9936	0.7904	1.33	4.67	152
ABC	3.0150	0.8900	1.33	4.67	152
TC	3.1092	0.7953	1.33	5	152
ES	3.0276	0.7963	1.60	5	152

Where BC = budget cost, SC = standard cost, VA = Value analysis, ABC = activity base costing, TC = target cost, ES – employee's satisfaction, std. dev indicates standard deviation and Obs. Indicates observation

Source: Researcher's Field Survey, 2021.

Table 5: Correlation Matrix and Multicollinearity Test

Variable	ES	BC	SC	VA	ABC	TC	VIF	1/VIF
ES	1.0000						N/A	N/A
BC	0.5152	1.0000					2.05	0.4879
SC	0.5073	0.5903	1.0000				2.06	.4857
VA	0.3745	0.4929	0.4370	1.0000			1.57	0.6381
ABC	0.5362	0.6551	0.6807	0.5073	1.0000		2.45	0.4078
TC	0.3949	0.5521	0.5228	0.5228	0.5648	1.0000	1.79	0.5585

Where BC = Budget cost, SC = standard cost, VA = Value analysis, ABC = Activity base costing, TC = Target cost, ES = Employee's satisfaction, and VIF = Variance Inflation factor.

Source: Researcher's Field Survey, 2021.

Table 6: Cost Reduction Technique and Employee's Satisfaction

ES	Coeff	Std. Error	t-value	P-value
Constant	1.0465	0.2504	4.18	0.0000***
BC	0.1861	0.0819	2.27	0.0240**
SC	0.1729	0.0856	2.02	0.0450**
VA	0.0627	0.0836	0.75	0.4540
ABC	0.1997	0.0929	2.15	0.0330**
TC	0.0163	.0888	0.18	0.8550
Model Summary				
	SS	Df	MS	
Model	34.3017	5	6.8603	
Error	61.4622	146	0.4210	F(5, 146) = 16.30
Adj. R-square	0.3362	R square	0.3582	Prob > F = 0.0000

Where BC = Budget cost, SC = standard cost, VA = Value analysis, ABC = Activity base costing, TC = Target cost, ES = Employee's satisfaction, Adj. R-squared = Adjusted R square, SSE – sum of square error, df = degree of freedom, MSE = means square error or residual, SSM – Sum of square model, and , MSM – mean square model. Also, *** indicates P-value < 0.01 (1% level of significance), ** indicates P-value < 0.05 (5% level of significance), and * indicates P-value < 0.1 (10% level of significance).

Source: Researcher's Field Survey, 2021.

Discussion of Findings

Every industry is looking for ways to reduce costs and make the operation more productive without affecting employee satisfaction. Improvements in the fulfillment and inventory processes reduce cost, resulting in better service, and higher employee satisfaction. Your business needs to have a robust framework in place to help cut down costs and keep on providing quality products and excellent service and satisfaction to the employee. An evaluation will help you get more productivity by optimizing your layout, increasing your space utilization and staff efficiency. Measurement and reporting processes can improve performance and lower costs.

The result of the analysis shown in the model found that three variables out of the five variables show that variables have a significant positive effect on employee satisfaction. The study found out that that cost reduction techniques have a significant effect on employee satisfaction performance of food production in Nigeria. This indicated that as cost reduction techniques increases, employee satisfaction also increases. A prove indicates that cost reduction techniques affect employee satisfaction. The finding of Khadafi, (2005) was consistent with our result where it was found that the effect of budgetary participation and budgetary adequacy on individual performance with job satisfaction. Another result of Khadafi, which used four (4) different variables to measure the budgetary participation and budget adequacy on individual performance with job satisfaction showed a significant effect on the variable. The study found out that individual performance and budgetary participation have a significant effect on job satisfaction. Also, the result indicated that there was a significant effect of budgetary participation

and budget adequacy on the effect of performance on job satisfaction. The result has proven that budgetary cost improved the efficiency of every employee in any organization and it helps the employees to perform their duties.

The research of Akeem, (2017) was also consistent with our findings where he discovered a significant relationship between cost reduction and organizational performance. The study was in line with our findings since our findings showed a positive relationship with employee satisfaction. The significant effect of participative budgeting on job satisfaction is in corroboration with our findings that indicate a positive effect between budgetary control and employee satisfaction. The study of Chitere and Nzulwa, (2018) was consistent with our findings which shows a positive significant relationship. These findings are in agreement with Ngirande, Terra, and Mutodi (2014) who indicated that voluntary severance affects the morale of employees and the commitment of the organization.

In contrast, Kahar, Rohman, and Chariri, (2016) show that there was a significant effect of budgeting, budgetary slack, and job satisfaction in the public sector. Though, the result revealed the significantly negative effect of participative budgeting on budgetary slack and a significant positive effect of participative budgeting on job satisfaction. The study of Egunike & Adeniyi, (2017) which examined the influence of downsizing of staff and reduction of staff salary on bank profitability negates the result of our analysis where we found that there is a significant positive effect of cost reduction techniques on employee's satisfaction. Regression analysis was used in estimating the parameter of the model and the result found out a negative relationship between downsizing of an

employee, reduction of staff salary, and profitability. A study conducted by Chitere and Nzulwa, (2018) also established a negative significant effect on employee job satisfaction.

Conclusions and Recommendation

The approach adopted in this study offers the opportunity to unravel the relationship between cost reduction techniques and employee satisfaction in some selected food production companies. For an organization to make production in the production of goods, most especially consumer able goods produced by the selected food production companies, there is a need to reduce the cost to the acceptable limited as well as reducing wastage and loss. Meanwhile, while researching this paper, it was discovered that cost reduction techniques seem to be very important in the performance of an organization and employees ranging from setting a standard cost, budgetary cost,

target cost, having an activity-based cost, and monitoring the value analysis. These variables prove the effectiveness of cost reduction techniques in the performance of organizations.

From the findings of this research, it is evident that cost reduction has a positive effect on employee satisfaction. To make the employee's satisfaction a success, every organization must reveal their budgetary cost, standard cost, and activity-based control. Also, the challenges on value analysis and target cost on employee satisfaction solved by the management by taking note of non-performing indicators in any of the departments. The result suggests that cost reduction techniques must be properly administered in any food production company to make the goods produce are accounted for. Also, the management should set a policy on how to satisfy their employees while they reduce costs in the organization.

Appendix

Table 1: Average Number of Person to be interviewed in the Food Production and Manufacturing Companies

Department	Number of interviewed individuals	Total
Managers	3 * 15	45
Supervisors	1 * 15	15
Accountants	2 * 15	30
Marketing and Sales	10 * 15	150
Finance	2 * 15	30
Total	270	270

Source: Researcher's Design, 2021.

Table 2: Reliability Analysis

S/N	Objectives	Cronbach's Alpha	
		Value	Recommendation
1	Employee's satisfaction	0.718	No revision is required
2	Budgetary Cost	0.750	No revision is required
3	Standard Costing	0.632	Minor revision is required
4	Value Analysis	0.691	Minor revision is required
5	Activity Base Cost	0.735	No revision is required
6	Target Cost	0.705	No revision is required

Source: Researcher's Field Survey, 2021.

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