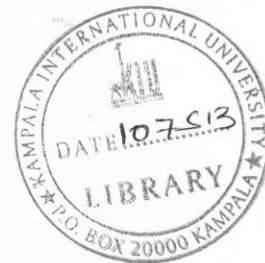


**COST CONTROL AND PROFITABILITY OF SELECTED MANUFACTURING
COMPANIES IN MOGADISHU, SOMALIA**

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ABSTRACT

The study was set to establish the effect of cost control and profitability of manufacturing companies in Mogadishu, Somalia. It was based on the three objectives that included assessing effect of budgetary control on profitability of manufacturing companies, cost monitoring on profitability and assess the effect of cost evaluation on profitability of manufacturing companies. The study was conducted in manufacturing companies of Mogadishu. The focus was on the manufacturing companies of Jeema, Safi and Fardows Mineral Water Company. The study involved 180 employees who were contacted through a questionnaire and interview guide based on a descriptive research design based on quantitative and qualitative research designs. The data analysis took into consideration the descriptive statistics of the mean and standard deviations further analysis for effect was done using the regression analysis. The study findings reveal the state of budgetary control in the studied organizations is poor with many responses agreeing that budgets are not effectively controlled. The cost monitoring was also poor as well as the cost evaluation mechanisms. The state of profitability is fair though not so adequate in the operations. *The first objective established that budgetary controls alone had a 97% effect on profitability of manufacturing companies in Mogadishu. This also means that the rest of the factors are influenced by only 3%. Cost monitoring alone have an 11.1% effect on profitability of manufacturing companies in Mogadishu. On the third objective was cost evaluation alone had a 36.5% effect on profitability of manufacturing companies in Mogadishu. This also means that the rest of the factors are influenced by 63.7%. The R-Squared coefficient denotes a considerable effect of cost evaluation on profitability. The study concludes that cost control affect profitability of the organizations under the study in Mogadishu. The study therefore recommends that there is need to improve the budgetary control in organizations, enhance the cost evaluation analysis should be motivated to make them strive and achieve the set targets. Budgets should also be realistic by not only putting much concentration on past performance but also reflect how the future is likely to be, given the current conditions. Communication methods in the organizations should be improved, there is need for improving the status quo on cost monitoring in order to enhance the state of monitoring, there is need to improve the stakeholders involvement in cost monitoring, standard costing should be educated on the relevance of standard costing to the company and adherence to the standard costing information should be practiced.*