Innovations

Cost Control Techniques and SMEs Survival Rate in South-West, Nigeria

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Abstract: *This present research explores the effect of cost control measures on the survival rate of Small and Medium-scale Enterprises (SMEs) in South-West Nigeria. SMEs are great drivers of economic development but face financial issues, bad cost control, and competition within the market. The research follows a quantitative method with close-ended questionnaires in gathering evidence from SMEs in Lagos State, whose response is analyzed using Partial Least Squares-Structural Equation Modeling (PLS-SEM). The results confirm that budgetary control, target costing, and cost-volume-profit analysis have an important part to play in the survival of SMEs but that standard costing has a negative influence on the survival of SMEs because it cannot change in the presence of a dynamic business environment. The research is interested in financial planning and cost management in rendering business viable. The research suggests the application of adaptive evidence-based cost management practices in ensuring efficient operations and long-term profitability. The findings are of paramount importance to policymakers, managers of small and medium enterprises, and financial institutions in fostering economic resilience.*

Keywords: *Cost Control, SMEs, Budgetary Control, Target Costing, Standard Costing, Variance Analysis, Profitability*

1. Introduction

SMEs play a central role in economic development in the world and are the major portion of business in the world (around 90 percent of all business worldwide) as well as the majority of employment (more than 50 percent) in the world (World Bank, 2023). The World Bank records SMEs as approximately 90 percent of businesses and over 50 percent of jobs in the entire globe (Sari, 2023). In the developed nations, SMEs play a critical role in innovation and creation of employment. Indicatively, SMEs make up 99 percent of all the businesses in the European Union and contribute approximately 85 percent of the total new jobs This high number highlights the importance of SMEs in enhancing economic growth, innovation and poverty alleviation. SMEs in Africa are significant in development of the economy, creation of employment, alleviating poverty and industrialization. Over 90 percent of businesses in Africa are SMEs, which creates about 50 percent of and Gross National Product (GDP) (Fjose et al., 2010; Kamunge, Njeru &Tirimba, 2014). The SMEs in Kenya, for example, form 40 per cent of the GDP, more than 50 per cent of the new jobs, and 80 per cent of the workforce (Kithae, 2012; Mwarari and Ngugi, 2013).

Small/Medium-sized Enterprises (SMEs) are a significant source of economic development in Africa and more than 90 percent of African business companies, nearly 80 percent of jobs in the region (LSEG, 2018). The World Bank estimates that SMEs form about 90 percent of business companies and more than half of employment around the world (Sari, 2023). Developed economies find SMEs a source of employment and innovation. As an illustration, the SMEs in Africa contribute immensely to economic development through creation of jobs, alleviation of poverty and industrialization, 99 percent of all companies in the European Union and about 85 percent of new employment are SMEs. In Africa, SMEs make up over 90 per cent of the business and account half of the Gross National Product (GDP) (Fjose et al., 2010; Kamunge, Njeru &Tirimba, 2014). In Kenya, SMEs, by example, make up 40 to GDP, over 50 per cent of fresh jobs, and 80 per cent of the labor force (Kithae, 2012; Mwarari and Ngugi, 2013). African development is principally led by small and medium-sized enterprises (SMEs), which constitute over 90 percent of African businesses, and close to 80 percent of African jobs (LSEG, 2018).

In Nigeria, SMEs are vital for economic growth, accounting for about 84% of employment and 48% of the GDP (Raimi & Raimi, 2023). In Nigeria, SMEs represent about 96% of all businesses, contributing nearly 48% to the national Gross Domestic Product (GDP) and providing 84% of employment opportunities (Salako & Hammed, 2023).SMEs in South-West Nigeria significantly drive the region's economic growth, contributing to job creation, income generation, and poverty reduction (Badiru, 2024). Despite their importance, Nigerian SMEs face challenges such as inadequate access to finance, infrastructure deficiencies, and limited managerial capacity,

impacting their performance (Ugwu et al., 2023). While many factors contribute to business failure, cost management is a critical area that can make or break an SME. There are several kinds of causes for business failure. Among these is cost control, which is essential to ensuring a business can operate [Fadare & Adegbie, 2020]. Due to the numerous instances of business closures in recent years brought about by mismanagement, cost management has become the competition's primary emphasis, receiving more and more attention (Hussain, 2023). Consequently, businesses in trouble can be spared the expenses associated with the enterprise management's survival. [Ayyaz & Pehlivanli, 2011] observed that cost control procedures are critical to an organization's performance.

The use of efficient cost-control strategies is needed to increase the chances of SMEs surviving in South-West Nigeria. SMEs can maximize their operations by ensuring that they make efficient budget making processes, constant expenditure oversight, and prudent use of resources so that financial constraints are not realized. As an example, energy-saving technologies or renewable energy can help minimize reliance on expensive and unreliable power grids, which can help lower its operating costs (Salako & Hammed, 2023). Moreover, promotion of financial management and financial literacy among the owners of SMEs could potentially result in more reasonable financial decisions, improved credit negotiation, and improved management of the cash flow.

Nigeria has had a lot of empirical research on the association between cost control measures and the survival of Small and Medium-sized Enterprises (SMEs). As an example, Tajudeen (2015) examined how the aspect of costs control affected the sustainability of the Nigerian companies and found that the control of costs played a crucial role in the survival of any organization. Adebisi and Gbegi (2013) also came to the conclusion that multiple taxation has a negative impact on the sustainability of SMEs, which means that the excessive cost can become an obstacle to business continuity. Conversely, Ojeka (2011) discovered that tax payment contributes modestly negatively to SMEs' cost of doing business, a result indicating that not every factor related to cost negatively impacts survival. The above contradictions demonstrate the subtlety of Nigerian SMEs' cost management and emphasize the need for a precise strategy of cost control that balances, on the one hand, necessary expenditure against profitability on the other.

This research aims to examine the effect of cost control methods on the survival rate of South-West Nigerian SMEs. In particular, the research claims to respond to the question: To what degree do Cost Control Techniques (CCT) as quantified by Budgetary Control, Standard Costing, Variance Analysis, Target costing, and Cost-Benefit Analysis impact the Survival Rate of SMEs in South-West, Nigeria? The null hypothesis is that there are no Cost Control Techniques (CCT) significance towards impacting the Survival Rate of SMEs in Nigeria

2. Review of Literature and Theoretical Framework

2.1 Theoretical Framework

This study is underpinned by the Kaizen costing theory that originated in Japan. The popular Japanese theory was applied to in-country manufacturing by Monden (2004) as a cost-reduction framework. In terms of principle, the operation of Kaizen costing theory is centered on achieving small, gradual but continuous improvements or upgrading in the manufacturing process at the lowest cost. In developing countries specifically from Africa and Asia, studies such as Anh et al. (2023) Dorothy and Claude (2024); Kipkenei et al (2022) discovered that cost control positively and significantly increases firms' performance. While Dorothy and Claude (2024) in Rwanda and Kipkenei et al (2022) in Kenya employed the Ordinary Least regression technique as a method of analysis Anh et al. (2023) in Vietnam utilized Structural Equation Modelling (SEM) for their respective analysis of primary data from selected employees. They observed a positive and significant relationship between cost control and firm performance suggesting that cost containment is critical to improved efficiency of businesses particularly manufacturing companies in developing countries.

2.3 Empirical Review

The empirical studies reviewed provide valuable insights into the impact of cost management strategies on the performance and survival of Small and Medium-sized Enterprises (SMEs), particularly in the context of Nigeria and other countries. Taiwo (2023) examined how cost management has contributed to Nigerian manufacturing firms' sustainability. Analyzing financing expenditures, salaries, and production costs, the study laid down evidence of how these factors affected profitability and recommended good managerial practices as well as replacing procurement to increase manufacturing firms' sustainability. Aduwo (2023) explored cost containment actions in manufacturing firms in Nigeria and found differences in their impact on sales increases. The study suggested that production organizations improve variance costing to reduce costs of production and boost sales.

Saleh and Manjunath (2023) conducted a study on the performance of Yemen SMEs and concluded that poor business performance was widespread among manufacturing SMEs. It was because of poor management practices and shortages of resources at the cost of overall performance. Fasesin et al. (2023) also studied the way budgeting management played a role in the financial performance of Osun State, Nigeria SMEs and concluded that effective budgeting played a significant role in financial performance, and as such, it could potentially render SMEs competitive in the global economy. Ali-Momoh and Ahmed (2022) in yet another related research studied the role of cost containment on the financial performance of

Nigerian industrial companies. The study focused on the effect of cost-containment strategies on the type of costs incurred.

Ben-Caleb et al. (2022) worked on Nigerian manufacturing firms and found that non-implementation of the controls was the primary reason behind the routine failure of ventures. They opined that enterprises enforce budget controls more effectively to regulate running costs. Alu, Shiyanbola, and Gbolahan (2022) discussed how budgeting impacts the sustainability of SMEs in Lagos State, Nigeria. Their study revealed that proper budgeting positively impacted financial outcomes, such as profitability margins and liquidity. Schubert and Kirsten (2021) examined the relationship between budgetary constraints and the financial performance of German SMEs based on financial competencies' importance in decision-making.

Okpala and Osanebi (2020) investigated the utilization of cost-volume-profit analysis in Nigerian manufacturing SMEs' profit planning. The findings revealed cost-volume-profit analysis's positive impacts on profit planning for increased profitable management. Ejike (2020) was critical of the impact of the target costing system onthe profitability levels of the company in Nigeria. The research revealed the additional impacts of increased profitability and firm competitiveness with a guarantee to utilize its adoption to promote cost control.

3. Methodology

The study utilized a survey research design, which was suitable for data collection directly from a sample of small and medium-scale enterprises (SMEs) of Lagos State, Nigeria, through structured questionnaires. The quantitative method is suitable for facilitating one to gain data on several variables such as the survival rate, cost management practices, and the comparison of companies. The study focuses on Lagos State, with a high number of SMEs, with 8,396 registered businesses. The sample size, based on the use of the Taro Yamane formula, is 154 SMEs in Lagos. A multi-stage sampling strategy was applied with the incorporation of stratified, purposive, and simple random sampling to get a representative sample from the population. The data was gathered mainly using structured questionnaires by using a five-point Likert scale to derive several cost management practices and their contribution to the sustainable performance of SMEs. Quantitative analysis was conducted to make inferences on the relationship between cost management practice and SME survival in Lagos State. The reliability was measured on the basis of Cronbach's Alpha and Composite Reliability (CR), which ought to be above 0.7 in order to create high internal consistency. Convergent and discriminant validity were also developed in the study to prevent the possibility of the constructs used in measurement being close and that they measure what they were theoretically intended to measure. Descriptive statistics were used to analyze data to describe the dataset, and PLS-SEM as an analytical method was used to test complex cause-and-

effect relationships, and to test hypotheses. Analyses were done using the IBMS AMOS statistical software. The study model is as follows.:

$$SVR = \alpha_0 + \alpha_1 BUC + \alpha_2 TUC + \alpha_3 STC + \alpha_4 VARA + \alpha_5 CPA + \varepsilon \ldots\ldots(1)$$

Where BUC= Budgetary Control
TUC= Target Costing
STC= Standard Costing
VARA= Variance Analysis
CPA= Cost Volume Profit Analysis

4. Results and Discussion

4.1. Presentation of Data

Table 4.1: Analysis of Response Rate in Lagos

Expected Responses	153
Actual Responses	340
Response Variance	186
Response Rate	222%

Source: Field Survey (2025)

The response rate of 222 percent is a contribution on its own to both validity and reliability of the research because it will provide a full picture of the research to examine the effect of cost management strategy on sustainable performance of SMEs in Lagos State. As the study is based on quantitative data on the SME to examine the variables such as survival rate and cost control methods, the increased number of responses gives statistical power to the analysis and makes the more generalizable and accurate results more preferable. It also enhances the sample representation and is sure to give the result of the entire population of the SMEs in Lagos State. It is this high level of engagement which justifies the research aim of studying complex cause-and-effect relationships using Partial Least Squares-Structural Equation Modeling (PLS-SEM) and hence gives a good basis of testing the hypothesis and making suitable conclusions on sustainable performance among the Nigerian SMEs.

4.2 Reliability Test

Cronbach's Alpha was used by the study to assess the reliability of the constructs utilized within the research. As per Table 4.2, Cronbach's Alpha for all the constructs was far higher than the minimum of 0.7, reflecting the high internal consistency

Table 4.2: Reliability Statistics

Construct	Cronbach's Alpha	No. of Items
SVR	.717	5
BC	.858	5
SC	.816	5
TC	.839	5
VAR	.774	5
CVP	.792	5

Source: Researcher Computation (2025)

The Cronbach's Alpha values for all constructs which are SVR (.717), BC (.858), SC (.816), TC (.839), VAR (.774), and CVP (.792) are above the acceptable threshold of 0.7, indicating strong internal consistency and reliability of the measurement items. This suggests that the questionnaire items consistently measure their respective constructs, enhancing the credibility and validity of the data collected. The high reliability across all constructs supports the robustness of the study's examination of cost management strategies and their impact on the sustainable performance of SMEs in Lagos State, ensuring that the findings are both reliable and generalizable.

Table 4.3: Composite Reliability Statistics

Variables	Composite Variables
Cost Control Techniques	0.9233

Source: Researcher Computation (2025)

The Composite Reliability (CR) of Cost Control Techniques is 0.9233, and the recommended level is 0.7, which is superb internal consistency and reliability. This is an indication that the measurement items of Cost Control Techniques are very congruent in the ability to reflect the construct. The high CR value gives the results more credibility to the issue of cost control on sustainable performance of SMEs in Lagos State that makes the findings of the research reliable and valid.

Tables 4.4 and 4.5 show the results of convergent and discriminant validity for the study

Table 4.4: Convergent Validity Statistics

Variables	Average Variance Extracted (AVE)
Cost Control Techniques	0.70

Source: Author's Computation (2025)

The Average Variance Extracted (AVE) for Cost Control Techniques is 0.70, which meets the recommended threshold of 0.50, indicating good convergent validity. This shows that the measurement items effectively capture the underlying construct of Cost Control Techniques, with 70% of the variance in the items being explained by the construct itself. This enhances the validity of the study's findings by confirming that the items are relevant and accurately reflect the concept being measured.

Table 4.5: Result for Discriminant Validity

Variables	Discriminant validity using Factor loadings
Cost Control Techniques	0.837

Source: Researcher's Computation (2025)

The discriminant validity for Cost Control Techniques is 0.837, indicating that the construct is distinct from other variables in the model. This value exceeds the recommended threshold of 0.70, confirming that the measurement items are more strongly related to their construct than to any other constructs. This supports the study's validity by ensuring that Cost Control Techniques are uniquely measured without overlap with other variables.

Table 4.6: Descriptive Statistics of Variables

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
SVR	702	2.20	5.00	3.7647	.57885
BC	702	1.00	5.00	3.8974	.71141
TC	702	1.00	5.00	3.9729	.65897
SC	702	1.40	5.00	3.9726	.64491
VAR	702	1.00	5.00	3.9311	.61972
CVPA	702	1.40	5.00	3.9165	.65917

Source: Researcher's Computation (2025)

The mean for SVR is 3.7647, above the midpoint of 3.00 on the five-point Likert scale. This would suggest that the respondents are inclined to agree that the survival rate of SMEs is reasonably good. The lower limit of 2.20 reflects companies doing poorly to remain in business, while the upper limit of 5.00 reflects others as doing well. The 0.57885 standard deviation indicates low variability and implies a homogeneous perception of SME survival. This homogeneity is favorable to the research objective to investigate the extent to which cost management contributes to the survival of

SMEs in Lagos State.

The average value of BC is 3.8974, which reflects agreement orientation because it is above 3.00. This implies that most of the respondents feel that budgetary control is effective in managing costs and enhancing performance. The minimum of 1.00 reflects that there are some SMEs where budgetary control is failing, while the maximum of 5.00 reflects maximum efficiency in others. The 0.71141 standard deviation indicates moderate variability, which suggests different levels of budgeting ability among the firms. The variability justifies budgetary control as a fundamental source of cost efficiency and enduring performance.

TC also recorded the highest mean value of 3.9729 with a large extent of agreement that target costing is an effective cost management approach in SMEs. The score is close to 4.00, indicating most of the respondents have a favorable attitude toward its contribution to cost control and profitability. Between 1.00 and 5.00 represents the variability of use, while the standard deviation of 0.65897 illustrates moderate consistency. This indicates that although the majority of companies apply target costing successfully, others struggle to implement it. The emphasis of the study on TC is reasonable since it determines competitive pricing and profitability.

The mean score for SC is 3.9726, similar to TC, indicating strong agreement that standard costing is widely used and effective among SMEs. The value above 3.00 suggests that respondents generally believe SC contributes to cost control and performance consistency. The minimum of 1.40 and maximum of 5.00 reflect diverse experiences with its application, with a standard deviation of 0.64491 showing moderate consistency. This supports the study's examination of SC as it impacts cost efficiency and helps maintain performance standards.

VAR has a mean score of 3.9311, leaning towards agreement, as it is above 3.00. This suggests that SMEs find variance analysis valuable for performance evaluation and cost control. The minimum score of 1.00 implies that some firms may not fully utilize variance analysis, while the maximum of 5.00 shows high effectiveness for others. The standard deviation of 0.61972 indicates moderate variation, reflecting differences in analytical capabilities. This supports the study's focus on variance analysis as a strategic tool for identifying cost discrepancies and improving financial control.

CVPA has a mean score of 3.9165, showing a general agreement on its usefulness for decision-making among SMEs. The score is well above 3.00, indicating that respondents perceive CVPA as effective in understanding cost behavior and profitability. The range from 1.40 to 5.00 reflects varied application levels, with a standard deviation of 0.65917 showing moderate variability. This suggests that while many firms benefit from CVPA, others may lack the necessary expertise. The study's emphasis on CVPA is justified as it aids SMEs in strategic decision-making for sustainable performance.

4.5.2Structural Equation Modelling Results

The objective of the study was to assess the influence that Cost Control Techniques measured by Budgetary Control, Standard Costing, Variance Analysis, Target costing, and Cost-Benefit Analysis have on SMEs' Survival Rate in South-West, Nigeria. Figure 4.7 and Table 4.27 shows the results of the analysis:

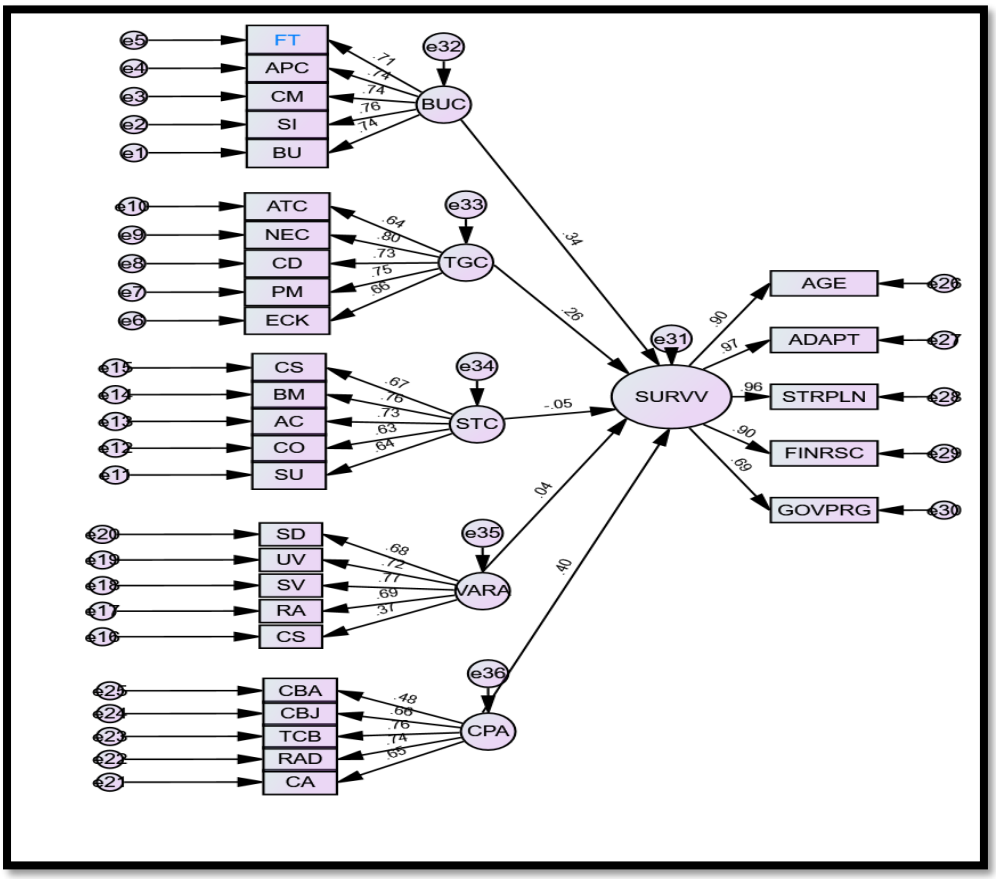

Figure 4.1: Structural Model for Objective

Table 4.7: Structural Estimates for the Equation

	Estimate	S.E.	C.R.	P	Label
SURVV <---BUC	0.274	0.03	9.115	***	par 25
SURVV <---STC	0.039	0.03	-1.283	0.2	par 26
SURVV <---VARA	0.059	0.05	1.17	0.242	par 27
SURVV <---CPA	0.313	0.032	9.645	***	par 28
SURVV <---TGC	0.219	0.032	6.921	***	par 29

Source: Researcher's Computation (2024)

Figure 4.1 above shows the structural model for the study. Cost Control techniques are measured using budgetary control, Target Costing, Standard Costing, Variance Analysis, and Cost Volume Profit Analysis. The analysis of Cost Control Techniques, as measured by Budgetary Control, Target Costing, Standard Costing, Variance

Analysis, and Cost-Benefit Analysis, reveals an overall positive influence on the survival rate of SMEs in South-West Nigeria. Budgetary Control, with a path coefficient of 0.274. Budgetary control involves setting financial targets and continuously comparing actual performance against these targets to ensure effective cost management. The five indicators used in this study which are Financial Targets (FT), Actual Performance Comparison (APC), Cost Management (CM), Stakeholder Involvement (SI), and Budget Updates (BU)are all directly related to this objective. The path coefficient of 0.274 from Budgetary Control to Survival Rate suggests a moderate, positive relationship, meaning that a well-structured budgetary control system contributes positively to the survival chances of SMEs. Effective budgeting aligns resources and operations with strategic goals, improving cost efficiency, and overall performance, directly benefiting long-term sustainability.

Target costing is a technique that aims to set cost objectives for products against prevailing competitive market realities and reorient operations to meet the objectives. The five indicators used are Application of TC Principles (ATC), Elimination of Unnecessary Costs (NEC), Cost Driver Identification (CD), Achievement of Desired Profit Margins (PM), and Employee Knowledge (ECK) reflect the organization's interest in cost management while being competitive. The 0.219 path coefficient of Survival Rate to Target Costing also shows a positive effect on survival. It means that through the management of costs in an efficient way and monitoring the cost drivers as well as the profit margin goals, the survival rate can be enhanced. For example, the elimination of unnecessary costs (NEC) whose value is 0.75 helps maximize price and increase cost structure and therefore encourage long-run sustainability.

Variables applied under standard costing are Predetermined Cost Standards (PCS), Benchmarking (BM), Actual Cost Comparison (AC), Cost Overruns Identification (CO), and Standard Cost Updates (SU). Since the positive effect is captured with Benchmarking (BM), the coefficient suggests that performance compared to the best practice in industries enables the SMEs to make their costs align with the best practice. Even though the direct influence of Cost Overruns Identification (CO) is less strong (with a negative effect coefficient of -0.039), knowing where costs are overrunning standards enables companies to realign and remove inefficiencies. However, the negative impact on the general survival rate means that the implementation of standard costing alone may not be sufficient to ensure long-term business survival unless the cost overruns are tightly controlled. The SC coefficient is -0.039, showing a negative impact on the survival rate. This suggests that for every increase in one unit of standard costing measures (i.e., predetermined cost standards, benchmarking, and cost overruns recognition), the SME survival rate decreases by 3.9%. The negative sign confirms that even as standard costing

measures can identify deviations in costs, they could lack the capacity to deal with business environment complexity today.

The key variables under variance analysis are Significant Deviation Understanding (SD), Unfavorable Variances (UV), Revenue and Sales Variances (SV), Resource Allocation (RA), and Stakeholder Communication (CS). The coefficient of 0.059 for Stakeholder Communication (CS) indicates that transparent communication of variances to stakeholders enhances the ability to correct performance issues promptly. Through variance correction of differences in expected and actual cost, SMEs are enabled to get back in line with operations, and resource allocation, and remove inefficiencies. The positive contribution of Stakeholder Communication (CS) shows the way notification of stakeholders about variances enables them to make prudent decisions and assists in better synchronization of operations with a positive contribution to SME survival. For Variance Analysis (VRA), the coefficient is 0.059, representing a positive contribution. With each unit of usage of variance analysis (e.g., identification of major deviations and negative variances, and improved stakeholder communication), the SMEs' survival increases by 5.9%. The variables that are most significant for Cost Benefit Analysis are Understanding of CBA (CBA), Justification of Costs (CBJ), Consideration of Tangible and Intangible Costs (TCB), Reliability in Decision-Making (RAD), and Approach to Evaluation (CA).

Reliability in Decision-making (RAD) with a score of 0.313 for SMEs that utilize proper, reliable information making decisions on a cost-benefit basis would go on to make sound investments, avoid wastage of costs, and improve profitability. Cost Benefit Analysis (CBA) stands at a value of 0.313 to reflect its influence on survival rate. This means that for every unit increase in the application of cost-benefit analysis, there is an increase in the survival rate of SMEs by 31.3%.

Recent studies have provided empirical justification for the positive influence of CCT on SME survival. Olumoh (2024) investigated the impact of strategic management controls, including budgetary control and variance analysis, on the operational performance of SMEs in South-West Nigeria. Additionally, a study by (Taiwo, 2023) examined the effects of various cost-control techniques on the survival of manufacturing companies in Nigeria. The researchers employed panel regression analysis to evaluate how these techniques influenced profitability and operational efficiency. Their findings revealed that techniques such as Standard Costing and Target Costing significantly contributed to improved financial performance among SMEs. One significant study by Nso(2020) investigated the relationship between budgeting practices and the sustainability of SMEs in Lagos State. The research employed a survey design, collecting data from 387 SME owners. The findings revealed that effective budgeting significantly affects key financial indicators such as net profit margin, cash liquidity, and return on investment.

The result does not corroborate with the findings by Murat et al (2016) who established that positive benefits of cost control by industrial firms may not be feasible in the short run. Again, in the Nigeria context, (Fadare & Adegbie, 2020) found a similar result that the joint effect of administrative costs, financing costs, cost of sale, and marketing and distribution expenses is detrimental to the financial performance of Nigerian consumer product-producing companies in terms of net profit margin. Hence, Cost Control Techniques which is a combination of the five variables have an aggregated final score of 0.689. To this extent, the null hypothesis is rejected with the alternative hypothesis which is accepted indicating cost control techniques have a positive influence on Survival Rate in Nigeria.

5. Conclusion and Recommendation

The study assessed the influence of Cost Control Techniques measured using Budgetary Control, Target Costing, Standard Costing, Variance Analysis, and Cost-Volume-Profit Analysis on the survival rate of SMEs in South-West Nigeria. The findings reveal that Budgetary Control, Target Costing, and Cost-Volume-Profit Analysis have a positive and significant impact on SME survival, emphasizing the importance of structured financial planning, cost efficiency, and strategic decision-making. Variance Analysis also exhibited a positive, yet weaker, influence, highlighting its role in performance measurement and corrective action. Standard Costing, on the other hand, exhibited a negative influence, signaling its deficiency in dynamic business settings where stringent cost standards can inhibit flexibility. The study concludes that while effective cost-control techniques are needed to ensure SME sustainability, reliance on traditional costing systems such as Standard Costing may not be sufficient in the modern competitive business environment. It is therefore necessary to adopt flexible and strategic cost management techniques to increase the survival rate of SMEs.

The research suggests the Strategic application of Budgetary Control, Target Costing and Cost-Volume-Profit Analysis to be given the first priority by the business owners. The cost management tools have been established to have significant roles in SME sustainability as the tools have been able to facilitate effective financial planning, mitigating costs, and strategic selection. The utilization of the well-designed budget frameworks and the cost driver and profit margin targets will allow SMEs to be more cost-effective and perform higher operation. There should also be regular training programs to make business leaders and managers possess skills and knowledge on how well these cost control measures can be put in place. Budgeting and cost accounting performed with the help of advanced computer software can also enhance the accuracy and efficiency that will provide an opportunity to utilize resources optimally and grow sustainably.

The research also shows that SMEs revert to the extreme use of Standard Costing since it was observed to have adverse effects on survival rates. In order to reverse this, the SMEs need to redefine their costing strategy by being more flexible and considerate of the changing dynamic of the market. This can be done by the use of real-time and continuous benchmarking against industry standards using data analytics. Cost variance analysis would have to take the top priority on a proactive basis to enable identification and correction of cost difference at a fast rate to provide flexibility in operations. Standard Costing, on the one hand, would be more sensitive and strategic decision-making processes would be integrated into the SMEs, which would in turn enable them to be more competitive and strong thus leading to their survival in the unstable economic environment in the long run.

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