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The Influence of Cost Management Strategies on the Operational Efficiency of Selected Small Enterprises in San Fernando, Pampanga

Gwyneth Fatima M. Dela Cruz [1], Caryle R. Dimla [2], Kenaniah Lewis L. Sanchez [3], Jerimi T. Santos [4], Blessy May R. Sibug [5], Alan Y. Cabaluna, PhD. [6], Jason Y. Carreon, CPA, MBA [7]

[1]College of Business Studies, Pampanga State University, delacruzgwyneth00@gmail.com
[2]College of Business Studies, Pampanga State University, dimlacaryle10@gmail.com
[3]College of Business Studies, Pampanga State University, lewiskenaniah@gmail.com
[4]College of Business Studies, Pampanga State University, jerimitsantos26@gmail.com
[5]College of Business Studies, Pampanga State University, blessymay.sibug@gmail.com
[6]College of Business Studies, Pampanga State University, aycabaluna@pampangastateu.edu.ph
[7]College of Business Studies, Pampanga State University, jycarreon@pampangastateu.edu.ph

Abstract: The main objective of this study is to determine how **budgeting** and **cost control** as cost management strategies influence the **operational efficiency** of selected small enterprises in San Fernando, Pampanga. The study focused on the most important areas of budgeting, such as expense planning, tracking, and adjustments, as well as cost control in terms of eliminating unnecessary costs, efficient resource utilization, and adopting saving measures. These elements are measured with the operational efficiency of **small businesses.** Furthermore, a quantitative descriptive-correlational study approach was used, with data collected from respondents through a structured survey questionnaire. Based on the results of the study, better financial planning, regular expense monitoring, and more efficient resource allocation all seem to have a significant influence on operational efficiency. Better business performance and improved operational outcomes are also a result of appropriate expense planning, systematic expense tracking, timely expense changes, and effective resource usage. In general, cost control and budgeting techniques help improve operational efficiency, but their efficacy in small businesses depends on their regular implementation and appropriate financial management procedures.

Keywords: Budgeting, Cost Control, Operational Efficiency, Small Businesses

1. INTRODUCTION

Small enterprises were one of the backbones of the national economy which marks them as a major driving force of the economy. They supported the economy through various factors such as payment of income taxes and business taxes and also contributed nearly 36% of the Philippines' total Gross Domestic Product (GDP), making the country less reliant to foreign loans. There were around 77,857 small enterprises in the country which represent 27.6% of the businesses. Moreover, in local settings, the Philippine Statistics Authority (PSA) mentioned that 2,806 small enterprises operated in the year 2021. In terms of employment, they ranked second in overall employment given to employees with 29.4% or approximately 1,871,973 of the employees nationwide.

Capital and credit access were vital in supporting the capacity of small businesses to function and these allowed them to expand their business operations, generate employment opportunities, and contributed to the growth of the economy **(World Bank, 2021).** Unfortunately, several small enterprises dealt with lack of financial resources that delayed their growth and performance. Their lack of understanding when it comes to effective cost management strategies was one of the significant challenges presented to small enterprises. It was difficult for them to expand and sustain their operations over time and it increased the probability that they were unable to borrow funds from financial institutions. Challenges arose due to their lack of capital and expertise in the application of effective cost management in their operations. These concerns highlighted the importance of cost management strategies to ensure efficiency on their business operations. Managing cost efficiently and effectively was necessary to small enterprises due to increasing material costs, intense rivalry in the market, and inflation **(Asian Development Bank, 2020).**

On the other hand, there were studies related to cost management strategies, although most of them were conducted outside Pampanga, and centered just on the general aspects of cost management strategies without considering the actual effect on operational efficiency. For instance, in General Santos City, SMEs were studied and discovered that cost management strategies had a significant effect on overall improvement of business operations **(Amador et al., 2020).** Small enterprises in San Fernando, Pampanga were given little to no attention regarding how they apply cost management strategies for the improvement of their operational efficiency. This created a gap which emphasizes the necessity to study the relationship between cost management strategies and operational efficiency among small enterprises in San Fernando, Pampanga.

Being the capital of Pampanga, most small enterprises in the province chose to operate in San Fernando, Pampanga,

and due to their existence, they created continuous demand in the market which drove the retail and services sector, where several small enterprises are focused. For that reason, they were considered crucial in boosting the city's economy, rate of employment, and innovation locally. Aside from having a safe environment, they were not able to easily escape from the vulnerability due to increasing costs of operations and catching up with large enterprises.

The objective of this study was to determine the influence of cost management strategies to the operational efficiency of small enterprises in San Fernando, Pampanga. Particularly, this study intended to identify the cost management strategies commonly used by small enterprises, budgeting and initiatives in reducing costs, and efficient utilization of resources. Looking into the complimentary and limiting factors affecting the application of these strategies gave this study scientific merit in providing thorough understanding of the influence of cost management strategies to the operational efficiency of small enterprises in San Fernando, Pampanga.

Numerous studies on cost management strategies were conducted mainly to focus on large enterprises or SMEs outside Pampanga, resulting in lack of study about small enterprises in San Fernando, Pampanga. These studies were focused on financial measures such as profitability and revenue growth, and non-financial measures like retention of employees, adaptability, and customer satisfaction. Along with the intention of this study, it also intended to discover the vital role that cost management strategies play in the effectiveness, efficiency, and sustainability of small enterprises. The understanding and implementation of the best cost management strategies maximized their resources and enhanced decision making skills that affected the overall efficiency and performance. Accuracy in information regarding cost was essential for setting selling price and determining profitability, crucial for operational efficiency and sustainability **(Reyroso et al., 2023).**

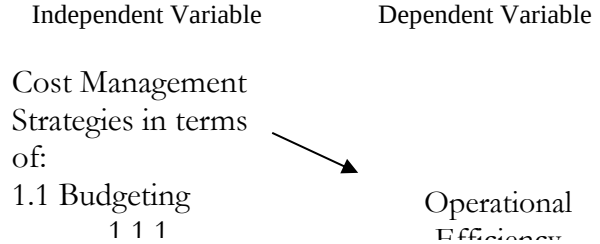
2. CONCEPTUAL/THEORETICAL FRAMEWORK

2.1 Theoretical Framework

This study was focused on the Quality Cost Chain or QCC model which was presented in the study of Tambunan (2022). It was based on the concept of Strategic Cost Management or SCM. The QCC included the Prevention-Appraisal-Failure approach to cost quality, along with an internal value chain. This approach pointed out the importance of having effective and efficient management of cost quality to boost operational efficiency. For the purpose of this study, the QCC model served as the theoretical foundation that highlighted the influence of cost management strategies, in terms of budgeting and cost control, to the operational efficiency of small enterprises. In this particular context, budgeting referred to the "prevention" element of the QCC model. It involved activities such as planning, tracking, and adjusting expenses. The goal of these activities was to prevent inefficiencies in costing before their occurrence. Furthermore, the cost control was aligned with the appraisal element of the model in which it included elimination of unnecessary costs, efficiency in utilizing resources, and adoption of saving measures. These activities ensured that businesses sustained their cost-effective and productive operations. The QCC model demonstrated the importance of focusing on strengthening prevention and appraisal elements as these elements minimized the risk that there will be failure on both internal and external costs that may appear on business operations as inefficiencies in processes, rework of tasks, or customer dissatisfaction. When these failures were minimized through preventive and appraisal measures, the overall cost quality would most likely be minimized as well. This resulted in enhanced operational efficiency in the business.

2.2 Conceptual Framework

In conducting this study, it aimed to determine how effective cost management will specifically affect the operational efficiency of small enterprises. The framework showed the connection, as well as the relationship of the independent variable, which consisted of budgeting and cost control and their sub-variables, and the dependent variable, which was the operational efficiency of small enterprises.



3. STATEMENT OF THE PROBLEM

This study intended to determine the significant influence of cost management strategies to the operational efficiency of small enterprises in San Fernando, Pampanga. More specifically, this study intended to answer the following questions:

1. How may cost management strategies be assessed in terms of:
1.1 Budgeting
   1.1.1 expense planning;
   1.1.2 expense tracking; and
   1.1.3 expense adjustment?
1.2 Cost Control
   1.2.1 eliminating unnecessary costs;
1.2.2 efficient resource utilization; and
   1.2.3 adopting saving measures?
2. How may business operations be assessed in terms of operational efficiency?
3. Is there a significant influence between the cost management strategies and operational efficiency of selected small enterprises in San Fernando, Pampanga?

4. HYPOTHESIS OF THE STUDY

The present study aimed to test the null hypothesis:

H_{01} = There is no significant influence between the cost management strategies and operational efficiency of selected small enterprises in San Fernando, Pampanga?

5. METHODS

This section explained and interpreted how researchers obtained the data and information that were used throughout the analysis. The study design, respondents, sampling techniques, research survey instrument, methodology in data collection, processing of data, and statistical analysis, and ethical considerations were all covered in this chapter.

5.1 Research Design

This study used a quantitative-descriptive-correlational research design to analyze the influence of cost management strategies on the operational efficiency of selected small enterprises in San Fernando, Pampanga. This method aligned with the aim of this study which was to determine the degree of influence between cost management strategies and operational efficiency without making any modifications in the variables. The combination of quantitative approach and descriptive analysis considered the use of statistical and scientific methods in order to make the measurable data more understandable **(Meissel & Brown, 2023; Siedlecki, 2020).** The descriptive design method was used to help understand the updated state of cost management strategies used by small enterprises in San Fernando, Pampanga through the use of accurate representation of the data gathered from them. Additionally, using correlational research design helped the researchers assess how strong the relationship between two or more variables was, regardless if positive or negative **(Thomas & Zubkov, 2023; Putri, Rezani, & Hermina, 2025).**

5.2 Respondents

The sample size of the respondents was based upon the availability of qualified small enterprises that were present as of September 2025 to ensure the adequacy in presenting the population and provide reliable and valuable information which was used in analysis. Raosoft was utilized to determine the number of respondents needed for this study. It was an online software used to automatically calculate the sample size. Data was gathered from the owners and/or managers of selected small enterprises with the qualification of at least one year of experience in managing their enterprises. They were chosen as respondents as they were directly responsible for overseeing budgets, managing resources, executing cost management strategies, making decisions, and reporting on the company's overall performance. The study applied criteria in determining the selected small entities. Only small enterprises that renewed their permits and had at least 11-99 employees were selected as respondents for this study. In addition, the only forms of business that were chosen as respondents for this study were sole proprietorship, partnership, and corporation to maintain simplicity and adaptability. Finally, only small enterprises that were engaged in distribution, manufacturing, retail, wholesale, and service-related activities were chosen as respondents for this study for the same reason mentioned. With a population of 176 small enterprises as of September 2025 in San Fernando, Pampanga that met all the aforementioned criteria, with a margin of error of 5%, Raosoft online software came up with 121 sample sizes which was complied with in this study. The researchers used purposive sampling for selecting the respondents for the study. It was a non-probability sampling technique used to allow researchers to select respondents who had particular qualifications which were based on the objective of the study (Tajik et al., 2024). This sampling technique helped the researchers to ensure that the respondents who were involved in the study were only those that are qualified based on the given criteria and involved in operational and financial decision-making in order to provide reliable and credible findings.

5.3 Instrument

The data was gathered with the use of a self-constructed survey instrument in a questionnaire and online survey form which aimed to measure the influence of cost management strategies to the operational efficiency of selected small enterprises in San Fernando, Pampanga. It was constructed in accordance with the cost management strategies, namely budgeting and cost control, which served as indicating factors for operational efficiency which also had relation with the Prevention-Appraisal-Failure approach that emphasized the effect of these strategies in improving operational efficiency through effective and efficient management of cost quality. In the construction of the survey instrument, it went through a series of methodological procedures to ensure its validity and reliability. These procedures were as follows:

1. Focused Group Discussion (FGD)

In developing the instrument, a Focused Group Discussion (FGD) was conducted with a professional in the accounting field to review and improve the items in the questionnaire. The purpose of the Focused Group Discussion (FGD) was to ensure that each item in the questionnaire was clear, relevant, valid, and suitable for retail businesses in San Fernando, Pampanga. It was a tool for developing and improving research instruments that allowed the researchers to gather expert insights, identify vague items, and ensure that the questionnaire aligns with the objectives of the study (Lorenzo et al., 2024).

2. Validation from Experts

After FGD, the revised instrument was validated by experts in order to assess its content validity. A validation

form was used by three topic experts, particularly a business management professor, a certified public accountant, and also a research coordinator in which they were asked to run through the instrument. Each of them assessed the survey instrument based on its clarity, alignment with the objectives of the study, and applicability to small enterprises. Any suggestions or remarks from these experts were applied on the questionnaires to organize the format and content of the instrument before conducting a pilot survey.

3. Reliability Test Using Cronbach's Alpha

After the survey instrument went through a series of validation from experts, it went through a reliability testing with the use of Cronbach's alpha coefficient subsequent to pilot testing which included a small sample of respondents who were qualified with the same criteria for the sample size. The Cronbach's alpha test was a reputable and reliable statistical method used to evaluate the internal consistency of a research instrument in order to provide assurance that each item can measure the same underlying construct. In calculation of the degree of item correlation, the test considered reliability with values of 0.70 or above which were usually regarded as acceptable. Through the use of this metric helped to confirm the consistency of questions and reliability of the instrument itself before the completion of data collection. The instrument provided satisfaction on the requirements to the accuracy of measurement and scientific rigor courtesy to the validation and reliability procedures done. The updated version of the instrument was considered as authentic, credible, reliable, and suitable for assessing the influence of cost management strategies on the operational efficiency of selected small enterprises in San Fernando, Pampanga.

6. RESULTS AND DISCUSSION

Table 1 Descriptive analysis and Interpretation of Mean, Standard Deviation and verbal interpretation of the respondents on Budgeting as to Expense Planning

No.	Statement	Mean	Std. Dev.	Interpretation
1	The business prepares a written budget plan before each operating period.	3.34	0.79	Strongly Agree
2	The business sets specific spending limits for each activity.	3.30	0.81	Strongly Agree
3	The business regularly updates or revises its budget based on changes.	3.12	0.85	Agree
4	The business uses previous financial data as a basis for preparing a new budget.	3.06	0.87	Agree
	Overall Mean Score	***3.21***	***0.83***	***Agree***

The survey responses regarding budgeting in terms of expense planning can be seen in Table 1. The highest-rated item is "The business prepares a written budget plan before each operating period" (M = 3.34), interpreted as Strongly Agree, indicating that respondents prioritize formal budgeting as a key planning tool. This is followed by "Setting specific spending limits for each activity" (M = 3.30), also interpreted as Strongly Agree, reflecting structured financial planning. Meanwhile, "Regularly updating or revising the budget" (M = 3.12) and "Using previous financial data as a basis" (M = 3.06) are interpreted as Agree, indicating that adaptive and data-driven budgeting practices are generally implemented. Overall, the composite mean score (M = 3.21, SD = 0.83), interpreted as "Agree," indicates that budgeting, planning, and preparation practices are effectively implemented. The findings suggest that while businesses demonstrate strong budgeting foundations, continuous updates and data utilization can further enhance financial planning effectiveness.

Table 2 Descriptive analysis and Interpretation of Mean, Standard Deviation and verbal interpretation of the respondents on Budgeting as to Expense Tracking

No.	Statement	Mean	Std. Dev.	Interpretation
1	The business regularly compares actual expenses with its budget plan.	3.33	0.80	Strongly Agree
2	The business reviews expense records to identify overspending.	3.29	0.82	Strongly Agree
3	The business maintains detailed records of all expenses.	3.14	0.84	Agree
4	The business implements clear systems for tracking daily expenses.	3.08	0.86	Agree
	Overall Mean Score	***3.21***	***0.83***	***Agree***

The results have shown that respondents generally agree that expense tracking is properly utilized in budgeting, with an overall mean of 3.21 (SD = 0.83). The highest-rated practice is comparing actual expenses with budgets (M = 3.33), followed by reviewing records for overspending (M = 3.29). Maintaining detailed records (M = 3.14) and implementing tracking systems (M = 3.08) are also practiced but with slightly lower agreement, indicating some inconsistency in documentation. To sum up, businesses apply expense tracking but may need stronger and more consistent recordkeeping systems.

Table 3 Descriptive analysis and Interpretation of Mean, Standard Deviation and verbal interpretation of the respondents on Budgeting as to Expense Adjustment

No.	Statement	Mean	Std. Dev.	Interpretation
1	The business revises its budget when actual expenses differ from planned amounts.	3.34	0.79	Strongly Agree
2	The business adjusts spending priorities when sales or income decrease.	3.30	0.81	Strongly Agree
3	The business often adjusts the budget throughout the year to meet changing needs.	3.12	0.85	Agree
4	Adjustments are made only after verification of supporting documents.	3.06	0.87	Agree
	Overall Mean Score	***3.21***	***0.83***	***Agree***

The responses of survey participants to budgeting perception in case of expense adjustment can be seen in Table 2 above. The overall mean score of 3.21 (interpreted as 'Agree' and thus indicating that, as a whole, survey participants generally thinks that expense adjustment is a necessary part of budgeting as this will help the business to be sustainable and competitive) demonstrating the business knowledge together with the experience of the managers and/or owners of the company or business who participated in our study. Items 1 and 2 obtained a mean score that falls within the 'Strongly Agree' category of 3.34 (indicating that respondents actively adjust budgets based on actual financial performance) and 3.30 (reflecting flexibility in financial decision-making) while Items 3 and 4 obtained a mean score that falls within the'Agree' category of 3.12 and 3.06 (indicating that these practices are generally implemented but may vary in consistency). This conclusion shows an agreement by survey participants that budgeting includes not just planning and execution but also monitoring and comparison of the actual and planned or budget to know material variances, investigate them and adjust them. Item 1 is the most strongly perceived expense adjustment due to its highest (mean score), while item 4 registered the lowest (mean score), and falls with different categories (Strongly Agree and Agree respectively). Respondents' standard deviations ranged from a high of (0.79) to a low of (0.87). Overall, the composite mean score (M = 3.21, SD = 0.83), interpreted as "Agree," indicates that budgeting adjustment and control practices are effectively practiced.

Table 4 Descriptive analysis and Interpretation of Mean, Standard Deviation and verbal interpretation of the respondents on Cost Control as to Eliminating Unnecessary Costs

No.	Statement	Mean	Std. Dev.	Interpretation
1	The business compares suppliers to find more cost-effective options.	3.35	0.78	Strongly Agree
2	The business sets cost-reduction targets and monitors them regularly.	3.30	0.80	Strongly Agree
3	The business avoids excessive spending on non-essential items.	3.14	0.84	Agree
4	The business reviews activities that can be simplified or eliminated to reduce costs.	3.08	0.86	Agree
5	The business establishes clear criteria to identify unnecessary costs.	3.03	0.88	Agree
	Overall Mean Score	***3.18***	***0.83***	***Agree***

The highest-rated item is "The business compares suppliers to find more cost-effective options" (M = 3.35), interpreted as Strongly Agree, indicating that respondents actively seek cost-saving opportunities through supplier evaluation. This is followed by "The business sets cost-reduction targets and monitors them regularly" (M = 3.30), also interpreted as Strongly Agree, reflecting proactive cost management strategies. Meanwhile, "Avoiding excessive spending on non-essential items" (M = 3.14), "Reviewing activities to reduce costs" (M = 3.08), and "Establishing criteria to identify unnecessary costs" (M = 3.03) are interpreted as Agree, indicating that these practices are generally implemented but may vary in consistency. Overall, the composite mean score (M = 3.18, SD = 0.83), interpreted as "Agree," indicates that cost efficiency practices are effectively implemented. The findings suggest that while businesses demonstrate strong cost awareness and monitoring, further refinement in cost identification and process optimization can enhance overall efficiency.

Table 5 Descriptive analysis and Interpretation of Mean, Standard Deviation and verbal interpretation of the respondents on Cost Control as to Efficient Resource Utilization

No.	Statement	Mean	Std. Dev.	Interpretation

1	Materials and supplies are used efficiently to avoid waste.	3.34	0.79	Strongly Agree
2	Work is scheduled and manpower is allocated to minimize idle time.	3.30	0.81	Strongly Agree
3	Proper inventory levels are maintained to avoid overstocking or stockouts.	3.13	0.85	Agree
4	Equipment and tools are regularly maintained to ensure performance.	3.08	0.87	Agree
5	Clear communication exists among staff regarding resource utilization.	3.02	0.89	Agree
	Overall Mean Score	***3.17***	***0.84***	***Agree***

The results show that respondents generally agree that efficient resource utilization is practiced, with an overall mean of 3.17 (SD = 0.84). The highest-rated indicators are efficient use of materials (M = 3.34) and manpower scheduling (M = 3.30), both interpreted as "Strongly Agree," while inventory control, maintenance, and communication are rated lower but still positive. In conclusion, the findings indicate that businesses apply resource management practices to reduce waste and improve productivity.

Table 6 Descriptive analysis and Interpretation of Mean, Standard Deviation and verbal interpretation of the respondents on Cost Control as to Adopting Saving Measures

No.	Statement	Mean	Std. Dev.	Interpretation
1	The business regularly identifies and implements ways to reduce operating expenses.	3.37	0.76	Strongly Agree
2	The business prioritizes cost-saving alternatives (e.g., energy-efficient equipment, bulk purchasing).	3.32	0.78	Strongly Agree
3	The business negotiates with suppliers to obtain discounts or better payment terms.	3.15	0.83	Agree
4	The business monitors monthly expenses to identify opportunities for additional savings.	3.09	0.86	Agree
	Overall Mean Score	**3.23**	**0.81**	**Agree**

The findings show that adopting saving measures is generally practiced, with an overall mean of 3.23 (SD = 0.81) interpreted as "Agree." The highest-rated indicators are implementing cost-reduction strategies (M = 3.37) and using cost-saving alternatives (M = 3.32), both interpreted as "Strongly Agree," while expense monitoring (M = 3.09) and other saving practices (M = 3.15) are implemented but less consistently. Overall, the results indicate that businesses actively apply cost-saving measures, though continuous monitoring can still be improved.

Table 7 Descriptive analysis and Interpretation of Mean, Standard Deviation and verbal interpretation of the respondents on Financial Performance as to Operational Efficiency

No.	Statement	Mean	Std. Dev.	Interpretation
1	Business operations run smoothly with minimal delays or interruptions.	3.36	0.77	Strongly Agree
2	The business has effective systems that minimize rework or duplication.	3.31	0.79	Strongly Agree
3	Communication and coordination contribute to faster work completion.	3.14	0.84	Agree
4	The business achieves high output with minimal resource usage.	3.08	0.87	Agree
5	The business monitors resource usage to reduce waste and improve productivity.	3.10	0.86	Agree
6	The business consistently meets production or service delivery targets.	3.05	0.88	Agree
	Overall Mean Score	***3.17***	***0.84***	***Agree***

The highest-rated item is "Business operations run smoothly with minimal delays or interruptions" (M = 3.36), interpreted as Strongly Agree, indicating that respondents perceive operational processes as efficient and well-managed. The study of AlNuaimi et al. (2022) suggests that

lean practices, such as process standardization, help businesses operate smoothly. This relates to the study as it focuses on process interventions, which directly relate to the smooth operational flow observed in the study. This is followed by "Effective systems that minimize rework or duplication" (M = 3.31), also interpreted as Strongly Agree, reflecting structured operational workflows. The study of Kumar and Sharma (2025) supports this, stating that supply chain practices improve operations as it examines waste management, which explains the minimized rework observed among respondents. Meanwhile, "Communication and coordination among employees" (M = 3.14), "Monitoring resource usage" (M = 3.10), "Achieving high output with minimal resources" (M = 3.08), and "Meeting production or service targets" (M = 3.05) are interpreted as Agree, indicating that operational efficiency practices are generally implemented but may vary in consistency.

Table 8 Summary of Cost Management Strategies and Operational Efficiency

Variables	Sub-variables	Mean	Std. Dev.	Interpretation
Independent Variables	Budgeting: *Expense Planning*	3.21	0.83	Agree
	Budgeting: Expense Tracking	3.21	0.83	Agree
	Budgeting: *Expense Adjustment*	3.21	0.83	Agree
	Cost Control: *Eliminating Unnecessary Cost*	3.18	0.83	Agree
	Cost Control: *Efficient Resource Utilization*	3.17	0.84	Agree
	Cost Control: *Adopting Saving Measures*	3.23	0.81	Agree
Dependent Variable	**Operational Efficiency**	**3.17**	**0.84**	**Agree**

The independent variables show mean scores ranging from 3.17 to 3.23, all interpreted as "Agree," indicating that respondents generally perceive budgeting and cost control practices as being implemented in their businesses. Among these, Adopting Saving Measures obtained the highest mean (M = 3.23), while Efficient Resource Utilization recorded the lowest (M = 3.17), suggesting slight variation in implementation. The standard deviations (SD = 0.81–0.84) indicate relatively consistent responses among participants.

Table 9 Correlation Analysis

Variables	Operational Efficiency
Expense Planning	**r = .67****
Sig. (2-tailed)	.002
Expense Tracking	**r = .72****
Sig. (2-tailed)	.000
Expense Adjustment	**r = .70****
Sig. (2-tailed)	.001
Cost Control (Eliminating Cost)	**r = .74****
Sig. (2-tailed)	.000
Cost Control (Resource Utilization)	**r = .76****
Sig. (2-tailed)	.000
Cost Control (Saving Measures)	**r = .73****
Sig. (2-tailed)	.000

The results indicate that all dimensions of cost management strategies have strong, positive, and statistically significant relationships with operational efficiency. Cost control through efficient resource utilization exhibited the strongest relationship (r = .76). It was followed by eliminating unnecessary costs with r = .74 and lastly, adopting saving measures with r = .73. These show consistency with recent studies which emphasize the crucial part that cost control practices contribute to organizational performance.

7. Conclusion and Recommendations

7.1 Conclusion

The results show that in terms of budgeting, the three sub-variables, which are expense planning, expense tracking, and expense adjustment, are assessed at the same level. This indicates that small businesses in San Fernando, Pampanga, have a consistent level of budgeting practices. For expense planning, it is the highest-rated item, indicating that respondents mostly prepare their written budget at the start of each operating period. This suggests that they are consistent in setting their financial plan and outlining how their expenses should be allocated. Similarly, expense tracking also garnered a high mean score. This implies that the respondents demonstrate attentiveness in monitoring their expenses, ensuring that they properly utilize their budget for the operating period. In terms of expense adjustment, it also has the highest-rated item. This indicates that respondents are capable of modifying their expenses when necessary, adjusting to the situation efficiently. It shows their capability to adjust in certain situations that require financial control, even if it is not consistent with their practice. Overall, the findings reveal that although the three sub-variables had the

same mean score, respondents tended to perform better in certain aspects within their sub-variables, as reflected in higher mean scores. This suggests that, despite budget awareness, they still have room to improve and achieve more consistent practices in such operations. The findings show that cost management techniques among the selected small businesses are typically well established, notably in the area of implementing savings measures, which received the highest overall rating. This suggests that organizations continually find cost-cutting initiatives, prioritize cost-saving alternatives, and analyze spending in order to maintain financial stability. These procedures demonstrate the companies' dedication to reducing wasteful expenses and ensuring orderly financial operations. As a result, the constant implementation of cost-cutting strategies promotes smoother company processes and helps to sustain operational efficiency among the selected small businesses. The findings demonstrate that cost management measures, including budgeting and cost control practices, have a considerable impact on operational efficiency. The regular execution of financial planning, expense monitoring, cost-cutting measures, and resource management increases business operations and promotes efficient workflow. As a result, it is determined that good cost management strategies provide a considerable contribution to the operational efficiency of the selected small businesses.

7.2 Recommendations

Despite the result of the verbal interpretation which shows that the majority of these businesses agree on most of the items, there is still need to improve or areas of improvement.

1. For Budgeting: There is a need to improve:
The usage of their previous financial information as a basis of their budget and forecasting.

Company owners and managers must develop policies and procedures that will turn these historical data into a useful and reliable guide for forecasting, budgeting and future decision making. Managers can further develop the use of analytical procedures and trend analysis to track its income and expenses which will provide a high level of accuracy and assurance about its future performance. Creating a system that will track and follow the trend in every single line item of the financial statement rather than just the total is recommended and separation of unusual events to avoid outliers that will destroy or distort the accuracy of the budget preparation.

The proper tracking of the business daily expenses.

It is highly encouraged to create policies and procedures to track their daily expenses and avoid unnecessary, non-value-adding costs, and prevent overspending, improving financial management outcomes. Segregating variable and fixed expenses will help the company minimize its costs and avoid unnecessary expenses, while also setting spending limits. The development of standardized tools, whether it be a spreadsheet or financial app, to ensure uniformity and improve the quality of data that is available for expense planning and monitoring. Regular monitoring strengthens these policies. Instead of relying solely on monthly reviews, conducting weekly comparisons of actual spending against the budget allows for quicker identification of variances and corrective action, aligning with best practices in budgeting.

The verification process of source documents before adjusting the budget.

It is an internal control weakness for the company as this may distort the accuracy of information that may lead to manipulation of data and theft that may result in losses. It is therefore recommended for the company to create policies and procedures that will ensure the verification of data before any adjustment is made. Segregation of duties is highly encouraged to avoid or lessen the possibility of fraud to be perpetuated but if financial resources are not enough for segregation of duties to apply, it can be compensated by close monitoring of the owner or manager of the verification process. This will ensure the accuracy and accountability of the budget, improve its business performance and lessen slack.

2. For Cost Control: There is a need to improve:
The proper utilization and efficient use of the company's resources.

The Owner/Manager must create and develop or improve their current policies and procedures on how to use their materials wisely, effectively, and efficiently to avoid waste, which may give rise to losses to the company if not avoided. It is also encouraged that business managers must fix the working schedule and allocate manpower properly to avoid idle time and maximize productivity. The usage of Economic Order Quantity (EOQ) and Reorder Point is highly encouraged to minimize the costs of ordering and carrying of inventory, and to avoid overstocking and stockouts of inventory. Periodic maintenance of equipment is also important as this will ensure the high quality of the product or services offered by the business and avoid costly repairs. Communication of the policies and procedures regarding proper utilization of the resources is essential, as this will avoid misunderstanding and unnecessary expenses and will inform staff regarding the extent of their authority in utilizing the company's resources. In addition, enterprises should focus on prioritizing proper allocation and utilization of resources to minimize wastage of resources and maximize productivity. This can be achieved through assessing the needs of each area of operations and ensuring resources are efficiently distributed which allows businesses to lessen delays and improve workflow in its daily operations. Implementing cost control policies, such as assessing and eliminating unnecessary expenses can enhance operational efficiency. This allows businesses to keep track of spending and prevent unplanned expenses which helps them to be

financially disciplined and make well-informed financial decisions.

3. For Future Researchers

Future researchers are encouraged to explore different factors that may influence operational efficiency such as performance of the employees and technological adoption. Researchers may also employ larger and diverse samples to obtain more general conclusions, as well as other research approaches to develop a better understanding of various management strategies and their impact on business performance.

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