**BINDURA UNIVERSITY OF SCIENCE EDUCATION**

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**FACULTY OF COMMERCE**

**DEPARTMENT OF ACCOUNTANCY**

**THE EFFECT OF OPERATIONAL COST CUTTING TECHNIQUES ON FINANCIAL PERFORMANCE OF LOGISTICS FIRMS IN ZIMBABWE: A CASE STUDY OF GM LOGISTICS**.

**BY**

**B190715B**

**SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE   
 BACHELOR OF ACCOUNTANCY (HNOURS) DEGREE (B.ACC)**

**2023**

# APPROVAL FORM

The undersigned certify that they supervised the student B190715B dissertation entitled the effect of operational cost cutting techniques on financial performance of logistics firms in Zimbabwe: case study of GM Logistics.

Supervisor Signature………………………………Date………………………………..

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# RELEASE FORM

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# DEDICATION

I dedicate my work to my mom and dad, my friends for their encouragement and support during the research and writing of this dedication.

# ABSTRACT

The study seeks to evaluate the effect of operational cost cutting techniques on financial performance of logistics firms in Zimbabwe. This study used GM Logistics as a case study evaluating the reasons for adoption of cost cutting techniques, an analysis for cost cutting techniques being used by logistics firms, variables affecting how successfully cost reduction techniques are adopted and the correlation between financial performance and operational cost cutting methods in logistics organizations. Interviews and questionnaires where used as data collection methods. In order to carry out this research a targeted population of forty-eight participants was used to conduct the research , a total of thirty-one questionnaires were disbursed to GM Logistics workers and twenty-two questionnaires were returned and this resulted to a seventy one percent response rate. Members were selected using convenience and stratified sampling methods. Five management members were interviewed and they yield a hundred percent response rate. The research findings were presented in the form of tables, graphs and charts. IBM SPSS Statistics and Microsoft excel was used to draw graphs. The study found out that there is a positive correlation between financial performance and operational cost cutting techniques in logistics firm. The research advised logistics firms to employ successful short-term operational cost cutting techniques in order to improve the firm’s financial performance (for example those lasting less than one year).

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I appreciate my supervisor for his continuous support in conducting the study and writing this project. I want to express my gratitude to the Finance department and my lecturers for providing pertinent information that made it possible for me to prepare this project. In addition to this l would like to thank all the respondent`s from GM Logistics for giving me the chance to conduct the study project utilizing their organization as a case study.

Last but not least l want, to express my sincere gratitude to my parents for their support and sacrifice in helping me pursue a higher education degree.

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# CHAPTER ONE

# 1.0 Introduction

The aim of the research is to investigate the impact of working cost-cutting techniques on the financial results of logistics firms in Zimbabwe. A cost-cutting technique is a strategy intended to keep costs stable without jeopardizing the entity’s long-term operations. Cost- cutting measures are policies chosen to achieve long term savings. Cost-cutting techniques are strategies chosen to accomplish long-term cost cutting goals or to minimize costs without a negative impact on the firm long run operations according to Kwambana (2017).

Cost cutting is a process of judiciously reducing or maintaining costs in a business to a constant level, when done correctly, cost containment can ensure or increase profitability without creating undue difficult for those doing the work.

Gm logistics implemented a vehicle tracking system for the first time because economic proceeds have been decreasing. The chapter starts on history of study, then problem statement, it will then provide research questions. Also, separate discussions are held regarding research’s significance and objectives. It also serves as a foundation for the limitations of the study as well as limitations encountered during the research. This chapter concludes by focusing on the assumptions made by the examiner while carrying the study, definition of terms as well as the summary of this chapter.

## 1.1 Background of study

Cost cutting techniques are operative procedures and values for cumulative operations effectiveness, allowing for lower working expenses while increasing output, allowing for planned ``asset allocation Kwambama (2017). Internationally, Electronics and Telecommunication Engineering implemented cost containment methods and has vouch the advantages of doing so as a way to improve financial performance. According to Kamble (2015), the electronics and Telecommunication Engineering used the surveillance system as a cost reduction measure, because it was used to boost total production, which increased the entity’s return.

Due to the improvement in financial position and profitability, according to Namu et al (2014) and Gichurki (2014) there is a favorable association between working cost conservation techniques and financial performance. In light of the higher risks associated with using cost containment tactics, Prasad (2017) asserts that a negative correlation exists between cost- cutting techniques and financial success.

For the past three years, Gm logistics has continued to experience declining financial performance as a result of national economic conditions, posing a risk to its viability and sustainability. According to the Management Conference Minutes, the finance director noted the ongoing rise in expenses without a corresponding improvement in the entity’s business performance and applauded the adoption of operational cost cutting techniques as a means of improving the entity financial performance. Despite the implementation of cost control techniques and an increase in operational costs, according to reports from the management, that assessed the financial year between 2019 and 2021, financial results continue to decline. This is shown in grid 1.0 below

##### Grid 1.0 illustrates the statistics of performance of GM logistics Pvt from 2019-2021

**Financial Year 2019 2020 2021**

**Revenue** 1 223 000 1 168 000 1 082 850

**Operational Cost** 1180980 1 130 800 1 050 600

**Profit 42 020 37 200 32 250**

**Source: Yearly reports for GM Logistics Pvt Company from 2019-2021**

The aforementioned table 1.0 above illustrates tendencies in distribution in revenue, operational cost and profit of GM logistics from 2019 to 2021. The table shows a decrease of profit from 2019 to 2021 which was due to the massive decrease in revenue although operational cost were also decreasing. The decline in operational cost was due to the cost cutting strategies implemented to ensure quality project management. The firm realized a decline in revenue generated during the financial periods 2019, 2020 and 2021 respectively, which significantly countered the anticipated positive results from the cost cutting initiatives used. The company enjoyed an increase in profit only in initial year 2019 by 11.5% followed by a decline of 15.3% in 2020 and 16.71% in 2021 respectively.

In the minutes of the Finance Committee Meeting in October 2019, Mr. Jani, the acting finance director, voiced worry about the ongoing rise in costs without a matching rise in revenue. He emphasized that in order to prevent the company from going bankruptcy, efficient cost containment techniques must be put into place.

The Finance Director reflect a view of reviewing the operational cost containment techniques which has been used so as to ensure its effectiveness on the overall financial performance of GM Logistics and how to balance the costs with revenue generation capacity.

## 1.2 Statement of problem

The practice of cost cutting techniques is regarded as a very crucial component to analyze the company performance in order to improve financial performance. Profits and income have significantly decreased since GM logistics implemented cost saving techniques. GM logistics revenue and profits have decreased, since the implantation of these strategies in 2019 and the profitability was described by a nose dive. This study intends to examine how operational cost cutting techniques affect the financial performance of Gm Logistics and find solutions to these problems.

## 1.3 Research Objectives

* To ascertain the driving forces behind Gm logistics, use of cost containment techniques.
* To determine and assess the operational cost conversation measures used by logistics companies
* To examine the elements that affect the effective use of operational cost-cutting methods in companies.
* To determine the relationship between the financial performance of logistics organizations and the operational cost containment techniques that have been applied

## 1.4 Research questions

* What goals drive the implementation of cost cutting measures by Gm logistics?
* What operational cost containment techniques are logistic companies using?
* What aspects are limiting logistics organizations from incorporating operational cost cutting techniques.
* What is the connection between the financial performance of logistics companies and operational cost conversation strategies?

## 1.5 Significance of the study

The goal of the study was to analyze the cost cutting strategies required to lower the operating expenses for logistics firms.

Hypothetically, the research should aid an understanding to the cost cutting techniques required to lower the operating expenses of logistics organizations.

### 1.5.1 To the Scholar

This study is significant to the researcher because it gives him the opportunity to get valuable practical experience, which advances his professional development and personal understanding of the efficiency of cost cutting techniques to lower an organization’s operational costs

### 1.5.2 To GM Logistics

The management will directly gain from this research because it will provide more information on the outcomes of some their cost reduction strategies and make suggestions to enhance their current system.

## 1.6 Assumptions

The research is predicated on the supposition that the interviewees and respondents’ responses to the questionnaires reflect a true and fair picture of the evidence that can be gathered. The nature and scope of GM Logistics have not significantly changed during the study/research period. Also, the other assumption is that data collection and analysis used were ideal. Operational cost containment methods are credited with improving financial performance; other factors are thought to have a less substantial impact.

## 1.7 Delimitation of the study

The study focused on Gm logistics which is found in Ruwa Harare.

The relationship between operational cost cutting techniques and profitability is evaluated. There are thirty-one respondents in the sample, who are chosen from various departments. Data was acquired through questionnaires and interviews. Stratified sampling was used to conveniently nominate interview participants. The study will examine the trends between the years 2019 and 2021.

## 1.8 Limitations of the Study

* Access to all sources, which were important and essential to the study, was hampered by confidentiality laws. However, additional material was also used, such as that from press releases and publications done internally.
* Also, there was an issue were management producing only falsified results to preserve company image, but in order for the survey to provide useful data, the investigator made clear to respondents how important it was.

## 1.9 Definition of terms

* Cost is defined as the amount of expenditure (actual or notional) incurred on, or attributable to, a specified thing or activity. According to Banerjee (2021), cost is a measurement, in monetary terms, of the amount of resources used for the purpose of production of goods or rendering services. It also represents a sacrifice, foregoing or a release of something of value.
* Financial performance is defined as the degree to a firm’s financial objectives are being met over a given timeframe in terms of profits and sales, says Mufrinya (2016).
* Cost cutting techniques is a firm’s practice of maintaining expenses levels to prevent unnecessary spending, or thoughtfully minimizing expenses to increase profitability without endangering company’s long-term health.
* Operational cost- these are firms expenses related to the manufacturing of its products and services, for example insurance expenses.

## 1.10 Chapter Summary

The chapter focuses on the fundamentals of carrying out this research as well as the problem statement and objectives of the research. This chapter presented the study questions which are open ended. Literature review is introduced in the following chapter.

# CHAPTER TWO

**LITERATURE REVIEW**

## 2.0 Introduction

This chapter reviews relevant literature, outlines some of the justifications for the study’s conduct, and highlights relevant earlier studies that have been done. Research objectives are the major concept in this chapter analysis of the management dilemma of balancing cost containment and financial performance. This chapter revisits literature by prior author’s and professors and introduces key concepts from the fundamental terms of research. In addition, it aids in putting the study into context and locating knowledge gaps.

## 2.1 Theoretical literature review

Thetheoretical literature reviews aid in identifying recent theories, their connections, the extent to which they have been studied, and the creation of new testable hypothesis. The research emphasizes mainly on the Austrian Economic Theory and Profit maximization theory of the entity.

### 2.1.1 Austrian Economic Theory

A disagreement leading to an advantage of a lone payer health care was seen as the hypothetical capability of a lone payer to restrain expenses from rising. The Austrian economic theory narrates the reason why firms have failed to maintain or control cost from incrementing and this analysis of controlling prices was reviewed furthermore by the Austrian Study according to Berdine (2017). The analysis shows that it is commonly calculable that healthiness cares expenses are rising rapidly than average income and prices. According to Hopfgartner et al. (2022), the most important aim of the Affordable Care Act (ACA) was to use cost cutting techniques. Even though ACA increase number of Americans with insurance, it was a dismal failure in terms of cost controls this led to arguments on why Affordable Care Act has been unsuccessful to control cost and this led to an argument that a sole player strategy will grow vigorously in monitoring expenses. Price panels were determined by Austrian economic theory to be ineffective at the time they implemented thoracentesis, a method to drain additional fluid from the pleural cavity as a cost cutting technique.

The study emphasized on the application of cost cutting techniques and their applicability to this research. Medicaid is eager and skilled to drive costs lower than all physicians will agree to take, therefore sole payer system is a cost containment mechanism in accordance with Austrian economic theory. Sole-payer systems are used as a cost containment strategy in accordance with Austrian economic theory, which holds that Medicaid is eager and capable of bringing costs below what all physicians will accept. When a cost containment strategy is chosen and properly applied, it produces a favorable outcome with the participation of all-important stakeholders from the start. Revenue increases as a result of improving a company’s financial success by offering superior goods and services to customers.

### 2.1.2 Firms Profit Maximization Theory.

The motive for the company has very long been the question of disagreement amongst business experts and researchers alike. McDonald, (2015) says that firms exist in a set up to maximize proceeds for shareholders of the entity, also he added that a presumption that is instilled in the antecedent that profit is the ultimate driver of business decisions and capital owners. Thus, the profit maximization theory has now gone viral or widely recognized by all firms worldwide as the main reason why firms still exist. The standard economic theory states that any entity exploits profit’s when the marginal cost is equal to marginal income, which means for each additional unit an entity sells, when the marginal income of the sell is greater than marginal cost of the additional unit, thus a firm will be maximizing profits. Nowadays, stakeholders’ views add discourse on the role the organization in society. Freeman, (1984), in the Stakeholder theory states that firms should be managed in the best interest or with engagement of all their stakeholders.

Therefore, in this research the matters behind the theory of profit maximization are if profit increments in an attempt to increase the financial performance of the organization according to Tripathi (2019), this can lead to an increase in the number of interested stakeholders. An increase in profits will lead to an increase in shareholder’s wealth thereby securing the investment on the firm. Management does not primarily serve as a profit-maximizing facilitator for their doctrines, but rather seeks to maximize their own value. As a result, executive and employee engagement in the cost reduction techniques process is highly important as a result an increase in profit occurs.

## 2.2 Reasons for cost cutting techniques

The idea of implementing cost reduction strategies is influenced by many factors which involves increasing revenue, maximizing profit and gaining competitive edge over other logistics company.

### 2.2.1 Increasing revenue.

Cost reduction techniques empathizes on sales revenue growth and minimizing expenses simultaneously. Revenue is defined as the gross inflow of economic advantages throughout a period originating from a firm’s regular operations. According to Maiti et al. (2020), revenue is recognized as the basis for generation of profit. According to Maiti et al, (2014), a company’s revenue grows if it can produce distinctive products at reasonable prices or at low prices. Bosona (2020), place emphasis on the elements in transportation firms that contribute to income growth, such as low fuel consumption, emissions and freight vehicle modeling. Also, Waygonik and Goodchild (2018), state that “Clean Air Zone (CAZ) objective is to improve air quality by limiting the usage of highly polluting vehicles in ruling city areas,” and “a significant role must be attained in order to achieve a favorable atmosphere, effective, and a consignment system which is safe. Low emission zones, according to Taniguchi et al (2014) foster mobility, sustainability, and viability, which increases the likelihood that the freight industry will see an increase in revenue because there are no delays in the delivery of goods and services to their recipients. Bosona (2020) pointed out that freight modelling is used to support the duties of predicting travel demand and the impact of anticipated changes to land use or transportation systems.

In order to increase revenue, freight vehicles sometimes deliver same product to multiple clients per load according to Suzuki (2015). Bosona (2020), cite that freight modelling is regarded or seems to be in line with the paradigm for logistics decision making. Taniguchi et al (2014), denotes that manufactures of these types of freight trucks strive to create low fuel-consuming models in an effort to reduce operational expenses for the entity. According to Sukuzi (2015), a procedure was put forth to reduce issuance and fuel utilization by building roads that shorten the distance that vehicles carrying heavy loads must travel in order to reduce operational cost and to maximize sales revenue for logistics companies. Suzuki (2015) says the model produced results that show that heavy objects are delivered early in journeys in order to maximize fuel reserves, which range from 4.9% to 6.9% in directions of shortest distance. Cost reduction techniques emphasize the need to reduce operating expenses while also boosting business’s revenues, Kwambama (2017).

### 2.2.2 Profit Maximization.

The aim for cost containment strategies is to minimize cost while increasing profit. The income or total revenue a company earns from the sale of its goods and services is subtracted from the amount or whole cost incurred in producing and marketing those goods and services to generate the total profit of the company, Macdonald (2015). In addition, Baumol and Blinder (2015) denotes that profit is when marginal expenditures are less than marginal income. Profit maximization is the ability of a firm to get the highest possible earnings from operations while utilizing the fewest possible operational resources says Ferdous and Mohajan (2022). According to Zailani et al (2020) firms should strive to maximize profits because doing so promotes economic efficiency and maximizes beneficial outcomes. Ferdous and Mohajan (2022) highlighted that firms innovate to maximize profits because they want to develop high-quality products and satisfy a variety of client wants. According to Taherkhani and Alumur (2019), operational costs should be carefully monitored, controlled and managed for profit maximization in businesses. He also stated that businesses have a duty to maintain stable costs while maximizing profits. Additionally, Shidpour et al (2014) state that mass customization is a strategy used by firms to satisfy a customer’s unique needs at a price that is close to mass production due to the aggregating demand for modified goods. According to Zailani et al (2020), consumers’ satisfaction is linked to the value allegedly provided by a variety of items, and businesses won’t experience losses if they continue to produce as many products as they can. Sundaram (2014), denotes that a variety of goods builds product portfolio thus when entities produce numerous commodities with the same purpose revenues are certain to rise, and profits will rise to their highest articulated level. Finally, Boatright (2015), states that managers of the companies are crucial in decision-making since they are in charge of fulfilling the main objective of the companies, which is profit maximization.

### 2.2.3 Gaining a competitive advantage over rival businesses

According to Sun et.al (2020), competitive advantage is the uniqueness in a characteristic that enables businesses to satisfy their customers more successfully than others, leading to the creation of superior performance and customer value. In order for businesses to achieve this, they must produce high-quality goods at lower costs, with quick delivery and flexibility being the top priorities. Hana (2014), denotes that a company’s competitive advantage is the edge it has over its rivals. He also notes that, this advantage is obtained by offering clients improved services in terms of the value of its goods and services at lower rates. Competitive advantage is also defined by Hana (2014) as the firm’s capacity to outcompete competitors in terms of reproduction both now and in the future. Sun et al. (2020) denotes that competitive advantage can be gained through employing, managing and controlling owned resources, such as organizational process and company strategy. Companies endeavor to win clients by preventing the costs of goods and services from fluctuating while also attempting to outperform their rivals in the marketplace. Also, Baah et al. (2021) states that a company’s advantage over competitors is maintained and built upon via effective technological advancement. The benefit of competitive advantage for cost cutting techniques emphasizes that businesses are required to adapt successfully to changes occurring in the business market in order to maintain their edge over rival entities and this includes reducing operational costs.

## 2.3 Evaluation of operational cost cutting techniques being used or adopted by logistics entities.

During economic downturns, firms frequently employ cost containment techniques in an effort to reduce operating expenses and preserve profit margins says Macdonald (2015). Logistics entities are implementing operational cost-cutting techniques which include infrastructure sharing, downsizing and tracking systems to prevent rising operational expenses. The literature is summarized below, weighing the benefits and drawbacks of each cost-cutting measure.

### 2.3.1 System for tracking vehicles

According to Guido et al (2014) and Kamble (2014), the definition of a vehicle surveillance system is the tracking of automobiles using a monitoring device to determine exact place where the truck is at any given time. Also, Kamble (2014), cites that the goal of this surveillance system is to locate the exact location of the car and transmit that information to a server that is as close to the location of the vehicle as possible. According to Kamble (2014), vehicle tracking systems are frequently utilized to increase an entity's overall effectiveness, which offers a better return on your savings. Additionally, according to Kamble (2014), route planning is essential for both individual and corporate drive while managing more task tons over time. According to Quak et al (2016), an automatic vehicle system is essential because it generates real-time objects and so offers the precise position of the automobile at the appropriate time. According to Kamble (2014), vehicle tracking increases productivity by enhancing security and safety, communication channels, and performance monitoring. According to Guido et al. (2014), the value of vehicle monitoring systems for investigating traffic movement and security is focused on their ability to mimic real-time traffic patterns at a given place. Quak et al. (2016), the installation of freight electro-mob ility systems during the vehicle tracking systems process has increased the system’s environmental and social importance. They also note that low fuel costs are incurred, fleets perform environmentally friendly, and fleet trucks make less noise. Although Quak et al. (2016) contend that the fleet monitoring system is inadequate since producers are not producing or supplying enough trucks, and they are not supplying support through the dealer networking. Fleet monitoring systems, according to Quak et al. (2016), have a limited fleet availability and freight carrying capabilities. Quak et al. (2016) also pointed out that businesses frequently experience higher monitoring charges and pricey, inconsistent after-trade help. While low oil costs are being supplied, fleet surveillance systems have a determinantal impact on transportation, as cited by Quak et al (2016). The assorted literature cited above the research aims evaluate whether or not transportation organizations in Zimbabwe are using fleet surveillance systems as a cost cutting technique.

### 2.3.2 Infrastructure sharing

According to Saif et al. (2021) infrastructure sharing is the shared use of network facility by many operators under a contract pertinent technical and business term. In addition, this strategy emphasizes on utilizing the same boaster or warehouse as a cost cutting measure. Infrastructure sharing exchanges can be put into three categories which are business model which outlines the parties participating and their prearranged link, geographic pattern which relates to every driver’s physical footprint and innovation ideal, which also outlines the practical solutions says Frisanco et al (2016). Infrastructure pooling, according to Namisiko (2015), lowers capital and operating expenses and this will lead to accelerating network development. According to Gao and Cao (2020), the fundamental objective of sharing mobile infrastructure is to lower expenses since duplication is limited and to reduce the need to create towers to hold and detect their machinery (i.e. equipment). According to Reddy (2014) the competitiveness on industries caused a fall in revenue and profit margins, which inspired the United Kingdom to share its infrastructure in order to save costs.

This technique of infrastructure sharing changes the competitive landscape of the organization quickly and improves performance of the entity. For the first time new participants in network and logistics service suppliers, outlined the importance of infrastructure sharing according to Saif et al (2021). In addition, the study’s findings show that transmission of infrastructure and technology offers economic viability during the competition’s phase and promotes quicker business expansion. However, Frisanco and Tafertshofer (2016) claims that infrastructure sharing in transportation firms that uses same resources and hubs presents difficulties for the cooperating contractors since it necessitates a far greater, and mission-critical, level of operations upkeep for shared resources. Infrastructure sharing has the following market struggles, decline of international investment due to currency depreciation, overruling problems that may lead to pivotal tower decommissioning, sales costs and adversely affect clients, property encounters related to ownership and title deeds and increased operating service charge as a result of higher licensing charge, rising nation fee, and currency difference, according to Kwambana (2016).

Infrastructure sharing is a tactic used to help logistics and network operators remain competitive although Francois Van Zyl (2016) argued that, this is not a cost cutting technique, since the approach’s implementation in Nairobi Network enterprises saw a steady transition in costs and financial performance. Hutchinson et al. (2021), argued the exact point, noting that corporation’s performance improved steadily over short term while remaining stable over the long term. The goal of this research was to ascertain if sharing infrastructure reduced expenses and improved financial performance in logistics firms in Zimbabwe.

### 2.3.3 Organizational Downsizing.

According to Mushonga (2022), downsizing is a significant reduction in employees, has expanded legitimacy, and has become a frequently used cost cutting approach that is backed by Baumol et al (2015). Also, according to Baumol et al (2015) downsizing is a method of strategic management that assist to minimize operational expenses by adjusting the firm’s organizational structure, reorganizing, and delayering (simplifying level of hierarchy). Also downsizing includes intentionally dismissal from work and this is done in an effort to lower a firm operating expense. Aigheyisi (2021), who carried the study on Nigerian Oil and Gas industries, organizational downsizing increased the profitability of the firms. Johnstones (2023) claims that organizational downsizing helps the business increase the quality of its goods while lowering operating expenses. These expenses could take the shape of labor costs, therefore reducing labor costs and allocating extra funds to quality control, this can lead to the production of high-quality goods. Downsizing the firms improves the firm’s liquidity and ensures the firm’s ongoing existence is in accordance with the accounting basis of going concern. According to Arnold and Pulicb (2015), many healthcare companies have restructured in recent years for a number of reasons, including cost savings and the need to actively lay off the company for an improved operational performance. Few organizations hire more than necessary says Arnold and Pulicb (2015) because cost cutting is limited, there is competition, and health care cost are rising. In a restructured environment, top management should create new techniques to help supervisors at all grades to function effectively. Arnold and Pulicb (2015) claim that when there are fewer people than anticipated, an organization and its sections operational procedures need to be reviewed. Arnold and Pulicb (2015) emphasized that by examining present work practices, it is likely to generate improved job designs, leading to greater job productivity and efficiency. According to Arnold and Pulicb (2015) a newly re organized job may require broader abilities, which enhances the motivational characteristic of job performance. They further denote that managers must design selection criteria as firms reduce their employees. Arnold and Pulicb (2015) supported by Sanders (2019), cross training becomes essential because employees should not have rigid work descriptions and they should be able to interact with other team member’s job performance. Senior management must also communicate quite clearly and assign tasks more efficiently.

Johnstones (2023), explained downsizing as an intentional endeavor to permanently reduce the number of employees in order to boost companies’ efficiency and effectiveness. According to Sanders (2019), there is a theoretical backing for the idea that restructuring improves financial performance by cutting personnel expenses. Casio (2014), denotes that cutting personnel expenses and staff will increase profitability by boosting company productivity, efficiency and competitiveness which is backed by Marques and Gonzalez (2014).

However, Akiyemi (2018), says while attempting to downsize the employees as a cost cutting measure, more work load may occur when employees are asked to perform more tasks when their current workloads are already taxing. He added that pressure on the existing staff could lead to absentees and turnover rates in place like hospitals where there is already a shortage of doctors. Ogbonnaya (2019), says work insecurity can rise as workers worry about being the following to be fired and restructured victims may feel guiltier emotionally.

## 2.4 Variables affecting how successfully cost-cutting measures are implemented

Cichosz et al. (2020), denotes that when cost cutting techniques are used several businesses fail to meet their goals. According to Mahindro et al. (2018), shareholder decisions significantly affect how successfully operational cost cutting are implemented. It is crucially important to adopt cost conservation methods and ensure the success of these cost reduction initiatives, with senior management commitment and staff involvement, says Cichosz (2018).

### 2.4.1 Shareholder decisions

A shareholder decision, as defined by Lin et al. (2014), occurs when the owners of the firms have a choice between two or more probable possibilities. According to Kwambama (2017), a firm’s owners’ decisions have a significant effect on how the company is operating. According to Kwambama (2017), management should make decisions at the managerial level and seek advice from the firm’s shareholders. Decisions that incorporate the shareholders viewpoints have an additional benefit and can result in the effective implementation of both strategic and operational decisions in companies. According to Lin et al (2014), owners of the company have the option of rejecting or accepting the management decisions on the firm’s involvement in investor’s equity maximization. The decisions made by the organization management are significantly influenced by owner’s decisions says Fattore (2019). Additionally, Fattore (2019) mentioned that management practices have a big impact once cost cutting strategies are applied and add value to equity holders’ wealth. However, there’s little to no possibility for achievement if the cost cutting techniques is applied and has an adverse influence on owner’s wealth. According to the Indian Institute of Electronics and Telecommunications Engineering’s (2014), the action made by shareholders of the organization to forward back incentives in 2014 aided the entity in enforcing and implementing the freight monitoring system and they find that the car surveillance system applied in India was successful due to management and owners guarantee to work organized. Kwambama (2017), denotes that the entity’s financial performance will improve and operating expenses will drop if management and stakeholders cooperate with one another to adopt cost cutting techniques. In contrast, Lin et al. (2014) cites a study conducted in Kenya by tea firm which demonstrates that investor’s choices or decisions do not directly affect the effective use of cost cutting strategies. Additionally, Lin et al. (2014), denotes that administration is responsible for the effective application of these cost cutting techniques because they act as the firm’s intermediaries and have a direct effect on how the organization run. According to Kwambama (2017), investor’s decisions have a low impact on how effective cost cutting measures are implemented. Fattore (2019) contend that owners strive to maintain an equilibrium between management and Board of Directors perspectives, and that this impartiality has a bearing on the successful adoption of cost conservation methods. According to Kwambama (2017), a single investor’s decision may not have an impact on the firm because different investors make different decisions, which can compromise their decisions. The need for this research is to investigate the impact of these elements on the operational cost reduction techniques implementation in logistics organizations in Zimbabwe is necessitated by the diverse literature on factor that impact the efficient application of cost cutting techniques.

### 2.4.2 Management Commitment

According to Mfarinya (2016), management commitment implies the direct participation of the highest-level management in a company to endorse actions that assist others to achieve an objective. Kumar (2022), adds that commitment by management is demonstrated by their preparedness and motivation to participate and their willingness to accept responsibility. According to Kumar and Dixit (2018), management must have a strong commitment to the entire cost containment procedure in order for cost conservation methods to be successfully implemented. A management team that is competent and well trained will be more effective and devoted to their work, which will result in the successful execution of operational cost saving initiatives. The success of these strategies, according to Gossy et al. (2015), depend on demonstrating that senior management and executives are obliged to the cost containment initiative. Since management is responsible for defining business objectives and plans as well as managing development, Mfarinya (2016), explains that their dedication is greater.

However, due to management’s heavy investment in the control program, it may mean devoting more priority to these cost-cutting measures and can lead to a reduced time to some managing obligations and duties Kumar (2022). According to Arsova et al (2023), cost conversation methods will be useless if they place too much emphasis on it and lose customers, failing to achieve their corporate goals.

### 2.4.3 Employee involvement

Despite how important management is to the operation of a business, Akiyemi (2018), claims that management needs assistance from levels below them i.e., employees. When Staff members are given chance to participate in and give out ideas to the process, cost cutting measures can be successfully applied, according to Zahoor and Khan (2022). Workers engagement is an exercise that, entails decision-making, involvement, and communication with the workers with regard to a goal that must be fulfilled says Maenzanise (2018). According to DC et al. (2018), effective communication between management and other staff members is necessary for cost cutting initiatives to be executed successfully. Workers should also be informed about the need to control costs and given the opportunity to provide input. An organizational financial success is directly affected by the removal of workers related expenses, according Herzberg’s Theories X and Y. He continues by saying that some workers are motivated to work due to their desires to generate income (Theory X) while others are only concerned with fulfilling company objectives (Theory Y)

According to Ghlichlee and Bayat (2021), employee participation ensures acceptance of the goals to be reached and increases the need for the subordinates to commit to the hard work of cost reducing. Maenzanise (2018), adds that including staff from the beginning of the control process until the very conclusion will ensure that they are not resistant to changes brought about by implementing some cost reduction methods. Employee engagement is crucial because they will follow the right and desired path when implementing cost minimization methods because they are the ones that work hardest towards execution, Zahoor and Khan (2022).

However, Mfarinya (2016), argued that despite the fact that staff members are permitted to participate in the minimization process, they won’t be eager to contribute positively to the application of cost-cutting methods if the strategy to be implemented negatively impacts them, such as restructuring and pay cuts. According to Bususu (2014), Theory X of Herzberg explains why staff member’s involvement is unlikely to provide tremendous outcomes when implementing cost reduction measures because of lazy people who are always demotivated and whose moral is always low.

## 2.5 The correlation between financial success and operational cost cutting methods in logistics organizations.

According to Macdonald (2017), in order to protect profit margins during economic downturns, industries typically employ cost cutting techniques. Operational cost cutting techniques according to Tregor (2017), are useful criteria or technique for overall operational effectiveness. Gichuki (2014) defined financial performance as a gauge of how successfully a company uses its capital to achieve its financial objectives over a predetermined time frame. Analyzing profitability, financial position, cash flows and financial ratios are ways to gauge financial performance. Arsova et al (2023), found a substantial positive link between cost reduction techniques and profitability in their analysis of the nature relationship in over forty enterprises. Gichuki (2014), cites that in companies where cost cutting techniques are applied, profitability and cash flows vastly improved, this is in agreement with Olugawegbemiga et al. (2014), point of view.   
 Similar conclusions were researched by Namu et al. (2014), after doing research on three distinct Kenyan enterprises. In conclusion, they concurred that cost reduction practices and the firm’s financial success are positively correlated. Their analysis showed that revenue spending dramatically decreased in areas where cost containment techniques were used, resulting in an improvement in profitability and returns. Strickland (2014) asserted that there is, in fact, a negative relationship between the two constraints. This is because cost cutting measures, including downsizing important staff as a cost cutting tool, can significantly impact the effectiveness and quality of a firm’s service says Johnstones (2023). Due to the increased strain and insufficient labor to carry out the tasks allocated to them, productivity and quality will suffer for the remaining employees following the restricting step. According to Johnstones (2023), the outcome will lower consumer happiness while also reducing revenue and profits. Cost -cutting techniques, according to Mfrinya (2016) and Kwambama (2017), may have a negative impact on a company’s financial success. Mfrinya (2016), emphasized the oddly inverse correlation between cost cutting measures and long-term financial performance. An adverse association does develop between the two constraints because cost cutting techniques now carry higher risk. In an effort to boost an organizations profitability, restructuring the workforce demotivates the remaining workers, of which this can reduce production, efficiency and can also put quality at risk. This result in a company’s long-term procedure denotes low financial success.

## 2.6 Empirical literature review

An empirical literature review entails a reevaluation of earlier studies or other research that is relevant to the current investigation. According to Macdonald (2015), the thinker also said that literature is important since it provides useful resources and information. It also lays forth a general overview of related literary works.

Stadehouders et al (2019), examined the effectiveness of healthcare cost cutting policies. They reviewed the policy’s effectiveness using the total payer expenditure. They included all OECD member states from 1970 and onward. They used forty-three original researches and 18 systematic reviews that cover 341 studies. Policies most often analyzed were payment reforms, managed care and cost sharing. The study provides a high-quality evidence that favors cost sharing, managed care competition, downsizing and tort reforms as effective policies to contain cost. Policymakers aiming to contain costs should resort to these policies to maximize chances of success.

In all developed countries, Fasola et al. (2014), examined the effects of cost cutting measures like reducing drug waste on healthcare spending. All developed hospitals around the world were the subject of a study survey. The study spans the years 2005 to 2009. Both primary and secondary sources of data were used in the study. Data was gathered via structured and unstructured questionnaires, which were given to top management. We obtained secondary data from the annual clinic statistical files.

To evaluate the effects of cost-cutting measures, descriptive statistics were utilized, and correlation analysis was applied to control the kind and level of cost-cutting factors. Findings revealed a favorable correlation between cost saving tactics and both return on capital and return on sales.

By examining the impact of strategic downsizing as a cost cutting approach, Appelbaum and Hung (2014) were able to establish a link between financial success and cost reduction strategies. The study included a six-year period 1999-2004. A total of 129 data answers were collected from questionnaires sent throughout Canadian companies, and an arithmetic report was employed to assess the hypothesis. Findings showed that cost cutting techniques have a beneficial effect on a firm’s financial results after they are put into place.

Farfan-Portet et al. (2014), conducted research on the effectiveness of biosimilars as the future tool means of ensuring cost cutting for pharmaceutical expenditures, paying close attention to the cost cutting techniques and monetary results of Thirty European Pharmacies’. Financial statements from pharmacies in Europe were received by researchers, and secondary data was used during the case analysis. Three years, from 2005 to 2007, were covered by the study. To analyze the data, a cross sectional variable model was employed. Seventy questionnaires were distributed after feedback forms were supplied to pharmacist, and 80% of respondents believed that biosimilars are an effective means of containing the cost of pharmaceuticals.

The implementation of cost cutting techniques was evaluated by Navarira et al. (2015), who also established a link between drug costs and profitability in Italy. Surveys were utilized to collect information from Italian organizations, and statistical analysis was performed to assess hypotheses. Three hundred and fifty data responses were collected. The findings showed that operational performance improves once cost cutting measures are chosen and put into place in any type of organization or scale of firm sales. On the other hand, the effects of specific cost cutting strategy components vary. For example, certain straightforward components, such as reducing employee related perks, may have a greater impact on others.

In an effort to reduce health care costs, Berdine (2017), examined the connections between operational performance, hospital or clinic performance and cost cutting techniques. As an issue concentrating on reducing health care expenses in the United States of America, Berdine (2017) investigated the link between cost and hospitals performances. In U.S.A, information was gathered from hospitals and clinics. Using a structural equation modelling methodology, the model was evaluated. The findings demonstrated that clinics improved health performance and successfully influences its operational performance and financial performance in a good way. The research also revealed a favorable correlation between hospitals operational success and cost cutting measures.

The association between cost management in specific cost cutting methods, and health performance in the United States was explored by McWilliams (2016). The yearly accounting records of hospitals in the United States were used to obtain secondary data. To analyze the gathered data, simple and multiple regression models were employed. Findings showed that cost management and hospital performance in the United States were positively correlated. According to the study, a hospital cost management decision should prioritize two factors: high quality medical care and affordable medication.

In a different study, Figar and Ivanovic (2015) evaluated how operational methods affected profitability ratios, just as American manufacturing corporation BMW had done. When operational innovation like cost savings are taken into account, the research claimed that there is no consistent connection between profitability and ratios. A purely operational technique can be difficult to distinguish from other business operations like cost control. As a result, profitability ratios may not be the best way to assess how cost cutting techniques affect an organizations financial performance.

Lo et al. (2014) conducted study on the financial performance of producing firms in China between 2008 and 2009, a period of high operational costs and rapid inflation. The use of correlation and regression analysis methods revealed a favorable link between cost conservative strategies and financial success. The yearly financial statements of Chinese industrial enterprise were used to gather secondary data. The research came to the conclusion that organizations financial performance benefits from having a strong management team.

A study on the effect of cost saving initiatives on the financial performance of Norwood hospital in USA was examined by Goldberg et al. (2015). Statistics indicates that the study included threes between 2010 and 2012. Primary data was used to assess where there is a link between the two variables in an effort to provide outcomes. Findings indicated that cost cutting implementation and financial performance of an organization have a significant correlation. The study also highlighted the benefits of adopting cost cutting measures, such as low drug cost, increased revenue and maximize profit once those tactics are properly used.

Berdine (2017), in his study concentrated on the connections between capital intensity, a firm’s financial success and cost-cutting initiatives that benefit Austrian hospitals. A sample of 104 hospitals spanning a three -year period between 2012 and 2014 was collected. Statistics revealed that the employment of correlation and regression evaluation methods led to a favorable correlation with a companies’ financial performance. The study also made clear that cost minimization and capital intensity have a beneficial link.

Chand and Dahiya (2010), examined the significance and application of management accounting methods in Indian small and medium sized businesses. According to the findings management accounting procedures have an important effect on many elements of a corporation, specifically on cost cutting and quality improvement. Additional discoveries revealed that ownership, size, characteristics, and high cost were the main barriers to the use of management accounting approaches in Indian SMEs. The study looked at how Bangladeshi firms used management accounting strategies when making decisions. The primary goals of this study, which were cost cutting and quality enhancement as a result of the costing techniques used.

IOM (2011) looked into where to focus the most effort to cut expenses and boost production. A poll of 250 prominent mining companies was conducted to determine the area of cost cutting that New York businesses are concentrating on the most. Interviews were conducted with respondents on the key issue of which of the first 20 areas they consider when lowering departmental costs, they ranked as most significant and effective. 86.76% of respondents responded. A policy of urging or mandating personnel to take on additional responsibility was overwhelming endorsed by managers. The technique was ranked among the top five by 77.9% of respondents as one they used to cut operational expenses. The office personnel’ concern about workforce engagement was growing, as evidenced by the 10% increase in response rate from the 68% responses rate from prior year. The final thought was that, regardless of how many brilliant ideas there may be, for them to be applied successfully and effectively, they require the active involvement of workers as well as their exuberance and spirit de corps.

NGUYEN (2022), researched on the impact of COVID-19 pandemic on financial performance of entities and the empirical evidence was from the Vietanamese logistics enterprises. A total of 114 logistics firms were included in the research sample. A survey indicated that none of the 114 logistic companies listed on the Vietman Stock Exchange have seen an improvement in their financial performance but until now numerous logistics firms have taken a number of actions in response to this by cutting staff pay hours, organizational downsizing so as to mitigate costs and improve financial performance.

## 2.7 The research gap.

According to McWilliams (2016), cost cutting techniques and profit maximization go hand in hand. From a different angle, Waugh et al. (2014) claimed that manufacturing enterprises gain more often from cost reduction strategies than other trades do. According to Navaria et al. (2015), hospital institutions, as opposed to other institutions, benefit more from cost cutting initiatives.

Fasola et al. (2014), says several studies on cost cutting methods concentrated on manufacturing production and hospital institutes to find out the association between operational cost reduction measures and financial success. The effect of operational cost cutting techniques on the financial results of logistics firms in Zimbabwe has not yet been successfully researched. In this study, the researcher’s ambition is to close this data or knowledge gap.

## 2.7 Chapter Summary

Both, Austrian economic theory and the profit maximization theory have been taken into account in this chapter under theoretical review. The chapter proceed by explaining cost cutting techniques. The chapter also discussed the main motivations behind cost cutting techniques, operational cost cutting techniques used by logistics firms, variables that affect the effective application of these control techniques and evaluation of the connection between operational cost reduction techniques and financial performance. The aforementioned studies present the findings of scholars who have previously conducted in depth research on connected topics for a range of businesses, sectors and nations.

# CHAPTER 3

**RESEARCH METHODOLOGY**

## 3.0 INTRODUCTION

According to Mishra and Alok (2022), it is important to choose and adhere to an appropriate research approach or procedure in order to establish that the research’s findings can be applied to all situations. According to Kwambama (2017), research methodology is the process through which initial data is transformed into confirmatory material. The chapter center of attention is on the methodologies used, benefits and limitations of the material collection methods used, the study plan, sample strategies, research plan, sample strategies and the study population, and it concludes with the summarizing this chapter.

## 3.1 Research Design

According to Cresswell (2018), research design or strategy is a logical approach, methodology or technique developed by a scholar to study a certain constraint. Also, Sileyew (2019), a research design specifies how a study must be presented in order to get the answers and solutions the researcher is looking for in terms of supporting their claims. According to Cresswell (2018), research design or strategy is a prepared notion that the researcher implements in order to gather data in order to respond to research questions. According to Cramone (2015), research design is divided into three categories: mixed, qualitative, and quantitative methodologies. This study adopted a hybrid method.

### 3.1.1 Mixed Approach

The study employed a mixed method to eliminate the drawbacks of utilizing a single approach and improve data consistency according to Cresswell (2018). Assessing the effects of operational cost cutting techniques required an examination of both the statistical information in financial statements of GM Logistics and the qualitative data obtained from interviews. Regression analysis was employed in the study to establish the association between operational cost cutting technique, which acted as the independent factor, and financial performance, which acted as the dependent factor.

### 3.1.2 Descriptive research design

According to Siedlecki (2020), descriptive research design is a method for accurately describing and summarizing responses. According to Kwambama (2017), it is a technique that combines qualitative as well as quantitative methods of data collection. The goal of descriptive research is to reveal the respondents to a study. According to Sileyew (2019), the descriptive research design’s use both qualitative and quantitative approaches makes it a more relevant and suitable study design technique since the shortcomings of one perspective can be addressed by utilizing another, leading to the mixed approach.

According to Siedlecki (2020), the advantages of descriptive study design is that it focuses more on recent material obtained through interviews. Aggrawal and Ranganathan (2019), descriptive approach gave a chance to combine qualitative as well as quantitative data collection methodologies, as a result, study results can be thorough.

Doyle et al (2020) says descriptive research major drawback is that you cannot utilize statistical tools or procedures to verify issues. According to Doyle et al (2020), respondents may give information that the examiner would like to hear, which could cause the interviewer to get the wrong answers.

#### 3.1.2.1 Arguments in favor of descriptive research design.

According to Mcdonald (2015) this study employed a descriptive research methodology because it is a particular kind of research that uses interviews as a technique for acquiring data and it can be used to examine the relationship between two separate variables.

### 3.2.1 Case study research design

Hancock et al (2021), says a case study is a technique which uses the respondent’s ideas to produce a genuine life cycle assessment of an entity’s developmental patterns. According to this research GM Logistics was adopted as the case organization to examine the effect of operating cost cutting techniques on the financial results of transportation firms in our country. Hancock et al. (2021) claim that it provides facts explicitly for a sole firm.

Pandey and Pandey (2021), the main advantage of this study design is it enables the investigation of diverse viewpoints since it allows researchers to gather information from a variety of sources, including interviews, questionnaires and documents.

The main disadvantage of case study research design might be susceptible to bias when the scholar personal beliefs and preferences interfere with the gathering and analysis of data. For instance, instead of gathering a wide range of information, the researcher may instead focus on finding data that supports their hypothesis when collecting observations or reviewing documents.

#### 3.2.1.2 Reasons for using a case study approach

It assists in the investigation of a phenomenon within a specific context using a range of data sources, and it carriers out the investigation via a variety of lenses to disclose numerous sides of the phenomenon Rashid et al. (2019).

## 3.3 Study Population.

O’Caoimh et al (2021), cites that population is the prevalence of level of frailty varied by classification and sex. Also, Kwambama (2017) adds that the study population is a sample of a larger group of components. He also pointed out that the target population is the specific number of individuals from which the scholar may gather the data they need. According to Kenton (2020), population is a board group from which the scholar can pick out particular people with whom the scholar would be concerned in order to get specific information and be able to draw conclusions. The target audience for this research were fifty-five which includes every comrade of operational cost cutting techniques within the firm, GM Logistics employees.

### 3.3.1 Justification of study population

As they have information relevant to this research, data was gathered from accountants, finance, managers, site supervisors, plant manager’s, workshop supervisors and factory employees.

## 3.4 Sample and Sampling Methods

### 3.4.1 Sampling

Koltay (2017), defines sampling as a process of determining a subset of the whole target population whose results represents the full population. Stratton (2021), sampling is the activity of depicting or choosing a mini portion of the available people for observations and interviews. According to Mishra and Alok (2022), sampling is divided into four categories random sampling, stratified sampling, convenience sampling and cluster sampling. In order to gather information, the researcher used convenience and stratified sampling.

#### 3.4.1.1 Convenience Sampling

Simkus (2022) defines convenience sampling as a technique of non-probability sampling where scholars will choose their sample based solely on convenience. Convenience sampling includes everyone who is available when the scholar conducts the interview and observation reports.

According to Simkus (2022), convenience sampling considers participants who are readily available at the time the interviews are conducted. Simkus (2022), continues by stating that it is the most practical method to employ since it includes informant who are accessible at that time of doing the interviews and data is acquired in a simpler way.

However, Simkus (2022), mentioned that convenience sampling ignores other respondents who won’t be present when interviews are conducted. Due to the absence of other interviewers, appropriate data might not be gathered, adds Simkus (2022).

#### Justification for Using Convenience Sampling

In order to get sufficient information for the research, the scholar applied convenience sampling because other drivers, internal auditors, and other site supervisors were not present at the company because they were conducting business in another depots.

#### 3.4.1.2 Stratified Sampling

In this style, the population is first separated into strata based on their share characteristics and then individuals are randomly chosen from each group or strata, according to Bhardwaj (2019). Here the objective is to produce a sample that accurately reflects the population while also addressing the problem of demographic homogeneity.

According to Bhardwaj (2019), merits for stratified sampling includes both administration and lower in rank staff members in order to gather enough data to provide significant study findings. When management and workers are involved, value is added as more accurate information is confirmed.

However, according to Bhardwaj (2019), stratified sampling frequently yields inaccurate data since other answerer might not be familiar with the questions being posed by the inquirer. He adds that including administration and other workers in the interviews might be time consuming.

#### Reasons for using stratified sampling

Bhardwaj (2019), denotes that stratified sampling represents the group under study. In other words, it makes sure that the sample adequately represents each demographic segment.

Only thirty-one persons of the desired population size of forty-eight who were available were nominated. According to Mitchell (2014), selection more than fifty five percent is reflected notable and ample for managerial appraisal’s, evaluating and doomsday.

##### Table 3.0 Illustration of case study population used to acquire data

|  |  |  |  |
| --- | --- | --- | --- |
| Participant | Intended Participants | Actual Participants | Cluster % |
| Finance Manager | 1 | 1 | 100% |
| Human Resource Manager | 1 | 1 | 100% |
| Accountant’s | 2 | 1 | 50% |
| Assistants Accountant | 2 | 2 | 100% |
| Internal Auditor’s | 3 | 1 | 33% |
| Operations Managers | 1 | 1 | 100% |
| Factory Managers | 3 | 2 | 67% |
| Operations Supervisor | 8 | 5 | 63% |
| Workshop Supervisor | 6 | 4 | 67% |
| Mechanical employees | 10 | 5 | 50% |
| Operations Employees | 12 | 8 | 67% |
| Grand Total | 48 | 31 |  |

**Source: Prime source**

## Sample Demographics verification

The table above shows a sample which is over fifty five percent, giving in a seventy one percent, designating that the company’s stance is being accurately conveyed regarding the effects of operating cost cutting methods on income from sales and profits.

## 3.5 Types of data

Data is known as a collection of information obtained through measurements, study, observations, or analysis Jussen et al. (2023). According to Kwambama (2017), data is unprocessed information or semi-finished knowledge or material. Primary information as well as secondary information are the two different categories of information sources or data sets.

### 3.5.1 Sources of Primary Data

Cerar et al (2021) explained primary data as raw data i.e. data that provide raw information and evidence about a study object, Cerar et al. (2021). Primary data can also be defined as firsthand facts gathered from the study population or the main source. Kotlay (2017), says primary data is directly collected from the target population.

The merits of primary data, is that which uses the actual information from the source, is considered to be the best significant information collection strategy by Cerar et al. (2021). According to Babbie et al. (2014), authentic first hand data is essential to the research since it is provided personally by the study audience, making it compatible and well known as a response to the issue being studied.

Demerits of primary data, according to Babbie (2014), obtaining original data is costlier and time consuming and he further postulates that if there is improper initial data collection this can result in biased findings. Also, according to Tiningachi (2015), the fundamental premise of evaluations could head to incorrect material being gathered from primary data.

### 3.5.2 Secondary Data

Sileyew (2019) defined secondary information as data from previous research that was gathered for purposes other than the current study. Babbie (2014), says secondary data sources comprise surveys published by other academics for their own purposes. GM Logistics annual financial statements, executive board meetings, online articles, and periodicals were all cited in this research.

Babbie (2014), denotes that secondary data saves money and is more efficient because it uses information that is currently available. According to Sileyew (2019), readily available information demonstrates the existence of the issue and identifies its root cause.

However, Sileyew (2019), says secondary information might not be problem specific, which would cause the findings not to accurately portray the research’s stance. In addition of not being relevant to the issue, the information may also be old and therefore be worthless. Mishra and Alok (2022), argues that because the scholar lacked control over the information’s worth, it might have been provided in a way that wasn’t well-suited to the needs of the current study.

## 3.6 Study Tools

According to Babbie (2014), study tools are instruments used to collect refined, semi refined, and unrefined information from test interviews and questionnaires. Both interview’s and questionnaires were used in this investigation.

### 3.6.1 Questionnaires

A questionnaire is defined as a research instrument utilized in order to profile the sample numerically or to determine the frequency of views, attitudes, processes, behaviors, experiences or predictions Rahi et al. (2019). According to Rahi et al. (2019), a questionnaire should be created with the goal of obtaining accurate and comprehensive data regarding the research problem. In order to achieve the study’s goals and objectives the researcher created a questionnaire for this study. The scholar utilized open-ended and closed-ended inquiries in addition to the likert scale.

#### 3.6.1.1 Merits of questionnaires

According to Rahi et al. (2019), questionnaires give respondents plenty of time to reply on all the inquiries about the current research about which they are knowledgeable, and there is a dismissal of bias because participants can answer back without being influenced by the scholar because questionnaires are not face to face interviews.

#### 3.6.1.2 Limitations of questionnaires

Kotlay (2017), stated that the data provided may be prejudiced if responders may not make effort to be clear in areas where they are unsure. It is also a time-consuming strategy and has inherent drawbacks due to companies’ workforce low engagement rates. Also creating a questionnaire that considers all research characteristics calls for considerable effort and care full concerns, additionally, planning for how the questionnaire will be evaluated or should be done during the strategy phase.

#### 3.6.1.3 Justifications of questionnaires

Due to the fact that participants provided responses to the questionnaires without the scholar’s knowledge, bias was also avoided and respondents had plenty of time to react to the questions and consider their responses.

### 3.6.2 Interviews

Cheron et al (2022), says interview “is a construction ground for information”. He adds a literal definition of an interview is “an inter-view, a conversation between two people regarding a subject of shared interest”. Burkette (2022), clarify an interview as a vertical two-way conversation between the adjudicator and the interviewee in which the assessor confers study questions, search for simplification, elaboration and requests the interviewee to impart entire qualitative data, adding that by using this method, the questioner is able to get rid of any concealed or private data. In order to gain data on operational cost reduction techniques, this study used post questions.

#### 3.6.2.1 Benefits of interviews

According to Brinkmann (2014), interviews make it easier to present the data needed to show how subordinates impact variables that successfully influence operating cost conservation measures. Burkette (2022), adds that respondents habitually impart data about personal situations though quasi signs. Then Mishra and Alok (2022), states that surveys take extra time than interviews do. Also, they allow for freedom and the chance for individual inspiration, which encourage interviewees to express their ideas and aims in greater detail.

#### 3.6.2.2 Limitations of interviews

According to Brinkman (2014), because the respondent is not given enough time to determine the priority of the issue, skewed data can be gathered and the questioner may spoke with various divisions within a company, including those responsible for human resource, accounting, functions and workshops, this resulting in more interviews being conducted quickly, which could lead to inaccurate or biased data. Interviews are not cost effective because they entail calling interviewees which increases expenses in terms of airtime and transportation.

#### 3.6.2.3 Reasons of interviews

This survey used the researcher’s own personal inspiration to encourage employees to elaborate further on topics related to the subject study via interview questions. By using interviews rather than questionnaire’s, time management was given priority. The responders’ use of nonverbal cues enhanced the usefulness of the information gathered

## 3.7 Types of questions

Mainly, there are two types of interview questions that the researcher can use to gather and obtain data, namely structured and non-structured questions says Bihu and Ghafoor (2020). When gathering data, the researcher considered both types of inquiries.

### 3.7.1 Structured questions.

According to Segal (2014), structured questions are also known as scaled questions which are inquires that are immediately observed by the constrained answers that the interviewer has predetermined. Structured questions are those that don’t need an explanation.

Saunders et al (2015), denotes that structured questions make it simple for a researcher to analyze the data they have gathered. They are more efficient since they save money and make it simpler and faster for respondents to respond.

However, according to McDonald (2015), responses obtained through the use of scale questions lack clarity because respondents are unable to add more detail to their responses. Mishra and Alok (2022), the ease of a handy list prevents some informants from considering the situation before checking it.

### 3.7.2 Unstructured questions

Zheng et al. (2019), defined unstructured questions as those questions that are asked in data analysis bit have no bearing on the respondent’s response. Non-structured questions can be modified or tailored to a respondent’s level of intelligence, understanding, or worldview when used during interviews. McDonald (2015), says non structured questions allow responders to provide justifications.

Zhang et al. (2019), asserts that responses to these questions must be specific and well explained. Open questions provide unrestricted consistent information if interviewees can quickly understand their demands.

However, non-structured questions might lead to the discovery of unrelated information if they are misinterpreted. According to Banerjee et al (2019), adequate time is required to provide responses, and these concerns tend to lack the fundamental statistical issues that are necessary.

### 3.7.3 Likert Scale

Improta et al. (2019), defines Likert scale as a psychometric tool used to measure views and determine the level of user satisfaction. According to Kotlay (2017), the Likert scale are excellent for recording responders’ level of agreement since they give respondents a variety of viable answers ranging from strongly agree to strongly disagree and neutral.

##### Table 3.1 Likert Scale

**Attitude Measure**

Strongly Agree Five

Agree Four

Neither Agree or disagree Three

Disagree Two

Strongly disagree One

**Origin: Tanujaya et al (2022)**

#### 3.7.3.1 Reasons for likert scale

The underlying benefit of likert scale question is that the follow a standard way of information collection making them simple to understand as shown by the table above.

#### 3.7.3.2 Benefits of using Likert scale

According to Tanujaya et al. (2022), Likert scales are simpler to use because it can translate respondent’s selections into five distinct possibilities, spanning from strongly disagree to strongly agree. It is also well known as a simple and trust worthy scaling method.

#### 3.7.3.3 Disadvantages of Likert scales

Tanujaya et al. (2022), denotes there is room for forced responses, since informants have a variety of options, if their favorite solution is not provided, they will be compelled to choose it. Tanujaya et al. (2022), advices that when drafting survey questions and replies, they take into account which options will be most pertinent to ensure that individual responses will fit and that answer will complement the question.

## 3.8 Data Validity and reliability

According to Margan (2017), these are measurement factors that are evaluated when evaluating various tools that the scholar uses to minimize errors and bias.

### 3.8.1 Validity

Validity is defined by Surucu and MASLAKCI (2020), as obtaining data that is suitable for the intended purpose of measuring instruments. According to Margan (2017), the degree of intentional use of research techniques in data collection determines validity. When information is accurate, acknowledgeable by the law, and pertinent to the issue being studied, it is said to be valid.

### 3.8.2 Reliability

Surucu and MASLAKCI (2020), defines reliability as the capacity of measuring devices to produce results that are comparable when used at various times. When study tools employed by multiple scholars yield the very same result on the same issue, the material is regarded as dependable.

### 3.8.3 Confirming validity and reliability

The precise way in which the survey questions were written made it possible for respondents to rapidly acknowledge them and administer material that was only pertinent to the research. Then the scholar needed professional opinions to validate the reliability and validity of the content.

## 3.9 Data collection

GM Logistics head office, located in Ruwa provided the data for this research. These two structured open-ended as well as closed-ended questions were part of the survey so as to help to narrow the range of responses so they could be easily compiled into valuable and pertinent data. The non-structured questions were included to gather as much useful data as possible from respondents. Several questions requested that respondents express their answers by checking the appropriate boxes on checklist and providing categorical ones. The responders received the questionnaires by hand. Structured questions since they demand less mental effort from the respondent which means they can be arranged rapidly, and by this they are used regularly. Respondents were given opportunity to use language they are familiar with when answering unstructured questions. However, they do not limit the respondent, they were employed in order to broaden the range of responses received. In order to motivate the study participants to devote their time in it, questionnaires were intended to be slightly short.

Geriatric supervisors in various divisions of the chose study participants were scheduled for interviews, which were held at times were convenient to the responders because they would typically busy at work. Sometimes responders would cancel the appointments, but the scholar’s persistence allowed him to politely request alternatives times until the interviews could be conducted. The scholar employed predetermined organized interview schedules, while on occasion he would modify the questions to better suit the participant.

## 3.10 Data Presentation

The general process required to arrange, describe and examine the gathered information have been outlined in this section. In order to provide a unified view, the material was integrated from the surveys and qualitative sources from the entity’s website. The procedure recommended using tables, graphs, pie charts and diagrams to convey the data to coherent themes and provided instructions on how to interpret them. These techniques are understandable, rational and supported.

## 3.11 Ethical Considerations

Hennessy et al (2022), says research ethics considerations focuses mainly on minimizing harm by prioritizing respondent preferences. The participants were given the option to decline to participate in the study and also the right to discontinue involvement at any-time. It was also mentioned that everyone ‘s responses were secret in order to maintain professionalism and confidentiality of information gathered.

## 3.12 Data Analysis

According to Mishra and Alok (2022), the data was analyzed to show how the entity is performing regardless the cost-conservation methods that have been implemented by looking at patterns on the line graphs, proportions on pie charts, contrasting bars on bar graphs and summarizing using tables. To determine the patterns and efficacy of such techniques, secondary data was compared with fir performance. The population size was the focus of the data that was acquired, examined, and the outcomes that were documented.

## 3.12 Chapter Summary

The chapter serves as the project blueprint and has influenced its final form. The study design was the main topic of this chapter, and it was made clear which form of design was employed. It has described the instruments, strategies, and data collection procedures used in this project. Furthermore, reliability and validity were examined and clarified on the information gathered as well as the methods employed. The next chapter will continue on analysis and presentation of   
data.

# CHAPTER 4

**DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

## 4.0 INTRODUCTION

The study results from the information gathered through questionnaires and interviews are presented in this chapter. For convenience of assessment, the analyses’ findings are displayed graphically and presented as percentages, information is also displayed using tables. It also provides a summary of the findings the scholar made by doing a research and interviews to determine whether cost-cutting techniques are effective at cutting cost.

## 4.1 Data presenting process

The scholar collected, evaluated, and then analyzed every answered questionnaire before checking it for flaws. This made it possible to infer links between the various replies and come to conclusions. SPSS and Microsoft Excel were used for information analysis and presentation. Tables, graphs, pie charts, and descriptions are primarily used in the analysis to provide the findings of a study into the efficiency of cost cutting in reducing costs.

## 4.2 Study Response Rate

Information was gathered using both interviews and questionnaires. Thirty-one employees have been the core demographic for the project, twenty- two of those responded to the surveys, for seventy-one percent return rate.

##### Table 4.1 demonstration of the questionnaire response rate

**Participant Survey sent Survey returned Response rate**

Finance Manager 1 1 100%

Human resource manager 1 1 100%

Accountant 1 1 100%

Assistant Accountant 2 2 100%

Internal auditor’s 1 1 100%

Operations Managers 1 1 100%

Factory Managers 2 1 50%

Operations supervisors 5 3 60%

Work shop supervisor 4 2 50%

Mechanical employees 5 3 60%

Operations employees 8 6 75%

**Grand Total 31 22 71%**

According to the information illustrated above thirty-one questionnaires were delivered, only twenty-two participants answered those questions. Grand total of 71% was obtained, as demonstrated above, with a 100% result from these departments, operations managers, internal auditors, accounting, human resource, then 50% from factory and workshop and 75% from operations employees and a 60% from mechanical employees. Mitchel and Jolly (2015), cite that fifty-five percent is a highly acceptable rate, hence the research yields a seventy-one percent rate of reply, which is regarded as adequate and raises the validity and dependability of the information.

## 4.2.1 Interview Response rate

Due to their role as the methods creators and important participants in operating cost saving initiatives, the leadership of GM Logistics was interviewed. The motivation behind all interviews was provide evidence for all the facts necessary for drawing conclusions and bolstering the credibility of information collected via surveys.

##### Table 4.2 Interview response rate

**Participants Organized Conducted Response rate**

Finance Manager 1 1 100%

Accountant 2 2 100%

Auditor 1 1 100%

Human resource 1 1 100%

**Total 5 5 100%**

Figure 4.1 interview response percentage

The accountant and the auditor were interviewed through WhatsApp, and the human resources manager was interviewed through google meeting. These interviews have yielded a hundred percent response rate.

## 4.2 Respondents duration in the company

**Work experience at GM Logistics No’ of participants Response rate**

Less than 1 year 4 18.18%

Less than 5 years 8 36.36

More than 5 years 10 45.45

**Total 22 100%**Table 4.3

Fig 4.2

*Source: Primary Data 2022*

As shown above 81.81% of the sample workforce had at least a one-year work experience. This indicates that a large proportion of the respondents were familiar with how the company cost had been utilized over the previous years, which gives the study’s findings more validity. Just 18.18% of the employees had an experience of less than a year at GM Logistics.

### 4.2.1 Highest level of Qualification

The table below shows level of qualifications of the employees employed at GM Logistics company.

**Academic qualification A-Level Diploma Degree Masters PHD Total**

Frequency 5 7 4 4 2  **22**

Percentage 23% 32% 18% 18% 9% **100%**

##### Table 4.4

Fig. 4.2 below demonstrates that (5/22), are A-level’s and since the entity focuses on general hand workers, it has a significant number of workers holding advanced level academic qualifications. Followed by those who hold diploma’s and these workers constitute the greatest percentage of 32%. Then those with undergraduate degrees contribute an 18% and they are equivalent to those who have master’s degree (18%), and they have the fewest responders, and the bulk of those in this category they work at the highest managerial positions. The level of education indicated by the aforementioned statistics provides assurance to the scholar that informants would understand questionnaires distributed to them.

Fig 4.3 Workforce level of qualification

*Source: Primary data (2023)*

## 4.3 Reasons for cutting operational costs

### 4.3.1 Increasing revenue

The inquiry intends to ascertain the extent to which operational cost cutting techniques in logistics firms are motivated by the increment in revenue. The combined results of twenty-two questionnaire replies from various GM Logistics workers are presented below and are depicted in a likert scale model.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Strongly Agree | Agree | Uncertain | Strongly Disagree | Disagree | Total |
| No’ of responders | 10 | 7 | 2 | 2 | 1 | 22 |
| Percentage | 45% | 32% | 9% | 9% | 5% | 100% |

##### Table 4.5

Fig 4.4 Increasing revenue

Source: Primary data (2023)

The graph above illustrates that out of twenty-two employees ten strongly agreed that increase in revenue is a motive for operational cost cutting technique in transportation entities. According to Taniguchi et al (2015) report that in an effort to reduce operational cost for businesses, transportation organizations provide trucks with minimal fuel usage. Ten (32%) agreed or supported the view that the motive for operational cost cutting techniques is to increase revenue. Then two were uncertain about whether reducing operational cost cutting techniques increases or reduces revenue, since it is said that an entities capacity to offer distinctive services at a cheap price results in improved achievement company objectives in cost containment denoted by Maiti et al (2020). Then two out of twenty strongly disagreed and the other one disagreed that operating cost cutting techniques are motivated by increasing revenue because the beneficial effect isn’t primarily felt by low level personnel.

### 4.3.2 Profit maximization

The research questions seek to ascertain the extent to which operational cost cutting techniques are driven by maximizing profit in Zimbabwean logistics firms. Results are demonstrated below from a demographic of twenty-two employees.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Strongly agree | Agree | Uncertain | Strongly disagree | Disagree | Total |
| Number of respondents. | 14 | 8 | 0 | 0 | 0 | 22 |
| Response rate | 64% | 36% | 0% | 0% | 0% | 100% |

##### Table 4.6

Fig 4.5

Source: Primary data (2023)

Fig 4.5 shows that twelve strongly agree that the drive for operating cost cutting techniques is to maximize profit. Also, the other ten also agreed to this and there were no employees who were indecisive or disagreed to this. There was a 100% agreed rate, and they highlighted profit can be maximized through a delivery of superior services that satisfy consumers diverse needs. According to Ferdous and Mohojan (2022), who concurred that effectively administered operational costs are necessary for businesses to enhance earnings while containing costs from rising as done in Italian pharmaceutical industries. Basing on the findings the scholar concludes that profit maximization is a driving force for cost cutting techniques adoption.

### 4.3.3 Gaining competitive advantage

##### Table 4.7 showing responses

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Strongly agree | Agree | Uncertain | Strongly Disagree | Disagree | Total |
| How many people Responded | 8 | 6 | 4 | 2 | 2 | 22 |
| Percentage | 37% | 27% | 18% | 9% | 9% | 100% |

Fig 4.6 Gaining competitive advantage

Source: Primary data (2023)

The aforementioned graph illustrates the varied results on whether a rise in competitive advantage encourages the use of operational cost reduction techniques or not. Nine percent disagreed and they raised a point that gaining competitive edge is a marketing technique not a cost reduction technique it was also supported by Kwambama (2017), who cites that attaining an edge over others in nowadays market place doesn’t include cost reduction, making it marketing tool. 18% where uncertain about this.

However, 37% strongly agreed that attaining competitive edge is a motive for operational cost cutting techniques. Totally 64% GM logistics employees agree the view that competitive edge over its rival firms is a motive for operational cost cutting technique’s since entities according to Romero (2015), works to retain clients by maintaining stable prices for its products and services. In order to keep their competitive advantage over rivals’ entities, organizations must successfully react to modifications occurring in the business market says Sun et al (2020).

### 4.3.4 Interview responses on motives for applying operational cost cutting techniques

The scholar examined the findings from interviews regarding the motives for cost cutting measures at GM Logistics.

|  |  |  |  |
| --- | --- | --- | --- |
| Opinion | Number of respondents Profit Maximization | Number of respondents for increase in revenue | Number of respondents for gaining competitive advantage |
| Strongly Agree | 3 | 4 | 2 |
| Agree | 2 | 1 | 2 |
| Uncertain | 0 | 0 | 1 |
| Strongly Disagree | 0 | 0 | 0 |
| Disagree | 0 | 0 | 0 |
| Total | 5 | 5 | 5 |

##### Table 4.8

Fig 4.7

*Source: Primary data (2023)*

Fig 4.7 above illustrates that (3/5), 60% of the administration strongly agree that maximizing profit is the main motive for cost reduction techniques. Profit maximization is a goal shared by businesses since it promotes financial effectiveness and maximizes benefits. Then 2/5, 40% agreed that profit maximization is also the goal for reducing costs since Taherkhani and Almur (2019) denotes that maximizing profit is a driver for the implementing cost cutting techniques and highlighted that if costs are managed well there is a higher possibility that profit will increase. The scholar concludes that operational cost cutting measures are motivated by the desire to maximize profits based on the workforce outcome at GM Logistics.

The management of GM logistics concurred that use of operational cost cutting techniques have a positive influence on increasing revenue. The Human resources manager, finance manager, auditor and the accountant strongly agree with this view indicating that cost cutting techniques reduces operating expenses while boosting an organization revenue. Basing on the outcomes, the scholar concludes that increasing revenue is a driving force for operational cost cutting techniques.

Basing on fig 4.7 above, (1/5) was uncertain about the view that gaining competitive edge is a driving force for the implementation of cost reduction techniques. Since he has cited that gaining a competitive isn’t a cost reduction tool but a marketing tool. Then (2/5) strongly agreed and the remaining (2/5) agreed that operational cost reduction is a drive for gaining competitive edge. This was consistent with Sun et al (2020) assertion that corporations must manufacture items of high quality at a reduced cost in order to achieve a competitive edge against rivals. According to the research, the scholar concludes that initiatives for operational cost cutting techniques are driven by gaining competitive edge.

## 4.4 Evaluation of operational cost cutting techniques being used by logistics entities.

The research question examines the use of vehicle surveillance systems, sharing of infrastructure and organizational downsizing by GM Logistics as an operational cost control technique to prevent operating expenses from changing. The following examines how employees of GM Logistics feel about these operational cost cutting methods discussed below.

### 4.4.1 System for tracking vehicles as an operational cost cutting technique

In order to establish the possibility that a vehicle surveillance system is a cost cutting technique in transportation entities. The following illustration shows how likert scale concept was employed to determine how employees of G.M Logistics felt.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Opinion | Frequency | Percentage | Valid Percent | Cumulative Percentage |
| Strongly Agree | 3 | 13.64 | 14 | 14 |
| Agree | 6 | 27.27 | 27 | 41 |
| Uncertain | 4 | 18.18 | 18 | 59 |
| Strongly Disagree | 5 | 22.73 | 23 | 82 |
| Disagree | 4 | 18.18 | 18 | 100 |
| Total | 22 | 100 | 100 |  |

##### Table 4.9

Fig 4.8 system for tracking vehicles as a cost cutting technique

Source: Primary data (2023)

According to the findings shown above of the total respondents just 14% strongly agreed that vehicle surveillance systems are used by logistics organizations in Zimbabwe to control operational costs. The identical idea is made by Kamble (2014), who claims that the primary purpose of trucks monitoring systems is to increase a firm’s overall effectiveness, which in turn increases the return on its investments. Twenty-seven percent respondents agreed that system for tracking vehicles is used as operational cost cutting technique, supported by Guido et al (2014) who pinpoint that it generates actual time objects, which means it gives precise spot of truck at the right time. 18% of the respondents were uncertain pertaining the implantation of the vehicle surveillance system.

The uncertain group conclusions are consistent with Quak et al (2016) assertion that vehicle surveillance outcomes are convex since operators’ attitudes regarding the method being used to determine whether operating expenses increases or decreases. Then 23% disagreed with the approach of using vehicle tracking system as a cost conservation method. According to Quak et al (2016), vehicle surveillance systems have a little effect on both vehicle availability and the amount of goods that can be carried. 18% strongly disagreed to this method of reducing operational costs. The GM Logistics above statistics demonstrate that vehicle tracking systems are an operation cost minimization approach in Zimbabwean logistics firms.

### 4.4.2 Infrastructure sharing

The purpose of the question is to reevaluate participants opinions regarding sharing of infrastructure as a operational cost cutting technique. Findings of the research focused mainly on questionnaire replies, which are represented below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Opinion | Frequency | Percentage | Valid Percent | Cumulative Percentage |
| Strongly Agree | 6 | 27.27 | 27 | 27 |
| Agree | 8 | 36.36 | 36 | 63 |
| Uncertain | 5 | 22.73 | 23 | 86 |
| Strongly Disagree | 0 | 0 | 0 | 86 |
| Disagree | 3 | 13.64 | 14 | 100 |
| Total | 22 | 100 | 100 |  |

##### Table 4.10

Fig 4.9 infrastructure sharing

Source: Primary data (2023)

The chart above shows that 27% respondents strongly agreed that sharing infrastructure is a tactic for reducing operational costs. Meddoura et al (2015) cites that sharing infrastructure reduces expenses and conserves capital, allowing for the cost-effective usage of other transportation businesses depots. As aforementioned by the pie chart above 36% agreed to infrastructure sharing as a tactic for reducing operational expenses. 23% of the total respondents where uncertain about infrastructure sharing as a method for reducing operational expenses, claiming that it will have an immediate negative impact on the firm’s marketplace position. 14% disagreed and 0% strongly disagreed they were relying to Namsiko (2015) who stated that this technique reduces capital and operating expenses while speeding up networking. On overall 63% agreed to this as a method of reducing costs. According to the findings from the research shown above the scholar concludes that infrastructure sharing is essential for reducing operational cost as this was proved by the management of GM logistics.

### 4.4.3 Organizational downsizing

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Opinion | Frequency | Percentage | Valid Percent | Cumulative Percent |
| Strongly Agree | 2 | 9.09 | 9 | 9 |
| Agree | 5 | 22.73 | 23 | 32 |
| Uncertain | 4 | 18.18 | 18 | 50 |
| Strongly Disagree | 3 | 13.64 | 14 | 64 |
| Disagree | 8 | 36.36 | 36 | 100 |
| Total | 22 | 100 | 100 |  |

##### Table 4.11

Fig 4.10 organizational downsizing

Source: Primary data (2023)

According to fig 4.10 above 18%, (2/22) strongly agree that GM Logistics organizational downsizing plan for cost cutting is successful. 23%, (5/22) people feel this method is beneficial and they are in line with Johnstones (2023), who explained how organizational downsizing helps to boost output as well as efficiency when there are fewer staff than anticipated. 18% respondents were uncertain about this method. 36% disagreed to this technique since they mentioned that implementing this technique can lead to anonymous pressure on jobs. Then 14% strongly disagreed citing that workers fear of being the following to be fired which leads to a rise in job insecurity. Conclusion based on the findings of the research mentioned above, restructuring cannot be regarded as a method for reducing operating costs.

### 4.4.4 Interview response rate on GM Logistics implementing operational cost cutting techniques.

The scholar looked at the findings gathered from interviews regarding use of vehicle surveillance system, organizational downsizing and sharing of infrastructure as a way of mitigating costs at GM Logistics.

|  |  |  |  |
| --- | --- | --- | --- |
| Opinion | Number of respondents: vehicle tracking system | Number of respondents: infrastructure sharing | Number of respondents: organizational downsizing |
| Strongly Agree | 2 | 4 | 1 |
| Agree | 3 | 1 | 1 |
| Uncertain | 0 | 0 | 0 |
| Strongly Disagree | 0 | 0 | 0 |
| Disagree | 0 | 0 | 3 |
| Total | 5 | 5 | 5 |

##### Table 4.12

Fig 4.11

*Source: Primary data (2023)*

Fig 4.11 above (1/5) agreed to the view that in-order to reduce cost organizational downsizing should be implemented. Then (1/5) strongly agreed that organizational downsizing is a technique of reducing cost. However, the auditing department, finance manager and Human resources department strongly disagreed and they cited that some claim that when a company tries to cut back on staff as a cost cutting measure, but those who stay are put under pressure of more work and this can lead to job insecurity. Also, absenteeism, turnover rates will rise since the remaining staff is under more strain. According to this research findings, organizational downsizing is regarded as a poor method of reducing costs.

On infrastructure the interviewees agreed on the view that sharing infrastructure is a cost cutting technique and this results in a 100%, (5/5) agreed rate. As expenses and investment were reduced infrastructure sharing improved performance since Reddy (2014), asserts that infrastructure sharing is a method of cost reduction. The scholar comes to the conclusion that sharing infrastructure is a cost reduction technique used by logistics firms.

Lastly, on vehicle tracking system 2/5 strongly agreed and 3/5 just agreed that vehicle surveillance system is a cost cutting technique in logistics firms. The finance manager emphasized that truck surveillance systems are viewed as a key cost cutting strategy in transportation organizations since they assist in ensuring firm performance, which boost efficiency. Based on the aforementioned facts, the research came to conclusion that vehicle surveillance systems are operational cost reduction methods in logistics organizations.

## 4.5 Factors that affect how successfully operational cost reduction techniques are implemented in Zimbabwean logistics organizations.

The study questions examine how dedication from management, investor’s actions and staff engagement affect the effectiveness of operational cost reduction techniques.

### 4.5.1 Dedication made by management

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Opinion | frequency | Percentage | Valid percentage | Cumulative percentage |
| Agree | 7 | 31.818181 | 32 | 32 |
| Strongly agree | 10 | 45.454545 | 45 | 77 |
| Undecisive | 1 | 4.545455 | 5 | 82 |
| Disagree | 2 | 9.090909 | 9 | 91 |
| Strongly disagree | 2 | 9.090909 | 9 | 100 |
| Total | 22 | 100 | 100 |  |

##### Table 4.13

Fig 4.12 management dedication

*Source: Primary data (2023)*

As aforementioned by the pie chart above 32% agreed and 45% strongly agreed that management dedication influences the effectiveness of operational cost cutting techniques for GM Logistics. This is consistent with Kumar (2022), assertion that management are the custodians of a company, since they are responsible for establishing company objectives and strategies as well as monitoring development, making their dedication essential. 5% of the respondents were indecisive. Then 9% strongly disagree as well disagreeing stating that management can forgo other tasks and obligations, and concentrate more on cost cutting techniques.

The modal group, which included 10/22 responders concurred that management engagement influences the effective execution of operational cost cutting techniques since these techniques’ adoption calls for knowledgeable and skilled management. According to conclusions made from the aforementioned table management dedication is one of the elements that influences the effective adoption of cost control strategies.

### 4.5.2 Shareholder decisions

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Opinion** | **Frequency** | **Percentage** | **Valid percentage** | **Cumulative percentage** |
| **Agree** | **4** | **18.181818** | **18** | **18** |
| **Strongly agree** | **6** | **27.272727** | **27** | **45** |
| **Undecisive** | **3** | **13.636363** | **14** | **59** |
| **Disagree** | **4** | **18.181818** | **18** | **77** |
| **Strongly disagree** | **5** | **22.727273** | **23** | **100** |
| **Total** | **22** | **100** | **100** |  |

##### Table 4.14

Fig 4.13 decisions made by shareholders on successful adoption of cost cutting techniques

According to Fig 4.13 above 18% agree that shareholder decisions have impact on the successful adoption of operational cost reduction methods, 27% strongly agreed that investors have an impact on methods being adopted by GM Logistics. Then 14% were indecisive whether or not the investors actions affect the effectiveness of cost reduction methods. As illustrated by fig 4.13 18% disagree and 23% strongly disagreed to the view that adoption of cost control techniques is influenced by shareholders decisions. On aggregate 45% (18%+27%), agreed and this was cited by Kwambama (2017), who said shareholders they make decisions which increases their net worth. Then 41% (23%+18%) participants disagree stating that different investors make different decisions which compromises their views. The best class disagreed saying that shareholders don’t have management skills so their decisions might not influential. Basing on the research findings, it can be said, using GM logistics as an example, decisions made by shareholders doesn’t affect the effective adoption of operational cost reduction techniques in Zimbabwean logistics entities.

### 4.5.3 Employee Engagement

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Opinion | Frequency | Percentage | Valid Percentage | Cumulative percentage |
| Strongly Disagree | 1 | 4.545455 | 5 | 5 |
| Disagree | 1 | 4.545454 | 5 | 10 |
| Neutral | 3 | 13.636363 | 14 | 24 |
| Strongly Agree | 5 | 22.727272 | 23 | 45 |
| Agree | 12 | 54.545454 | 55 | 100 |
| Total | 22 | 100 | 100 |  |

##### Table 4.15

Fig 4.14 Employee engagement

As aforementioned above by the table a total of 10% (5% disagree +5% strongly disagreed) respondents disagree that employee engagement is an element that affect the success of implementing operational cost cutting technique in logistics firms. 14% respondents were neutral and they didn’t pose any comment. Lastly the majority agreed that employees should be engaged when adopting operational cost cutting techniques and this yield a percentage of 76% in total (combining agree and strongly agree) this was supported by Himme (2015), who observed that including staff in the control process from the beginning to the finish will act as a guarantee that they will not be resistant to adjustments that will be made.

Basing on the modal class of 12/22 agreed that staff engagement is an element that influences the successful adoption of cost cutting strategies. Basing on the findings above the scholar concludes that employee engagement affects the effective adoption of cost cutting techniques as shown by the in the case of GM Logistics.

### 4.5.4 Interview response rate on variables that impacts the successful adoption of operational cost reduction techniques at GM logistics firms.

|  |  |  |  |
| --- | --- | --- | --- |
| Opinion | Number of respondents: Shareholder decisions | Number of respondents: Employee involvement | Number of respondents: Management dedication |
| Disagree | 3 | 0 | 0 |
| Strongly Disagree | 0 | 0 | 0 |
| Uncertain | 2 | 0 | 1 |
| Agree | 1 | 3 | 3 |
| Strongly Agree | 0 | 2 | 1 |
| Total | 5 | 5 | 5 |

Table 4.16 *Source: Primary data (2023)*

Fig 4.15

Fig 4.15 above shows that 20% (1/5) strongly agreed that management dedication has an impact on how successfully operational cost cutting techniques are implemented in Zimbabwe. Then 60%, (3/5) agreed that dedication by management have impact on the successful adoption of cost reduction techniques and they emphasized that since management is a key player in putting these cost control techniques into action, and they are essential to their success. According to Mfrinya (2016), managers must be steadfastly dedicated to the entire cost control process in order for these cost cutting measures to be successfully implemented. 20% (1/5) was uncertain whether management commitment impact the successful adoption of cost reduction methods. Basing on the results above the scholar concludes that management dedication is a factor that affect how successfully adoption of operational cost cutting techniques in Zimbabwe.

The graph above shows that 20% (1/5) of the respondents agree that shareholder decisions have effect on the successful adoption of cost cutting techniques in logistics firms. Then 20% (1/5) of the total respondents was uncertain whether shareholder decisions affect the successfulness of operational cost cutting techniques implemented at GM Logistics or not. 60%, (3/5) of the interviewees disagreed that decisions made by shareholders is a factor that affect how successfully operational cost cutting techniques. Kwambama (2017), supported this stating that shareholders have different perspectives which means one shareholder decision, might not impact the firm’s decisions because investors decisions vary from investor to investor, compromising their decisions too. Basing on the findings listed above, the scholar finds out that choice of shareholders will not affect how successfully operational cost cutting initiatives are implemented.

The findings above indicate that 20% (1/5) strongly agreed with the view that employee engagement is a variable that affect the successfulness adoption of cost reduction techniques. 60%, (3/5) of the total respondents agreed with the view that employee engagement influence the successfulness adoption of cost cutting techniques as cited by Maenzanise (2018) who denotes that since workers are the ones who perform the work, their participation in implementing operational cost cutting techniques is essential. The scholar draws the following conclusions from the aforementioned findings: employee engagement influences the effective adoption of operational cost cutting techniques in logistics entities in Zimbabwe.

## 4.6 Correlation between financial performance and operational cost cutting techniques in logistics firms

In order to determine the association between operational cost cutting techniques (independent factors and the financial performance (dependent factors) of GM Logistics, regression analysis was used. Return on equity is regarded as a dependent factor (metric of profitability) also the independent factors included organizational downsizing, vehicle tracking systems and infrastructure sharing. To get significant findings, data collected from GM Logistics through surveys and interviews was employed. The table below shows data drawn from SPSS.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Table 4.17 Coefficients a | | | | | | | | |
| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | 95.0% Confidence Interval for B | |
| B | Std. Error | Beta | Lower Bound | Upper Bound |
| 1 | (Constant) | -.215 | .341 |  | -.630 | .537 | -.932 | .502 |
| Organizational Downsizing | .154 | .152 | .233 | 1.014 | .324 | -.165 | .474 |
| Infrastructure sharing | .332 | .176 | -.415 | -1.891 | .075 | -.037 | .701 |
| Vehicle tracking system | .183 | .138 | .317 | 1.332 | .199 | -.106 | .473 |
| a. Dependent Variable: Financial Performance  Source: SPSS 2023 | | | | | | | | |

According to the above results obtained through regression analysis, there is an association between organizational downsizing (independent variable) and financial performance (dependent variable), and a positive correlation of 0.233 was found. The association was insignificance since the T-value was below 2, which is not a threshold for significance 2. The results are consistent with Arnold and Pulicib (2015), contention that restructuring improves financial performance by lowering labor expenses. The scholar came to the conclusion that organizational downsizing as an operational cost cutting technique improves an entities financial performance since it generates a favorable return on equity.

As shown by the aforementioned table above sharing of infrastructure had a negative coefficient of -0.415 and a T-value of -1.891 indicating a negative relationship. According to Kwambama 2016 infrastructure sharing is prone to market difficulties and a decline in foreign investments as a result of currency depreciation. Basing on the findings the scholar concludes that there is a strong inverse association between sharing of infrastructure and return on equity.

Also, there is a significant positive correlation between vehicle tracking system and financial performance. Vehicle surveillance system produces a positive coefficient of 0.317. the effect of vehicle tracking system is shown by the T-statistic of 1.332, suggesting that it has a greater effect as an operational cost cutting technique than error merely about once. Kamble (2014), highlighted that vehicle tracking systems and financial performance have a link since they improve security and safety while monitoring performance which raises profitability. Basing on the calculations made using regression analysis, the scholar comes to conclusion that there is a substantial positive association between the independent variable (vehicle tracking system) and the dependent (financial performance).

## 4.7 Chapter Summary

The chapter main objectives were to analyze and present survey and interview information. To demonstrate that the study was legitimate and its conclusions were not skewed, examples were used. Primary data was presented and shown using summaries, pie charts, tables and graphs. Also, the chapter presented the information collected during the field research that was done. It also related information collected from the field and linked it to the literature review in chapter two. The following chapter five will provide a summary of the research results, conclusions and suggestions.

# CHAPTER 5

**SUMMARY, CONCLUSION AND RECOMMENDATIONS**

## 5.0 Introduction

This chapter presents summary of the study findings, conclusions and recommendations. It is also the concluding chapter, where the researcher’s goals are placed in its overall context.

## 5.1 Summary of study findings

### 5.1.1 Drives behind GM Logistics adoption of cost cutting techniques.

The study discovered that implementation of cost reduction techniques by GM Logistics is driven by the need of gaining competitive advantage, boost revenue and maximizing profits. In this research the scholar comes to the conclusion that implementation of cost cutting techniques by GM Logistics and other logistics firms is driven or motivated by gaining competitive edge, increasing revenue and maximizing profit.

### 5.1.2 Operational cost cutting techniques adopted at GM Logistics

The research showed that system for tracking vehicles and sharing of infrastructure as the two viable operational cost cutting techniques. However, downsizing typically has a detrimental effect on the day to day operations of the company as absenteeism, turnover and job insecurity rates rise among the remaining employees. Organizational downsizing is not a successful operational cost cutting technique as indicated in this study.

### 5.1.3 Variables affecting how successfully cost-cutting measures are implemented.

According to the study, management dedication and staff engagement are the key elements that affect how successfully operational cost cutting techniques are implemented. However, the research discovered that since GM Logistics is privately owned meaning it has a limited liability, decisions made by shareholders can’t be a variable that impact the successful implementation of cost cutting techniques.

### 5.3.4 Correlation between financial performance and operational cost cutting techniques in logistics firms

Organizational downsizing and vehicle surveillance systems were substantial independent factors that were positively correlated with financial performance as determined by return on equity. This suggest that effective operational cost conservation methods improve financial performance in a favorable way. As successive market problems are taking place in the industry of today, infrastructure sharing as a standalone factor was important and has a negative impact on the financial performance.

## 5.2 Conclusions

Adopting operational cost cutting techniques at GM Logistics is driven by the desire to obtain a competitive edge, increasing revenue and maximizing profits.

According to the information collected through questionnaires and interviews, the scholar concludes that organizational downsizing is not an operational cost cutting techniques, since the respondents have highlighted that downsizing has a detrimental effect on the day to day running of the businesses as it can lead to absenteeism’s and job insecurities, this will impact the organization negatively. However, the use of vehicle surveillance system and infrastructure sharing are regarded by GM Logistics as an effective operational cost cutting technique.

In relation to the study carried out, shareholder decisions may not be regarded as an important factor that affects the successful adoption of operational cost cutting techniques at GM Logistics. However, most respondents highlighted that engaging employees in low levels when making decisions is a major variable that influence the successful adoption of operational cost cutting techniques since employees are regarded as actioners. Also, management commitment is also regarded as a variable that affecting the successful adoption of operational cost cutting techniques at GM Logistics.

According to the study carried out, vehicle tracking system and organizational downsizing are significantly positively correlated to financial performance as shown by their beta coefficients of 0.233 and 0.317 respectively.

## 5.3 Recommendations

The study recommends GM Logistics and other in the same industry to widen or expand their ways of operation, for instance transporting products through shipment (sea) or road, also they can start to transport passengers via air, sea or road.

The research recommends that in order to encourage personnel or workers, the business should also use or account for cost saving techniques in addition to those cost cutting techniques.

Also, when adopting cost cutting techniques, a company must take into consideration the political, economic, social and technological environment (PEST), which currently governs the economy to figure out the underlying reason of rising expenses and declining profits. Then the research advices businesses to look at the external environment prior applying these cost cutting techniques.

The study also recommend that the firms must consider the need for ongoing evaluation and verification of operational cost cutting techniques being used to determine their consistency with company’s goals.

In order to promote employee engagement and prevent negative attitudes after the deployment of cost reduction techniques, discrimination needs to be prevented inside businesses. Low level personnel should be engaged and take part in decision making.

## 5.4 Areas for future research

Based on the research findings, it is advised that more studies must be done to determine the impact of every cost cutting technique on performance of logistics firms.

Also, there is need to analyze the external and internal environment (PEST and SWOT) either prior or after the adoption of these cost cutting techniques

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**GM Logistics Financial Statements**

2019 GM Logistics Pvt Ltd financial statements

2020 GM logistics Pvt Ltd financial statements

2021 GM Logistics Pvt Ltd financial statements

**GM Logistics Pvt Ltd Management Meeting Reports**

2020 Management report

2019 Human resource report

## APPENDIX I: QUESTIONNAIRE FOR THE RESPONDENTS

**BINDURA UNIVERSITY OF SCIENCE EDUCATION**

**PRIVATE BAG 1020**

**BINDURA**

My name is Chitsunge Shaun T. lam a final year student at Bindura University of Science Education in the faculty of commerce, doing Bachelor of Accountancy Honors Degree and lam carrying out a research on the area, “***The effects of operational cost cutting techniques on financial performance of logistics firms in Zimbabwe.”*** I am kindly asking you to help me by filling in this questionnaire.

Your responses will be confidential and your co-operation shall be greatly appreciated.

Yours Faithfully

Chitsunge Shaun T

**Instructions**

1. Writing your name on the questionnaire is prohibited’
2. Please tick the appropriate box to indicate your answer.
3. Where there is no a tick box, indicate your answer by filling on a blank space provided.

**PART A**

1.Department currently worked ……………………………………………………….

2. Work experience at GM Logistics.

a) Less than 1-year b) below 5 years c) more than 5 years

3 What is your level of qualification.

Qualification

Diploma

Degree

Masters

PHD

Any other qualification write here…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

**PART B: Drives for reducing operational costs**

Please indicate your level of disagreement or agreement with each statement about your opinions by circulating the appropriate number if the following motives are reasons for reducing operational costs

1. Strongly Disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **M** | **Motive** | **Strongly Disagree**  **1** | **Disagree**  **2** | **Neutral**  **3** | **Agree**  **4** | **Strongly Agree**  **5** |
| M1. | Increasing revenue | 1 | 2 | 3 | 4 | 5 |
| M2. | Increasing market share | 1 | 2 | 3 | 4 | 5 |
| M3 | Gaining competitive edge | 1 | 2 | 3 | 4 | 5 |
| M4. | Maximizing Profit | 1 | 2 | 3 | 4 | 5 |

If there are more factors , specify…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

**PART C: An analysis of operational cost cutting techniques being used by logistics firms.**

Please indicate the level of your disagreement or agreement with your level of commitment after the following operational cost cutting techniques which have been used, as indicated in each statement by putting a circle on the appropriate number that accurately states your opinion, using the following scale:

1. Strongly Disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **T** | **Technique** | **Strongly Disagree**  **1** | **Disagree**  **2** | **Neutral**  **3** | **Agree**  **4** | **Strongly Agree**  **5** |
| **T1** | **System for tracking vehicles** | **1** | **2** | **3** | **4** | **5** |
| **T2** | **Organizational Downsizing** | **1** | **2** | **3** | **4** | **5** |
| **T3** | **Infrastructure Sharing** | **1** | **2** | **3** | **4** | **5** |
| **T4** | **Government policies** | **1** | **2** | **3** | **4** | **5** |
| **T5** | **Retrenchments** | **1** | **2** | **3** | **4** | **5** |

If there are other factors, specify……………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

**PART D: Factors that affect how successfully operational cost reduction techniques in Zimbabwe logistics organizations.**

Please indicate the degree of agreement or disagreement on whether the following factors have influence on the successful implementation or adoption of operational cost cutting techniques in Zimbabwe logistics organizations, indicate your answer by circulating accurate number.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Factors** | **Strongly Disagree** | **Disagree** | **Uncertain** | **Strongly Agree** | **Agree** |
| **F1** | **Dedication made by management** | **1** | **2** | **3** | **4** | **5** |
| **F2** | **Shareholder decisions** | **1** | **2** | **3** | **4** | **5** |
| **F3** | **Employee Engagement** | **1** | **2** | **3** | **4** | **5** |
| **F4** | **Accountability and monitoring of progress** | **1** | **2** | **3** | **4** | **5** |
| **F5** | **Government policies** | **1** | **2** | **3** | **4** | **5** |

If there are other factors, specify…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

Thank you, God bless you.

## APPENDIX II. THE INTERVIEW GUIDE FOR MANAGEMENT

1. What are the driving forces behind GM logistics, use of cost containment techniques?
2. What are the operations cost cutting techniques used or adopted by GM logistics?
3. What are the elements that affect the effective use of operational cost cutting methods?
4. Is there a relationship between financial performance and cost cutting techniques?