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IMPACT OF COST REDUCTION IN THE MANUFACTURING SECTOR:
A CASE STUDY OF ASTRA PAINTS

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ABSTRACT

Due to Zimbabwe’s financial crisis of 2008 to current Astra Paints was confronted by viability problems like many other manufacturing companies. However, the competitive pressure increased gradually with the growing number of paint manufacturing companies from within and imports from overseas. This dissertation focused on the impact of cost reduction program in the manufacturing sector with Astra Paints as a case study. The primary data was collected through personal and telephone interviews with the managers of Astra Paints and Research and Development personnel and secondary data was collected from the entity’s product formulations reports. Based on the analysis, it provides some general conclusions for the impact of cost reduction program at Astra Paints. The results show that material substitution/product reformulation directly reduce material cost. Overall there was a cost reduction of between 4%-36% on cost of production across the sampled products. Cost before implementation of cost reduction program consolidated was $941877.20 and $829179.30 after thereby giving a consolidated cost saving of $112697.90 overall and a consolidated profit increase of 4%.