AN INVESTIGATION INTO THE EFFECTIVENESS OF COSTING METHODS IN MAXIMISING PROFITABILITY: A CASE STUDY OF BINDURA SPAR

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ABSTRACT

This study sought to investigate the effectiveness of costing techniques in maximizing profitability at Bindura Spar a retailing shop. A case study was designed with a structured questionnaire and interview panels from different departments of the organization. The target population consisted of directors, managers, supervisors, accountants and other employees selected in the subdepartments of concern from Bindura Spar. A random sample was used which comprised of randomly selected individuals from selected departments as well as management directly involved with the cost accounting system. The sample consisted of 22 individuals out of a population of 45 employees. Data analysis was done using tables, pie charts, bar graphs and descriptive statistics. Findings revealed that although there is a cost accounting system in place at Bindura Spar, it is not effectively contributing to the company’s profitability. The study also revealed that employees at the company are failing to support the cost and management system because heads of departments at Bindura Spar are failing to effectively communicate and implement the system with other employees at lower ranks. The study recommended that management at Bindura Spar should implement an effective communication system and it is also necessary for the company to motivate employees and allow them to contribute ideas on how costs can be reduced including variance analysis.