

Cost Management in An Agro-Industrial Company in A District of Lambayeque

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Abstract

Cost management has positively impacted the accounting and tax processes of companies in Peru. The present research aimed to determine the factors in cost management in an agro-industrial company in a district of Lambayeque. The methodology was based on a quantitative approach and non-experimental design. The survey technique was used, and a Likert-type questionnaire related to the study variable was used as an instrument. These data collection means were answered by 30 workers of said company through a questionnaire of 15 questions corresponding to the study variable, which was validated by three experts on the subject. Obtaining as results, with respect to the variable, that there is a high level of factors in cost management with a percentage of 86.67%; following the dimensions such as the budget with a percentage of 86.67% at a high level; consequently, we have planning with 86.67% at a high level; finally, cost calculation with a percentage of 86.67% at a high level. Therefore, we infer that the budget, planning, and cost calculation are factors that affect cost management in an agro-industrial company in a district of Lambayeque.

Keywords: *Management, Budget, Planning, Cost and Calculation.*

Introduction

In the accounting world, cost management originates from the discrepancy between the ending inventory, the production process, the beginning inventory, and the total value of net sales (Kagwa *et al.*, 2024). Globally, some experts have suggested that cost management causes financial stimuli; additionally, adjusting interest rates and modifying population density as measures to analyze changes in standardized electricity costs (Saldarriaga *et al.*, 2019).

According to De Batista and Sánchez (2021), the presence or absence of such management tools can promote or hinder cost management, and they categorize them into three groups

Vásquez and Otálora (2017) pointed out that cost management represents one of the greatest challenges for management when making effective decisions, as it must align with the entity's operational activities and provide relevant and timely information. Two main categories of cost drivers were identified: structural, which includes investment in product development and marketing, vertical and horizontal integration of the organization, and complexity of the product or service; and execution, which are related to qualitative factors such as employee motivation and commitment, efficient management of resources, use of available capacity and management of relationships with other market agents (Ji *et al.*, 2024).

According to Morillo and Cardozo (2016), traditional costing methods can generate distortions in results, especially in the case of hotels; likewise, the results obtained from erroneous cost estimates can lead to wrong decisions regarding service design, personnel hiring and training, which can have a significant impact on the long-term viability of the company; likewise, the lack of integrity, consistency, relevance and understanding in cost accounting information.

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At the national level, Salas et al. (2023) determined that not having proper cost management in a company led to poor analysis and determination of profitability and existing deficiencies.

The present study was related to the SDGs, specifically with decent work and economic growth to achieve the established objectives, since its purpose is to determine the factors in cost management to produce improvements in the entity.

Given the problems identified, we pose the following question: What are the factors that limit cost management in an agro-industrial company in a district of Lambayeque?

This research was theoretically justified by conducting a study to understand the reasons behind the company's high sales prices and its lack of competitiveness with market prices, seeking explanations for why these prices are not accessible to customers, since the author offered the study of the dimensions of budgeting, planning, and cost calculation. The practical justification of the scientific study was based on the results to be obtained, and the objectives of this research were to address the challenges present in cost management in order to optimize the company's selling prices. Finally, it was methodologically grounded by the use of instruments such as the validated and reliable questionnaire that served to analyze the study variable. Furthermore, the main objective of this report is to determine the factors in cost management in an agroindustrial company in a district of Lambayeque. In the same way, it was proposed to evaluate the budget in an agroindustrial company in a district of Lambayeque, identify the level of planning in an agroindustrial company in a district of Lambayeque, and analyze the cost calculation in an agroindustrial company in a district of Lambayeque.

Literature Review

As background, we have Reyes (2020) who aimed to establish the key performance factors that will allow for good management when optimizing costs in projects. A population of 64 companies was used. The results showed that considering both the organizational and environmental aspects leads to a more accurate cost estimate, with a 50% probability. Similarly, we have Sosa (2020) who argued with the aim of determining the behavior of the budget execution of the HEJCU. A quantitative approach was used. The results showed that the behavior of budget execution was optimal with 93.3%. Additionally, Piundo (2023) confirmed the purpose of determining how budget execution contributes to the achievement of goals in a municipality. A sample of 60 subjects was used. The results showed a budget execution of 95% in the achievement of goals.

Erboso (2019) mentioned as an objective the approach of how cost directly influences the quality of public spending in the UGEL. Non-experimental research was used with a population of 20 workers. The results showed that 60% indicated that the level of budget and quality is at an intermediate level. Similarly, we have Valle (2020) who proposed the objective of being able to have financial planning as a fundamental agent in institutions. A population of 10 workers was used. The results showed that financial planning is very limited and inadequate. Likewise, Valladares et al. (2022) aimed to elucidate the impact that good strategic companionship has on improving the performance of teachers in Peru. For this purpose, a review and analysis of the data was carried out. The results showed that there is a relationship between strategic planning and teacher execution.

Ulloa and Padilla (2022) aimed to propose a procedure for calculating CIM personnel costs using ABC. The methods used were: analysis and bibliographic study. The results showed that by using this application, a complete distribution of the costs associated with the activities towards the corresponding services was achieved. Similarly, we have Basilio (2022) who aimed to have the manufacturing cost of the different high-demand graphic products of a graphic company. A quantitative research approach was used. The results showed that by applying administrative accounting practices, it was possible to calculate the total production cost, which in turn facilitated a more accurate measurement of profitability per product.

As a theoretical foundation, we have Santos et al. (2020) who mentioned that the management and valuation of production costs have origins at the agricultural exploitation level, as they allow evaluating profitability,

making decisions on pricing, identifying areas for process optimization, planning production and future investments. Likewise, Lalangui and Eras (2023) argued that cost management involves developing strategies to analyze the interaction between different elements during production manufacturing. From the cost perspective, production processes require resources that, when used in production, become costs. The basic components of these costs are direct materials, direct labor, and indirect costs, which represent the monetary value of the resources used.

Methodology

Regarding the techniques used in this work, the survey was used, where Hernández and Duana (2020) indicated that this technique helps to establish the necessary conditions to collect data on sensory concepts perceived directly or indirectly through the senses. Likewise, the questionnaire was used as an instrument, which was structured with 15 questions, with the purpose of gathering information on cost management. Considering that the validity of this instrument was determined by 3 Accounting specialists. The reliability of this instrument was generated by Cronbach's alpha, resulting in 0.806.

Regarding the data processing, first the research instruments were developed. Subsequently, these were validated by three specialists, which increased the probability of Cronbach's alpha. After having carried out the aforementioned, permission was requested from the company to apply the instrument. With the data obtained, they were initially processed in Excel and then in the SPSS statistical program, complying with the research objectives.

The population for this research, according to Ventura (2017) who referred to it as a group of elements that possess certain characteristics that are desired to be investigated. In this context, the population consisted of 30 workers from the administrative area. The inclusion criteria were workers within the administrative area, workers with knowledge about the study variable; and the exclusion criteria were workers not employed by the company, workers who are not willing to answer the questionnaire truthfully. By using a non-probabilistic convenience sampling method, according to Hernández (2020), the sample is selected based on the convenience of the researchers, allowing them to consensually choose the number of participants in the study. In this case, the central unit of analysis was a worker from the administrative area.

The research was of an applied type and focused on collecting data on the study variable. According to Castro et al. (2023), this research was centered on identifying problems in a specific environment.

This research employed a quantitative approach with a non-experimental descriptive design. In this regard, Sánchez (2019) argued that this approach is characterized by addressing phenomena that are susceptible to measurement through statistical techniques. Consequently, Albújar et al. (2024) indicated that this design is carried out without deliberately manipulating variables. It is of a descriptive scope, as its objective is to explain and describe the object of study.

In the procedure of the information of the present investigation, the ethical aspects were taken into account, first of all, the principle of non-maleficence refers to the obligation not to cause harm or damage to others; that is why applying this principle involved ensuring that the report does not cause any unnecessary or unjust harm to the companies or people involved; secondly, the principle of justice implied recognizing and valuing the idea that all human beings deserve to be treated fairly and equally; thirdly, the principle of respect for authorship was applied to recognize and respect the work and creativity of other people by using their ideas, words, images or any other type of work protected by copyright; finally, the principle of freedom was used to ensure integrity and impartiality in the process, ensuring that accurate and reliable data was collected and being transparent in the presentation of the data and the resolution of the report.

Results

In this section, the authors developed their research objectives using both descriptive and inferential statistics.

Table 1 Budget Level In An Agro-Industrial Company In Lambayeque

		Frequency	Percentage
Valid	medium level	4	13,3
	high level	26	86,7
	Total	30	100,0

The table presentation shows evidence of a high budget level in an agro-industrial company in a district of Lambayeque, with 86.67% in the high level and 13.33% in the medium level.

Table 2. Level Of Planning In An Agro-Industrial Company In Lambayeque

		Frequency	Percentage
Valid	medium level	4	13,3
	high level	26	86,7
	Total	30	100,0

The table presentation reveals that there is a high level of planning in an agro-industrial company in a district of Lambayeque, with 86.67% in the high level and 13.33% in the medium level.

Table 3. Cost Calculation Level In An Agro-Industrial Company In Lambayeque

		Frequency	Percentage
Valid	medium level	4	13,3
	high level	26	86,7
	Total	30	100,0

The table presentation evidence of a high level of cost calculation in an agro-industrial company in a district of Lambayeque, with 86.67% in the high level and 13.33% in the medium level.

Table 4. Cost Management Level In An Agro-Industrial Company In Lambayeque

		Frequency	Percentage
Valid	medium level	4	13,3
	high level	26	86,7
	Total	30	100,0

The table presentation it can be observed that there is a high level of factors in cost management in an agro-industrial company in a district of Lambayeque, with 86.67% at the high level and 13.33% at the medium level.

Discussion

It was evident that the majority of the surveyed people assure that there is a high level of budget within the companies, and in small proportions they are at a medium level. These results coincide with the study by Sosa (2020) who confirmed that there is an optimal budget execution. Similarly, Piundo (2023) shares the idea, whose results showed a good level of budget execution, which allows the achievement of goals within a company. Likewise, as a theory, we have Salas et al. (2023) who determined that not having the correct management of costs in a company caused a poor analysis and determination of profitability and existing deficiencies

To identify the level of planning in an agro-industrial company in a district of Lambayeque, it is deduced that the majority of respondents establish that there is a high level of planning; likewise, in smaller quantities, the medium level is found. The results of this research are linked to the study carried out by Valle (2020) who proposed that results have also been obtained that financial planning is very limited and inadequate with respect to its objective of being a fundamental agent in institutions. Similarly, in the study by Valladares et al. (2022), it was confirmed that there is a relationship between planning and strategic execution. On the other hand, focusing on the theory, we have Vásquez and Otálora (2017) who mentioned that managing costs is a key challenge for managers when making sound decisions, as they need to integrate them with the company's operations and provide accurate and up-to-date data.

It is inferred that there is a high level of cost calculation, in the same way, the medium level is found in a smaller proportion. These results are related to Ulloa and Padilla (2022) who had results that by applying this factor, a complete distribution of the costs associated with the activities is achieved. Similarly, in the research by Basilio (2022), it reaffirms that by applying good accounting, it is possible to calculate the total cost of production, which in turn facilitated a measurement. In addition, following the theory, Morillo and Cardozo (2016) argued that conventional costing methods can distort the results; likewise, errors in cost estimates can lead to wrong decisions about services, hiring and training of personnel, which affects the long-term viability of the company.

It was evident that the majority of the surveyed people assured that the factors in cost management are at a high level and a smaller amount at a medium level. These findings contradict the research carried out by Reyes (2020), who found that one of the factors allows a medium possibility of having precise cost management. Also, in terms of theory, considering Vásquez and Otálora (2017), they mentioned that they are linked to qualitative aspects such as the motivation and dedication of the personnel, the efficiency in resource management, the utilization of available capacity, and the management of relationships with other market players.

Conclusions

It was found that the company has an adequate allocation of financial resources for its operations, which could favor its stability and investment capacity in future projects. Based on the results, it is recommended that the company's board of directors continue with the periodic evaluation of the budget to ensure the optimization of resources and adapt to market fluctuations. Additionally, it is important to take advantage of this solid budgetary foundation to explore investment opportunities in key areas that drive growth and operational efficiency.

A good strategic management was found, which can contribute significantly to the operational success of the company. It is suggested that the manager maintain this approach and continue to develop planning strategies that include the participation of all organizational levels to ensure the alignment of objectives and improve operational efficiency. Additionally, continue to conduct periodic evaluations of the current planning, identifying opportunities for improvement and adapting to changes in the business environment.

It was confirmed that there is good management of cost calculation in the company, indicating effective management in the evaluation and control of its operating costs. Therefore, it is recommended that the company's production area focus on identifying and addressing these medium-level areas, possibly through training personnel in more advanced cost calculation techniques, implementing more precise monitoring and control systems, and exploring new technologies that can further optimize this process.

It was concluded that there are numerous factors that can influence cost management within the company. However, in the administrative area, these factors can be improved by implementing process optimization strategies, continuous staff training, and the use of advanced technological tools that allow for greater precision and control in cost management. Additionally, a focus on the identification and improvement of these medium-level aspects, through detailed analysis, staff training, continuous monitoring, and the adoption of innovative technologies.

Authors' Contributions

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