

A STUDY ON COST ANALYSIS ABOUT THE ORGANIZATION AND IMPACT ON IT'S COMPANY NORMS AT RS STEEL BUILDING & COLOUR ROOFING SHEET PVT. LTD, SALEM

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Abstract— This cost analysis delves into the financial framework of RS STEEL BUILDING & COLOUR ROOFING SHEET PVT. LTD, examining various expenditures incurred across its operations to assess efficiency, identify cost-saving opportunities, and optimize resource allocation. Through meticulous examination of financial records, budgetary data, and operational expenses, this study aims to provide a comprehensive overview of the company's financial landscape. Key areas of focus include production costs, overhead expenses, procurement expenditures, and labour costs. By conducting a detailed analysis, this study aims to empower decision-makers with actionable insights to enhance financial performance, streamline operations, and drive sustainable growth.

Keywords: Cost analysis, financial framework. Expenditures, Efficiency, Cost-saving opportunities, Resource allocation, financial records Budgetary data Operational expenses Production costs.

INTRODUCTION

A cost analysis is the process of gathering, modeling, and evaluating data to make decisions about resource allocation. The purpose of a cost analysis is to understand the relationships between various cost elements and to identify opportunities for cost savings. Cost analysis, also known as cost-benefit analysis, is the process of calculating the potential earnings from a situation or project and subtracting the total cost associated with completing it. It predicts the profit gained from a project and compares the project's cost to its estimated financial benefits. Many finance professionals use cost analysis to show clients their potential profits from a project. There are two main types of cost analysis: parametric and activity-based. Parametric cost analysis uses statistical models to analyses data and predict future costs. Activity-based cost analysis looks at the activities that make up a product or service and assigns costs to those activities. Cost analysis refers to the process of examining and evaluating the various costs associated with a particular project, business operation, or product. It involves the systematic breakdown and assessment of all costs incurred to understand the financial implications of a decision or investment. Cost analysis is a crucial tool in business management, financial planning, and decision-making. Cost analysis refers to the comprehensive study of expenses, including fixed and variable costs, overheads, and other financial outlays, to assess their impact on profitability and to identify areas for cost reduction or optimization.

OBJECTIVES OF THE STUDY

Primary Objectives:

A Study on Cost Analysis about the Organization and Impact on It's Company Norms At RS Building & Colour Roofing Sheet Pvt. Ltd.

Secondary Objectives:

- An Analysis of Cost Analysis in steel building & color roofing sheet
- To evaluate the effectiveness of expenditure decisions of organization
- To provide support in order to accomplish the overall goal of the cost analysis system of the firm
- To discuss the importance of the management of Cost Analysis
- Determination of proposal and investments, inflows and out flows
- To evaluate the investment proposal by using Cost Analysis techniques
- To summarize and to suggest for the better investment proposal

SCOPE OF THE STUDY

The study makes it precise, useful and more pointing towards its objective. The study is conducted at the Firm. The current study is conducted with the help of Published annual report of the roofing sheet manufacturing of the year of 2018 to 2023, and with Actual personal contact with the concerned authorities. This study gives an idea about the capital budgeting with using various techniques and also secondary data sources from the firm. The geographical scope of the study is limited to steel building & color roofing sheet.

LIMITATIONS OF STUDY

This study is based on secondary data taken from published annual reports of steel building & color roofing sheet

- There are different approaches to measure the profitability, financial efficiency and operational efficiency with regard to productivity in this regard expert views differ from one another
- It has long term implementations which can't be used in short term and it is used as operations of the business. A wrong decision in the early stages can affect the long- term survival of the company
- The operating cost gets increased when the investment of fixed assets is more than required. Inadequate investment makes it difficult for the company to increase its budget and the capital
- The estimation can be in respect of cash outflow and the revenues/saving and costs attached which are with report analysis

REVIEW OF LITERATURE

N. R. Putri, R. Fauziah, L. H (2018) Cost Analysis will examine how the cost per unit and total costs change in line with changes in the output driver of the activity. Which if the output of the activity driver changes, there are variables that must be observed, namely total cost, unit cost, and activity driver output. As the number of units produced changes, so do the total costs of direct materials and direct labor. Cost behavior is influenced by a number of factors including volume, price, efficiency, sales mix, and production changes. The effect of this cost behavior can be seen clearly in the cost-volume-profit relationship when using a break-even graph

M. Oberholzer and J. Ziemerink, (2018) These costs are classified against changes in sales activity based on the cost response. Accuracy in identifying and classifying the types of costs will affect the level of efficiency in spending costs. The company's ability to correctly identify fixed costs and variable costs is a success of the responsibility accounting system. A proper understanding of cost behavior requires that it be linked to decisions. To cost Analysis helps managers for four reasons, namely break-even analysis and contribution margin; as a flexible calculation; unit performance evaluation; and short-term selection.

(Amar Murumkar, 2018) The term "hidden cost" is used to refer to costs that are recorded in the company's general ledger booking and/or scrap costs that are not easily discovered. Such "hidden" costs are additional production costs resulting from scrap or as additional costs for materials, processing time and storage space for scrap and reworked parts. Although they cannot be easily measured, they exist, and they can be significant, going as far as damaging the company's reputation, losing customers, project delays, and increasing overheads.

Trotman and Gibbins (2018) the property, plant, and use of Steel, what is the cost basis for the guidelines Changes to the program are the source of the money and the things money. This idea allowed us to sell non-cash or non-cash assets. Is defined as the income and expenses and labor costs

Roger Hussey & Andra Ong (2019) in general, the flow of funds for the development of the amount of money used for economic and there are no activities or fundraising activities for the organization's revenues and actions. It may require the use of techniques. The law of corporate rights to payments and cash payments directly to the main classes will tell you. Enrolment and other fees, as well as failure to make payment or distribution are part of the unit's work

Adhikari and Duru (2019) it has no way to reduce operating costs, suggesting a lower pay rate. They have funds to help them not be able to produce the product, given the level of investment rate needed to calculate this amount. They pay on investments and credit to reduce the amount of money needed for a post-lease payment, while at the same time choosing the options for understanding the remaining free Cost Analysis will be linked to the free Cost Analysis.

PhD. Prof. Ioan Batrancea (2019) financial reporting is crucial for the development of future Cost Analysis in a newsletter. But it is important in analyzing future Cost Analysis data that cannot be elucidated. But researchers have been trying to figure out how it feels like in the future and the value of money.

Ortpurt & Zang (2020) Pay-per-view predictions start to happen, especially in indirect ways. Money flows are negative, and the difference is researchers, companies, entrepreneurs, and workers offering clients and estimates of cash my problem was with automatic classification. This accounting method for accounting related to accounting is the basis for reporting the main profits and losses.

Charles, E. Jordan and Marilyn A. Waldron (2020) based on pay-out interference for future wearable shoes, which is believed to be a good fit. As such, some basis completes financial statements, financial managers and other users would be better off. It provides a more complete characterization of those aspects of the business which are not exposed in the basic financial statements, namely the cash efficiency of operating, investing and financing activities, liquidity and solvency.

Melik Serhat (2020) This is part of the construction industry because the Cost Analysis of projects is at the highest risk level, the most important network, and it plays an important role. As such, it is important to consider changes in payment planning conditions for projects and the risk of uncertainty about cost control and methodology. The purpose of the study was to understand the nature of cost-effectiveness and planning, as well as of course the involvement and surprise of some theoretical models and applications of real-time optimization models.

RESEARCH METHODOLOGY

In this qualitative study, secondary sources accounted for most of the information. This study is based on a literature review, and information was taken from case studies, books, magazines, journals, articles, and internet searches or articles dealing with the subject matter. The data required for the study was found using Google Scholar, Research Gate, and SSRN

TRENDS INFLUENCING COST ANALYSIS

Advanced Analytics and Data Visualization:

With the advent of big data and advanced analytics tools, cost analysis is becoming more sophisticated. Companies are leveraging data visualization techniques to gain deeper insights into cost structures, trends, and opportunities for optimization.

Predictive Analytics:

Predictive analytics is being increasingly utilized in cost analysis to forecast future costs and identify potential cost drivers. By analysing historical data and market trends, businesses can make more informed decisions and anticipate future cost fluctuations.

Activity-Based Costing (ABC):

ABC is gaining popularity as a more accurate method for allocating costs to products or services. Instead of relying solely on traditional methods like direct labor or machine hours, ABC assigns costs based on the activities that drive them, providing a more granular view of cost drivers.

Integration of Sustainability Costs:

Companies are incorporating sustainability considerations into their cost analysis to account for environmental and social impacts. This involves evaluating the costs associated with sustainable practices, such as renewable energy investments or eco-friendly materials, and assessing their long-term financial implications.

Cloud-Based Cost Management Solutions:

Cloud-based cost management platforms are becoming prevalent, offering scalability, accessibility, and real-time data analysis capabilities. These solutions streamline cost analysis processes, enable collaboration across teams, and provide actionable insights for decision-making.

Focus on Total Cost of Ownership (TCO):

Businesses are increasingly looking beyond the initial purchase price and considering the total cost of ownership over the entire lifecycle of a product or asset. This holistic approach to cost analysis helps identify hidden costs, such as maintenance, training, and disposal, and supports more informed procurement decisions.

Risk Management and Scenario Planning:

Cost analysis is being integrated with risk management practices to assess the potential impact of various risk factors on costs. Scenario planning techniques are used to model different cost scenarios under varying market conditions, enabling businesses to develop contingency plans and mitigate potential risks.

Regulatory Compliance and Reporting:

Regulatory requirements around cost transparency and reporting are driving organizations to enhance their cost analysis processes. Compliance with standards such as GAAP (Generally Accepted Accounting Principles) or IFRS (International Financial Reporting Standards) necessitates accurate cost allocation and disclosure practices.

Automation and Artificial Intelligence (AI):

Automation and AI technologies are being applied to streamline repetitive tasks in cost analysis, such as data collection, reconciliation, and reporting. Machine learning algorithms can identify patterns and anomalies in cost data, enabling faster decision-making and proactive cost management strategies.

COST ANALYSIS CURRENT SCENARIO IN BUSINESS

Supply Chain Disruptions:

The COVID-19 pandemic has highlighted vulnerabilities in global supply chains, leading to disruptions in procurement and logistics. Cost analysis now involves assessing the impact of supply chain disruptions on material costs, transportation expenses, and inventory management.

Rising Input Costs:

Fluctuations in commodity prices, currency exchange rates, and geopolitical tensions are contributing to increased input costs for many industries. Cost analysis efforts are focused on monitoring and mitigating the impact of these factors on production expenses.

Labor Market Dynamics:

Labor shortages, wage inflation, and changing workforce demographics are affecting labor costs across various sectors. Cost analysis includes evaluating labor productivity, training costs, and alternative staffing strategies to manage labor expenses effectively.

Energy and Sustainability Costs:

Escalating energy prices and regulatory pressures to reduce carbon emissions are driving up energy and sustainability costs for businesses. Cost analysis now encompasses assessing the feasibility of renewable energy investments, energy-efficient technologies, and carbon pricing mechanisms.

Digital Transformation:

Accelerated digitization and adoption of technology-driven processes are transforming cost analysis practices. Companies are leveraging data analytics, artificial intelligence, and automation tools to optimize operational efficiency, identify cost-saving opportunities, and improve decision-making.

Remote Work Dynamics:

The widespread adoption of remote work arrangements is reshaping cost analysis considerations related to office space, IT infrastructure, and employee benefits. Organizations are reevaluating overhead costs and exploring flexible work models to optimize cost structures.

Regulatory Compliance Challenges:

Evolving regulatory requirements and accounting standards are influencing cost analysis practices, particularly in areas such as revenue recognition, lease accounting, and financial reporting disclosures. Companies are investing in compliance efforts to ensure accurate cost allocation and transparency.

Customer Expectations and Pricing Pressures:

Heightened competition and changing consumer preferences are exerting pressure on pricing strategies and profit margins. Cost analysis involves balancing cost efficiencies with pricing strategies that maintain competitiveness while preserving profitability.

Risk Management and Resilience:

Growing awareness of supply chain risks, cybersecurity threats, and natural disasters underscores the importance of risk management in cost analysis. Companies are integrating risk assessments into cost models to enhance resilience and contingency planning.

Economic Uncertainty:

Economic uncertainty stemming from factors such as inflation, trade tensions, and geopolitical instability requires businesses to adopt agile cost analysis practices. Scenario planning and sensitivity analysis help organizations anticipate and adapt to changing economic conditions effectively.

SUGGESTION

- The profitability of any business depends to a very extent on the capacity of business to enhance sales.
- So effective marketing techniques have to be introduced. Liquidity of the business should be properly maintained.
- High price in production has a negative influence in profit earning of the business. So it has to be reduced.
- The efficient utilization of the raw materials will help to reduce the cost of raw material and to increase the realization value from the sale of yarn. Also try to minimize if there is any wastage of raw materials.
- The complete modernization of the mill will help to improve the efficiency of the firm and to reduce the labour force and thereby the labour costs.

CONCLUSION

This shows that the firm needs to further streamline its Cost Analysis and also needs to frame better Cost Analysis policies. Mere cash balance in excess of requirement will not add anything to the concern. If it is not being put to use in proper manner, it definitely has an adverse effect in its profitability. The surplus cash which is at the disposal of the firm should be invested in various financial instruments or it can be utilized in other purpose. If the firm takes proper care about its Cost Analysis system and manage its excess liquidity (i.e. over the optimum cash balance level) by having proper investment policies, it will definitely enhance its profitability and also help in enriching its capital base. Cost Analysis practice is relatively better in the halls of residence, although the researcher is of the opinion that much improvement could be made if Bursars are challenged and well-motivated by the appropriate authorities.

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