

Article

Penny-Wise Acumen in Costonomics: Transforming Costs into Entrepreneurial Gold Through Smart Financial Management

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Abstract: This research demonstrates that penny-wise acumen in costonomics can lead to significant financial gains, transforming costs into entrepreneurial gold for enterprises. The study aims to explore how effective financial management, through the application of cost management factors, can convert costs into entrepreneurial opportunities and drive long-term business sustainability. The research utilized exploratory and confirmatory factor analysis (EFA and CFA), along with reliability analysis (Cronbach's alpha), employing SPSS and AMOS software to examine the relationships between critical cost management factors. The findings reveal strong correlations among these factors, each playing a vital role in optimizing cost efficiency and enhancing business performance. Cost Management Effectiveness (CME) emphasizes clear cost structures, supplier evaluations, and overall cost control. Strategic Cost Management (SCM) focuses on identifying cost drivers and benchmarking against industry standards to uncover cost reduction opportunities. Cost Optimization Mastery (COM) involves monitoring production costs and assessing cost quality to ensure financial stability, while Cost Management Policy (CMP) stresses the importance of robust policies and employee engagement in controlling costs. Lastly, Cost Management Vigilance (CMV) highlights the need for the active monitoring of variable and overhead costs to maintain financial discipline. This research underscores that businesses in the manufacturing, hospitality, and commercial sectors can successfully leverage these cost management practices to foster competitive entrepreneurship and sustainable growth. Future studies should explore the role of emerging technologies in cost management to uncover new strategies for profitability and sustainability.

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1. Introduction

In today's dynamic business environment, effective cost management is crucial for entrepreneurial success. Enterprises increasingly recognize that Strategic Cost Management not only impacts financial performance but also serves as the foundation for innovation and competitive advantage. This research introduces the concept of penny-wise acumen in costonomics, emphasizing how key cost management factors such as Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV) collectively play a pivotal role in transforming costs into what this study refers to as entrepreneurial gold.

The term entrepreneurial gold signifies the transformation of cost efficiencies into multifaceted entrepreneurial benefits, including business success, enhanced financial performance, and strategic value creation. This term highlights how precise cost management

and smart financial strategies can enable enterprises to leverage costs not merely as expenditures but as opportunities for growth and innovation. By strategically managing costs, businesses can unlock advantages that bolster performance, sustain competitive positioning, and foster long-term sustainability. Moreover, while the existing literature acknowledges various aspects of cost management, this article presents a novel perspective by integrating penny-wise acumen with a holistic framework that emphasizes the interdependence of the identified cost management factors. Unlike previous studies, this research underscores the importance of not only managing costs but also strategically transforming them into value-creating opportunities. By synthesizing insights from diverse sources, including [Baker \(2023\)](#) and [Hylton Meier \(1991\)](#), this work expands the discourse on cost management by offering a comprehensive view of how these factors contribute to entrepreneurial success.

The primary objective of this article is to explore the role of smart financial management in transforming costs into entrepreneurial opportunities. By leveraging the identified cost management factors, this research aims to develop a framework that helps manufacturing, hospitality, and commercial enterprises effectively harness cost control, budgeting, and resource allocation strategies. This framework will serve as a practical guide for enterprises seeking to improve their financial sustainability and competitive positioning. To achieve this objective, the following research questions will be addressed: Firstly, how can enterprises effectively implement key cost management factors to enhance financial performance? Secondly, what are the relationships between the identified cost management factors and their impact on transforming costs into strategic advantages? Finally, how does the application of costonomics contribute to long-term business sustainability?

Therefore, this research seeks to address a critical gap in the existing literature, the lack of a unified framework connecting the various dimensions of cost management with entrepreneurial outcomes. Understanding this gap is vital, as effective cost management practices significantly influence an enterprise's ability to innovate and compete in a rapidly changing marketplace. By examining this gap, this study will provide valuable insights into how enterprises can leverage cost management to drive sustainable financial growth and foster entrepreneurial success.

Key cost management factors and their associated variables, including Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV), are critical to understanding the concept of penny-wise acumen in costonomics and illustrate their role in transforming costs into entrepreneurial gold through effective financial management. According to [Baker \(2023\)](#), the purpose and calculation of costs are formally presented to emphasize the importance of costonomics. The research conducted by [He et al. \(2009\)](#) provides significant evidence of the moderating effects on repurchase preference while providing only partial support for the remaining three dimensions of customer loyalty. These findings allow managers to adapt their approaches based on the different levels of switching costs across services, as understanding these dynamics is critical to influencing the relationships between primary antecedents and customer repurchase preferences.

[Hylton Meier \(1991\)](#) emphasizes that measuring the cost of quality has become an essential task for accountants, especially with the evolving goals of quality programs aimed at achieving zero defects. By focusing on preventing problems, improving reliability, and eliminating waste, accountants can use traditional quality cost models and expected value techniques to provide managers with critical cost information that facilitates informed decision-making to achieve these quality goals. [Burke \(1998\)](#) emphasizes that uncertainty forces enterprises to incur transaction costs whenever agreements are made, including the costs of finding, drafting, and enforcing contracts, as well as managing contingencies.

Strong reputations, cultivated through effective corporate communications, can reduce both internal and external transaction costs, allowing firms with better reputations to thrive in a competitive environment relative to those with weaker reputations.

According to [Chopra and Garg \(2011\)](#), the correlation coefficient among various quality cost categories indicates that enhancing efforts in prevention and appraisal activities leads to a reduction in costs associated with non-conformance. Additionally, there is a positive correlation between the costs of conformance and non-conformance, suggesting that improvements in quality management lower non-conformance costs and impact overall quality expenditures. [Dimovski \(2015\)](#) concludes that larger capital raises and those involving substantial investor or institutional participation, as indicated in the prospectus, significantly lower underwriting costs.

According to [Jones \(1974\)](#), the information that accounting provides to managers can be categorized into two main types: information that assists in controlling future costs and information that supports informed decision making among alternative courses of action. To effectively present and use this information, both accountants and managers must understand how costs respond to changes in activity levels or types. Moreover, the application of techniques such as standard costing, budget control, and marginal costing—essential tools for planning and controlling organizational activities—depends on a thorough understanding of the fundamental relationships between cost and volume. [Leishvily \(1996\)](#) proposes a new understanding of economic value as the interplay between economic benefits and economic costs, with both categories viewed as relative and interdependent. This perspective emphasizes human attitudes toward limited goods involved in purposeful activities. It offers a new explanation of the law of increasing marginal cost as a counterpart to the law of diminishing marginal utility, along with original interpretations of global and local criteria for optimality and an economic mechanism for comparing costs and benefits, all based on a teleological view of human activity consistent with econometric principles.

The research demonstrates that penny-wise acumen in costonomics can lead to significant financial gains and transform costs into entrepreneurial gold for enterprises. Therefore, the aim is to explore how smart financial management, through the effective application of cost management factors, can turn costs into entrepreneurial opportunities and drive long-term business sustainability. This research will develop a holistic framework to help manufacturing, hospitality, and commercial enterprises leverage cost control, budgeting, and resource allocation strategies to transform costs into strategic advantages, fostering competitive entrepreneurship and sustainable financial growth.

2. Literature Review and Hypothesis Development

Cost management has evolved from a reactive, operational necessity to a proactive and strategic business imperative, as enterprises increasingly recognize its potential to drive long-term value. In line with the penny-wise acumen in costonomics in the context of transforming costs into entrepreneurial gold through smart financial management, this literature review delves into five critical cost management factors as Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV). These factors play distinct yet interconnected roles in enabling enterprises to not only streamline operational costs but also align cost structures strategically with broader business objectives. Therefore, as far as penny-wise in costonomics is concerned, to transform costs into entrepreneurial gold through financial management, [Chen et al. \(2022\)](#) emphasized that dividend regulation reduces cost stickiness in firms by mitigating agency problems. By synthesizing existing research, this review highlights how a structured and proactive approach to cost manage-

ment empowers enterprises to transform costs into opportunities for sustainable growth and competitive advantage.

2.1. Cost Management Effectiveness

Aklilu et al. (2024) reveal that while the cost–effectiveness ratio is crucial for project approvals, there is considerable variability in price across different project types. Their findings suggest that project guidelines prioritize initiatives such as transport solutions that promote new technology adoption and economies of scale. However, conversion measures often attract funding due to their superior cost-effectiveness. This discrepancy underscores the need for tourism enterprises to strategically navigate cost management to maximize funding opportunities. S. Wang and Chi (2024) further contribute to the discourse on cost management by highlighting the role of financial distress prediction (FDP) in finance and costonomics. Their research shows a growing interest in employing cost-sensitive learning alongside classification models to effectively address financial distress. They demonstrate that the CSStacking (cost-sensitive stacking) model can predict financial distress in publicly listed companies up to five years in advance, significantly enhancing the identification of enterprises in financial trouble. This improved predictive capability illustrates how effective cost management practices can minimize costonomics losses associated with misclassification.

In addition, Zou et al. (2024) find that participation in supply chain alliances significantly reduces the cost of equity and alleviates financing constraints, thereby enhancing firms' competitiveness. The impact of these alliances varies depending on the specifics of the agreement, with firms in highly marketed environments or with weaker supply chain leverage experiencing more significant benefits. This variation underscores the importance of tailored cost management strategies that take into account the unique dynamics of each alliance. Finally, Guo and Huang (2024) use text analysis to create an indicator of a firm's digital transformation tone, which reflects management's attitude toward digital transformation. Their results show that a positive digital transformation tone is negatively correlated with the cost of equity; an increase in positive tone reduces the cost of equity by reducing misinformation and increasing investor engagement. This underscores the critical role of strategic communications in fostering investor confidence and reducing financing costs, reinforcing the principles of smart financial management. Taken together, these studies illustrate how effective cost management can transform challenges into opportunities, consistent with the overarching theme of turning costs into entrepreneurial gold.

2.2. Strategic Cost Management

Strategic Cost Management (SCM) techniques provide essential insights into cost drivers across the value chain, enabling strategic alignment even in volatile market conditions. According to Gliubicas and Kanapickienė (2015), companies operating in highly competitive environments and guided by well-defined strategies are more likely to adopt SCM practices. Interestingly, their findings indicate that company size does not significantly influence SCM adoption. However, barriers to effective SCM implementation persist, including ambiguous financial accounting practices, limited expertise, excessive production overhead, and insufficient IT infrastructure. This perspective emphasizes the vital role of SCM in enhancing decision-making and fostering a competitive edge in dynamic marketplaces. Similarly, Izvarina et al. (2023) assert that continuous cost optimization and monitoring are critical to achieving project efficiency in business development. Their analysis of a rail monopoly shows that strategic cost analysis improves management control over operational processes. By using strategic cost analysis tools, the railroad can effectively manage its material, labor, and financial resources to ensure the sustainability of long-term

assets. A structured classification of operating costs supports strategic decision-making and enables comprehensive management throughout the cost management cycle. Their proposed model bridges the gap between strategic goals and actual cost metrics, promoting greater alignment and efficiency. [Bodendorf and Franke \(2024\)](#) further the discourse by integrating activity-based costing (ABC) with deep learning techniques to improve interorganizational cost management. Their results show that this advanced method can effectively replicate ABC analysis while using fewer cost drivers, highlighting its potential to improve cost management practices. In addition, [Handriani and Mahendrawathi \(2024\)](#) conduct a systematic literature review (SLR) to explore the complex relationship between cost and business process management (BPM). Their analysis reveals conflicting views in the literature: while some studies suggest that financial factors have no direct impact on business processes, others highlight the lack of theoretical frameworks linking cost considerations to BPM. Conversely, some research indicates a positive relationship, suggesting that cost management can improve efficiency and optimization through BPM. Collectively, these studies underscore the vital role of Strategic Cost Management in transforming cost insights into entrepreneurial gold through financial management.

2.3. Cost Optimization Mastery

[Menne et al. \(2022\)](#) highlight that effective financial performance in small and medium enterprises (SMEs) using fintech contributes significantly to economic growth and stability. Their study, viewed through an economic lens, shows that FinTech has a positive impact on sustainability, demonstrating a coefficient of determination of 65.9% in costonomics. In a study related to penny-wise acumen, [Sanchez and Terlizzi \(2017\)](#) find that project size, duration, and the authority of project managers are key to success, with smaller, cohesive teams achieving better outcomes, underscoring the importance of team dynamics in optimizing project costs. In addition, [Busachi et al. \(2017\)](#) explore the potential of additive manufacturing (AM) for defense support service providers, with an emphasis on localized production. Despite its promise, AM is still considered an immature technology, leading to uncertainty in cost and time assessments that are critical for comparison with traditional methods. Their review aims to provide stakeholders with insights into AM technologies and cost modeling techniques to improve cost optimization strategies. Collectively, these studies illustrate how mastering cost optimization through smart financial management can transform costs into opportunities for entrepreneurial gold across various sectors. Furthermore, [Lulaj et al. \(2024e\)](#) examine the relationships between Finance-Accounting Digitalization (FAD), Advanced Finance-Accounting Systems (AFAS), and Accounting 2.0 and FinTech (AFT), highlighting several key findings. The study identifies significant interconnections among these elements, emphasizing the critical role of digitalized financial and accounting systems in improving operational efficiency and reducing costs. A robust positive correlation between FAD and AFT revealed through SEM analysis underscores the transformative potential of digitalization in reshaping financial practices and driving cost optimization. Additionally, AFAS is shown to enhance sustainability and operational efficiency, which are essential for achieving cost optimization in modern finance and accounting. These findings underline the importance of digitalization in enhancing financial management efficiency and achieving Cost Optimization Mastery.

2.4. Cost Management Policy

This subsection focuses on cost management policies and how they can turn financial burdens into strategic advantages. Yao and Long (2024) examine the impact of competitive neutrality in financial policy on firms' financing costs. Their results show that the quality of internal controls significantly mediates this relationship, amplifying the negative impact of competitive neutrality on financing costs. This highlights the necessity for robust internal controls to effectively manage financing costs and foster fair competition, ultimately enhancing financial performance. Zhang and Cao (2023) examine the role of regulation in managing operational costs. Their study shows a strong relationship between improved cost efficiency and increased profitability, suggesting that effective regulatory policies can optimize operational performance for insurers. This underscores the critical role of regulation in achieving financial efficiency and thus reinforces the importance of policy cost management. D'Alisa and Demaria (2024) emphasize the need for effective policy cost management in sustainability initiatives through financial management.

Qin and Xiao (2024) find that the ex ante bond yield spread decreases in the year following mandatory audit partner rotation (MAPR). This trend indicates that bond market investors recognize the value of the MAPR policy, particularly the "fresh-eyes" effect of new audit partners. Furthermore, the relationship between MAPR and debt costs varies based on the audit firm and the new partner, demonstrating the nature of smart financial management strategies. Together, these studies illustrate how effective cost management policies can transform financial challenges into opportunities for growth and competitive advantage, aligning the penny-wise acumen in costonomics. Through strategic regulation, robust internal controls, and a focus on sustainability, enterprises can optimize their financial performance and ultimately convert costs into entrepreneurial gold. According to Skupieňová et al. (2024), the results demonstrate how cost management strategies, including investment and financing decisions, can impact financial performance and asset efficiency.

2.5. Cost Management Vigilance

Brandau and Hoffman (2010) highlight the surprisingly limited role of management accounting in offshoring activities. This limitation arises from factors such as contractual agreements that partially diminish the need for management cost accounting involvement, along with skill deficiencies within cost accounting departments. Similarly, Cinquini and Tenucci (2010) illustrate that various strategic management accounting (SMA) techniques are widely adopted by enterprises, paralleling practices seen in other countries. Among these, costs, customer accounting, competitive position monitoring, competitor performance appraisal based on published financial statements, and quality costing stand out as the most prevalent. Regression analysis indicates that enterprises employing defender and cost leader strategies are particularly inclined to utilize SMA techniques centered on cost information, emphasizing SMA's critical role in enhancing strategic decision-making. Dekkers (2011) points to the inadequate control that companies exert over outsourced activities, revealing a misalignment between manufacturing strategies and outsourcing practices that reduces their potential for competitive advantage. The analysis suggests that strategic outsourcing decisions are often irreversible, with decision-making still dominated by traditional cost-driven criteria in costonomics. This approach neglects today's challenges, underscoring the need for better Strategic Cost Management and flexibility in outsourcing to improve overall performance.

Furthermore, Abdelmoneim Mohamed and Jones (2014) present a compelling finding: their proposed comprehensive profitability model, which integrates cost, asset, and revenue techniques, significantly outperforms alternative models that combine only two

of these variables. This holistic approach provides more accurate profitability predictions, underscoring the importance of considering multiple financial dimensions in profitability assessments in the penny-wise acumen of costonomics. Therefore, these studies underscore the critical importance of Strategic Cost Management in transforming financial practices and demonstrate how a comprehensive approach can turn costs into opportunities for entrepreneurial gold. According to [Magnacca et al. \(2024\)](#), the paper introduces a maturity model focused on cost measurement and management capabilities, known as the Cost Management Maturity Model (CMMM). This model is directly aligned with Strategic Cost Management, as it outlines the key components and functioning of cost management practices at different stages of maturity. The CMMM emphasizes the importance of developing advanced cost management strategies that enhance decision-making and support long-term strategic goals. By assessing and improving cost management capabilities, organizations can better align their financial practices with broader strategic objectives, ultimately driving efficiency and competitiveness.

2.6. Hypotheses Development

This subsection provides an in-depth review of the literature to support the development of the hypotheses, focusing on how penny-wise acumen transforms cost management into entrepreneurial gold through strategic and smart financial management. Therefore, [Wouters et al. \(2016\)](#) conducted an extensive review that identified 208 unique studies on different cost management methods. Their analysis revealed that modular design, component commonality, and product platforms emerged as the top three methods. These methods, which fall under the umbrella of Cost Management Effectiveness (CME), directly contribute to optimizing costs and improving operational flexibility. Such efficiencies are foundational in reducing production costs, which can be reinvested into new ventures and innovative activities, ultimately transforming cost savings into entrepreneurial opportunities. The study underscores how detailed cost control is central to penny-wise decision-making, driving financial value across the enterprise.

Building on this research, K. [Wang et al. \(2023\)](#) highlight how the implementation of a whole life cycle management system by executives at COLI illustrates the principles of Strategic Cost Management (SCM). This system facilitates long-term decision-making and ensures that cost savings are reinvested to align with the company's strategic objectives. SCM enables enterprises to not only optimize the use of resources but also create opportunities for growth and innovation. By strategically managing costs throughout the product lifecycle, companies are well positioned to reinvest savings into entrepreneurial ventures, thus demonstrating the practical transformation of operational efficiencies into entrepreneurial gold. This link between SCM and growth opportunities further strengthens the relationship between cost management practices and entrepreneurial success.

In a complementary finding, [Krumwiede and Charles \(2014\)](#) demonstrate how Activity-Based Costing (ABC), when integrated with high-quality information systems, positively impacts profit performance, particularly in customer-focused enterprises. This study highlights the role of Cost Optimization Mastery (COM), emphasizing that the most effective cost management strategies are those that leverage robust information systems to make data-driven decisions. Such precise control over costs ensures that companies not only maximize profitability but also free up resources for new enterprises. The interaction between COM and information systems enhances overall cost efficiency, underscoring how optimization strategies can be leveraged to support entrepreneurial activities. Here, COM exemplifies the transformation of cost savings into strategic opportunities through smart financial management.

The importance of Strategic Cost Management frameworks for penny-wise acumen in costonomics is further demonstrated by [Spickova and Myskova \(2015\)](#), who argue that post-2008 economic challenges have driven enterprises to adopt practical cost management tools such as activity-based costing, target costing, and life cycle costing (LCC). These methods, which reflect Cost Management Policy (CMP), ensure that enterprises remain competitive while reducing total product costs. In particular, the focus on LCC integrates the life cycle hypothesis into cost management practices, minimising costs throughout the product lifecycle and contributing to long-term sustainability. By adopting these practical tools and aligning them with strategic policies, enterprises can convert operational savings into long-term business growth, exemplifying the role of CMP in transforming costs into entrepreneurial gold.

Extending this notion of aligning cost management with broader strategic goals, [Anderson \(2006\)](#) provides a framework for understanding how Strategic Cost Management (SCM) and Cost Management Vigilance (CMV) work together to optimize organizational performance. He emphasizes that Strategic Cost Management involves not only aligning an organization's cost structure with its strategy but also maintaining vigilance through continuous monitoring. CMV plays a critical role in ensuring that cost management strategies remain responsive to market changes, which is essential for maintaining financial flexibility. This vigilance enables companies to adjust their cost structures as needed, turning cost savings into opportunities for innovation and growth. The combination of SCM and CMV, as well as other factors, illustrates how continued attention to cost control supports long-term enterprise success by transforming operational efficiencies into strategic opportunities.

Advancing this research on penny-wise acumen in costonomics a step further, [Herbon and David \(2023\)](#) investigate cost-sharing mechanisms within supply chains, focusing on the optimal balance between manufacturers and retailers. Their study reveals how collaborative efforts to share costs in the tourism industry not only enhance cost management effectiveness (CME) but also contribute to Cost Optimization Mastery (COM). By optimizing cost-sharing arrangements, enterprises can achieve greater overall profitability and efficiency. These savings are often reinvested into enterprise expansion or innovation, underscoring the idea that effective collaboration within the supply chain can enhance a company's ability to turn cost savings into entrepreneurial growth. This demonstrates the importance of integrated cost management strategies in unlocking value throughout the supply chain.

Finally, [Daowadueng et al. \(2023\)](#) examine the role of strategic orientation in influencing the design of cost management systems. Their findings suggest that in exploratory, innovation-driven contexts, more complex costing systems mediate the relationship between exploration orientation and the use of cost information. In contrast, exploitation-focused enterprise benefits directly from simpler costing systems. These insights reinforce the interdependence between SCM and CMV, showing that the strategic design of cost management systems can significantly influence decision-making and control processes. By ensuring that cost information aligns with the firm's strategic goals, companies can maintain the flexibility to reinvest in growth opportunities. This supports the idea that vigilant, strategically aligned cost management practices not only drive operational efficiency but also facilitate entrepreneurial gold.

Hypotheses

From the synthesis of the literature, the following hypotheses are developed.

H1. *The variables significantly and positively affect their respective cost management factors, demonstrating a penny-wise acumen in costonomics to transform costs into entrepreneurial gold through smart financial management.*

This hypothesis is supported by the literature, which consistently demonstrates that variables of the cost management factors (CME, SCM, COM, CMP, and CMV) have a direct and positive impact. Through penny-wise acumen in financial management, enterprise effectively transform cost efficiencies into growth and innovation opportunities.

H2. *There exists a significant and important relationship between cost management factors, demonstrating a penny-wise acumen in costonomics to transform costs into entrepreneurial gold through smart financial management.*

The second hypothesis is supported by the literature's emphasis on the interrelationship among cost management factors. Studies show that the integration of these factors leads to cumulative improvements in firm performance. For example, CME and COM work together to improve supply chain efficiency, while SCM and CMV ensure that cost management strategies remain aligned with broader business objectives. The synergy between these factors not only facilitates operational savings but also the ability to reinvest those savings in entrepreneurial initiatives, further validating the concept of turning costs into entrepreneurial gold through smart financial management.

Figure 1 presents the conceptual model, which provides a structured approach to understanding how cost management factors—Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV)—collectively influence entrepreneurial gold through smart financial management. By analyzing the interconnections between these factors and their respective variables, the model is designed to demonstrate how specific cost management practices can transform costs into a strategic asset, contributing to profitability and long-term business sustainability. The model's foundation is based on two key hypotheses. First (H1), it explores how each factor is driven by its respective variables, reflecting the idea that efficient cost management practices are pivotal in ensuring financial efficiency and fostering growth (CME $\leftarrow$ CME1–8; SCM $\leftarrow$ SCM1–9; COM $\leftarrow$ COM1–4; CMP $\leftarrow$ CMP1–4; CMV $\leftarrow$ CMV1–5). Second (H2), it examines the interrelationships between the factors themselves, highlighting the synergy created when these elements work together to optimize costs and improve overall enterprise performance (CME $\leftrightarrow$ SCM; CME $\leftrightarrow$ CMP; CME $\leftrightarrow$ CMV; SCM $\leftrightarrow$ COM; SCM $\leftrightarrow$ CMP; CMP $\leftrightarrow$ CMV; SCM $\leftrightarrow$ CMV; CME $\leftrightarrow$ COM; COM $\leftrightarrow$ CMP; COM $\leftrightarrow$ CMV). Through the use of exploratory factorial analysis (EFA), reliability analysis (Cronbach's Alpha), and confirmatory factorial analysis (CFA), the conceptual model rigorously tests these hypotheses. The anticipated findings will develop a holistic framework that illustrates how improvements in various areas of cost management can positively influence one another. This integrated approach emphasizes the importance of leveraging cost control, budgeting, and resource allocation strategies, enabling manufacturing, hospitality, and commercial enterprises to transform costs into strategic advantages. Ultimately, the model aims to provide a comprehensive understanding of how these sectors can use effective cost management not only as a tool for controlling expenses but also as a means to drive entrepreneurial success and sustainable financial growth.

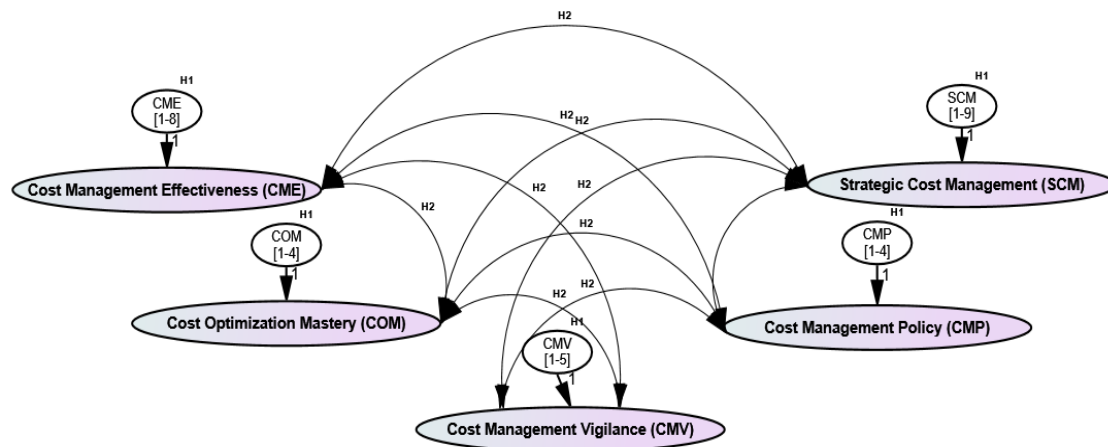


Figure 1. Conceptual model. Source: Prepared by the author (2024).

3. Materials and Methods

3.1. The Purpose of the Paper

The research demonstrates that penny-wise acumen in costonomics can lead to significant financial gains and transform costs into entrepreneurial gold for enterprises. Therefore, the aim is to explore how smart financial management, through the effective application of cost management factors, can turn costs into entrepreneurial opportunities and drive long-term business sustainability. This research will develop a holistic framework to help manufacturing, hospitality, and commercial enterprises leverage cost control, budgeting, and resource allocation strategies to transform costs into strategic advantages, fostering competitive entrepreneurship and sustainable financial growth.

3.2. Data Analysis

To evaluate the significance of the model and validate the proposed hypotheses, data analysis was conducted using SPSS and AMOS software. This involved performing exploratory factor analysis (EFA), reliability testing through Cronbach's alpha, and confirmatory factor analysis (CFA) to ensure the robustness of the findings. This study used various statistical tests to evaluate the effectiveness of smart financial management. The Minimum Discrepancy Function (CMIN) was calculated using the following equation, $CMIN (N - 1)_{FML}$, where FML is the value of the statistical criterion (fit function) minimized in ML estimation and $(N - 1)$. Additionally, the chi-square difference was examined, defined as

$$\chi^2 - \chi'^2 = \sum_{i=1}^k \frac{\chi_i^2}{m_i} - \sum_{i=1}^k \frac{\chi_i'^2}{m_i'} \quad (1)$$

Which represents the Minimum Discrepancy Function by Degrees of Freedom divided (Steiger & Lind, 1980). The Root Mean Square Residual (RMR) was considered acceptable if it was less than or equal to 0.05. To further assess the model fit, the Goodness of Fit Index (GFI) was calculated using the equation

$$GFI = 1 - \frac{C_{res}}{C_{tot}} \quad (2)$$

where C_{res} and C_{tot} are the residual and total variability in the sample covariance matrix (Jöreskog, 2004).

The Comparative Fit Index (CFI) was calculated using the following equation:

$$CFI = 1 - \frac{\chi_M^2 - df_M}{\chi_B^2 - df_B} \quad (3)$$

where values of 0.95 or greater indicate excellent fit (Hu & Bentler, 1999; West et al., 2012; McDonald & Marsh, 1990).

Lastly, the Root Mean Square Error of Approximation (RMSEA) was calculated using the following equation:

$$\text{RMSEA} = \sqrt{\frac{\chi^2_M - df_M}{df_M(N-1)}} \quad (4)$$

where values less than or equal to 0.05 were interpreted as indicating an excellent fit (MacCallum et al., 1996; Steiger, 1990; Mulaik, 2009). The statistical analysis model is presented below in graphical form.

Figure 2 illustrates the statistical analysis model, presenting a research framework structured in four systematic steps designed to explore the potential of smart financial management in transforming costs into entrepreneurial opportunities. In the first step, exploratory factor analysis (EFA) was conducted to examine the data, utilizing the tests recommended by Spearman (1927). EFA serves as a pivotal statistical technique across various disciplines, including economics, as it enables the identification of underlying relationships among cost management factors. The second step involved performing the reliability analysis, guided by the recommendations of Floyd and Widaman (1995), who emphasized the importance of factor analysis in evaluating instruments across multiple dimensions. In this context, a comprehensive questionnaire was developed to measure the essential factors: Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV). This approach ensures the reliability of data necessary for uncovering how these factors can transform costs into entrepreneurial gold. In the third step, confirmatory factor analysis (CFA) was utilized to refine the model specification, employing standardized regression coefficients (β) and correlation coefficients (r) to predict indicators from the latent factors (CME, SCM, COM, CMP, and CMV). This analysis also integrated multiple regression techniques, as discussed by Cohen et al. (2003). By confirming the relationships between these factors, the CFA reinforces the idea that Strategic Cost Management is crucial for fostering financial success. Finally, the fourth step incorporated covariance and correlation analysis alongside model fit assessments to validate the hypotheses (H1 and H2). This comprehensive methodology underscores the essential role of effective cost management strategies in achieving sustainable growth and profitability in entrepreneurial ventures.

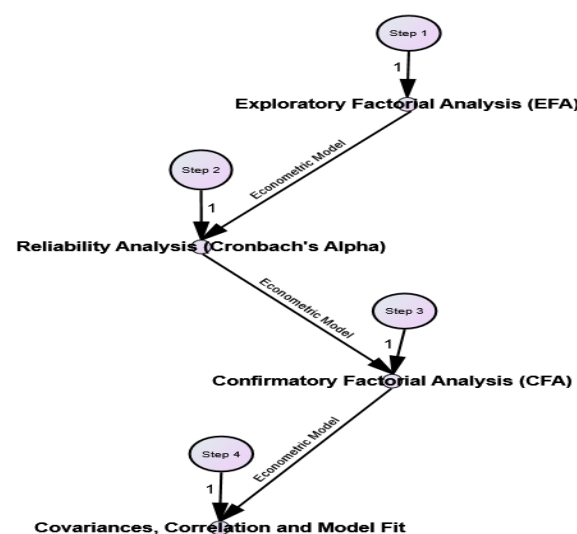


Figure 2. Statistical analysis model. Source: Prepared by the author (2024).

3.3. Data Collection

Data for this study were collected in 2024 from 180 enterprises across three sectors in Kosovo: hotel and tourism ($n = 64$), manufacturing ($n = 71$), and commercial ($n = 45$). Participants were purposively selected based on their relevance to the study's objectives and included individuals in various roles such as hotel/restaurant managers, financial managers, sales managers, directors/owners, investors/shareholders, and workers. The sample was designed to capture a diverse range of perspectives from these key sectors.

To ensure comprehensive data, participants completed an online questionnaire using a Likert scale, with responses ranging from 1 (strongly disagree) to 5 (strongly agree). Additionally, face-to-face interviews were conducted with companies that expressed interest in providing more detailed insights into their cost management practices.

All participants were fully informed about the research purpose, were assured of the confidentiality of their responses, and provided their voluntary consent to participate.

Response Rate:

The response rate was calculated using the following equation:

$$\text{Response rate} = \left(\frac{180 \text{ valid responses}}{\text{targeted sample size}} \right) * 100 = 100\% \quad (5)$$

Therefore, the response rate for this study is 100%.

Potential Biases and Spatial Focus:

The concentration on Kosovo as the sole spatial focus was necessary due to the specific research objectives regarding local cost management practices and their impact on sustainable growth in this context.

Table 1 presents a concise summary of the cost management factors and their receptive variables related to the penny-wise acumen in costonomics in the context of transforming costs into entrepreneurial gold with smart financial management. The Cost Management Effectiveness (CME) factor encompasses eight variables that emphasize the clarity of cost structures and the importance of ongoing cost analysis, effective control measures, and supplier evaluations. The Strategic Cost Management (SCM) factor includes nine variables that focus on identifying cost-saving opportunities, establishing benchmarks against industry standards, and fostering a culture of cost management aligned with organizational goals. The Cost Optimization Mastery (COM) factor consists of four variables that highlight the importance of monitoring production costs, investing in technology, and evaluating the return on investment for cost-reduction initiatives. The Cost Management Policy (CMP) factor features four variables that stress the implementation of strategies to prevent cost escalation and employee engagement in cost-reduction efforts. Finally, the Cost Management Vigilance (CMV) factor includes five variables that underscore the need for continuous monitoring of variable costs and accurate budgeting, ensuring that enterprises can swiftly adapt to financial challenges. Each factor underscores essential elements of cost management, facilitating enterprises in transforming costs into entrepreneurial gold through smart financial management.

Table 1. Definitions of factors and variables for cost management framework.

Factors	Variables								Source
	CME1	CME2	CME3	CME4	CME5	CME5	CME7	CME8	
Cost Management Effectiveness (CME)	The company's cost structure is clear and well-defined	The company regularly reviews and analyzes its operating costs	The company has effective cost-control measures in place	The company efficiently manages and optimizes its fixed costs	The company actively pursues cost-reduction initiatives	The company regularly evaluates the cost-effectiveness of suppliers	The company's cost audit process is efficient	The company's cost allocation system is appropriate	- Handa et al. (2019) Duncalf and Dale (1988) Lulaj et al. (2023)
Strategic Cost Management (SCM)	SCM1	SCM2	SCM3	SCM4	SCM5	SCM6	SCM7	SCM8	SCM9
	The company actively seeks opportunities to save costs	Cost management is a priority for the company	The company benchmarks its costs against industry standards	The company effectively manages and researches indirect costs	The company has a clear vision of the factors driving costs	Cost control initiatives are well-communicated within the company	Cost management contributes to the profitability of the company	The company regularly reviews and optimizes inventory costs	Cost control is ingrained in the company's culture Hosking (1993) Qi et al. (2024) Lulaj et al. (2024c) Lulaj and Izeni (2018)
Cost Optimization Mastery (COM)	COM1	COM2	COM3	COM4					
	The company effectively monitors and controls production costs	The company invests in technology to improve cost management	The company effectively evaluates the ROI of its cost-reduction projects	The company consistently evaluates the quality of its costs	-	-	-	-	- Lulaj and Minguez-Vera (2024) Socher (1999) Lulaj et al. (2024b) Lobo et al. (2024)
Cost Management Policy (CMP)	CMP1	CMP2	CMP3	CMP4					
	The company has strategies in place to prevent cost escalation	The company engages employees in cost-reduction initiatives	The company has a policy to control incremental costs (plus)	The company regularly evaluates the impact of energy costs on its operations	-	-	-	-	- Lulaj et al. (2024a) Avgeli (2018) Lulaj et al. (2024d) Skordoulis et al. (2024)
Cost Management Vigilance (CMV)	CMV1	CMV2	CMV3	CMV4	CMV5				
	The company effectively monitors variable costs	The cost budgeting process is accurate	The company evaluates the cost impact of new projects/initiatives	The company effectively manages the overall (total) costs	The company actively encourages employees to provide suggestions for cost reduction	-	-	-	- Angel et al. (2018) van Strien (2018) Alonso-Almeida et al. (2015) Lulaj (2023) Lulaj (2021)

Source: Table prepared by the author (2024).

4. Results

The following results focus on key cost management factors and their associated variables, including Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV). These factors are crucial for understanding the concept of penny-wise acumen in costonomics, illustrating their role in transforming costs into entrepreneurial gold through effective financial management. Analysis of these factors reveals their significant contributions to enhancing financial efficiency and promoting sustainable growth, as detailed in the tables below.

Table 2 provides a comprehensive overview of the demographic characteristics of 180 respondents from 180 companies, categorized into four key variables: position, enterprise types, age, and gender. In terms of position, the data reveal a diverse range of roles, with financial managers and sales managers each accounting for 17.8% of respondents. They are closely followed by hotel/restaurant managers at 17.2% and directors/owners at 16.1%. This distribution indicates a balanced representation of managerial and professional positions, which reinforces the findings of the study. Examining at the enterprise types, manufacturing enterprises are the most represented group at 39.4%, followed by hospitality enterprises at 35.6% and commercial enterprises at 25.0%. This diversity in entrepreneurial activity across different sectors complements the findings on positions, illustrating how different roles contribute to the overall dynamics of the costonomics environment. Looking at the age variable, there is a preponderance of younger respondents, with 31.1% between the ages of 17 and 25. In addition, 21.7% are in the 36–45 age group and 18.3% are in the 46–55 age group. In contrast, older respondents are less represented (12.2% aged 56–65 and 1.1% over 65). This youthful demographic not only brings fresh perspectives to the study but may also be more inclined toward innovation and adaptability in business practices, in line with the diversity noted in positions and types of businesses. Finally, in terms of gender, 57.8% of respondents are male, while 41.1% are female. A small percentage (1.1%) chose not to indicate their gender. This gender distribution further enriches the diverse perspectives of respondents in enterprises and underscores the critical relationship between gender dynamics and the ability to turn costs into business success. Overall, these results underscore the diverse perspectives among respondents in enterprises, which are critically related to the penny-wise acumen in costonomics in the context of transforming costs into entrepreneurial gold with smart financial management.

Figure 3 illustrates the distribution of participants across key categories in the study. The heatmap highlights the most represented positions as Financial Managers and Sales Managers (17.8% each), while Investor/Shareholder has the smallest representation (7.8%). Among enterprise types, Manufacturing Enterprises dominate (39.4%), followed by Hospitality Enterprises (35.6%) and Commercial Enterprises (25%). The largest age group is 17–25 years (31.1%), with minimal representation from participants Over 65 years (1.1%). Gender distribution shows a higher proportion of males (57.8%) compared to females (41.1%), with a small percentage (1.1%) preferring not to disclose their gender.

Table 3 presents the results of the Kaiser–Meyer–Olkin (KMO) values and Bartlett's sphericity test, related to the penny-wise acumen in costonomics in the context of transforming costs into entrepreneurial gold through smart financial management for factors (CME, SCM, COM, CMP, and CMV). Regarding the Cost Management Effectiveness (CME) it is emphasized that the KMO value of 0.897 shows that the sample is very suitable for factorial analysis, suggesting a strong correlation between the variables. This is further supported by the significant result of Bartlett's test ($\chi^2 = 410.877$, $p = 0.000$), which confirms their reliability and significance. As for the Strategic Cost Management (SCM) factor, it should be noted that the KMO value of 0.900 indicates an excellent fit of the data. The result of

Bartlett's test ($\chi^2 = 544.707$, $p = 0.000$) supports this, confirming strong correlations between the variables, which makes factor analysis very suitable for SCM. In addition, for the factor Cost Optimization Mastery (COM), it is noted that the KMO value of 0.737 indicates that the data are suitable for factorial analysis, as confirmed by the results of Bartlett's test ($\chi^2 = 111.487$, $p = 0.000$). Furthermore, the Cost Management Policy (CMP) factor emphasized that the KMO value of 0.727 reflects the suitability of the data for factorial analysis. The result of Bartlett's test ($\chi^2 = 147.137$, $p = 0.000$) also proves the suitability of the factor analysis by showing significant correlations between the variables. Finally, in the case of Cost Management Vigilance (CMV), the KMO value of 0.752 indicates that the data are adequate, and the results of Bartlett's test ($\chi^2 = 111.456$, $p = 0.000$) confirm that the factorial analysis is also appropriate for this factor since the correlations between the variables are statistically significant. In conclusion, all five factors (CME, SCM, COM, CMP, and CMV) have KMO values above the acceptable threshold of 0.7, and the results of Bartlett's test are highly significant ($p < 0.001$), indicating that the factorial analysis is suitable for understanding the relationships between cost management factors.

Table 2. Summary of descriptive statistics.

Category	Subcategory	Frequency	Percent
Position	Worker	23	12.8%
	Hotel/Restaurant Manager	31	17.2%
	Financial Manager	32	17.8%
	Sales Manager	32	17.8%
	Director/Owner	29	16.1%
	Investor/Shareholder	14	7.8%
	Other	19	10.6%
	Total	180	100.0%
Enterprise Types	Hospitality Enterprise	64	35.6%
	Manufacturing Enterprise	71	39.4%
	Commercial Enterprise	45	25.0%
	Total	180	100.0%
Age	17–25 years old	56	31.1%
	26–35 years old	26	14.4%
	36–45 years old	39	21.7%
	46–55 years old	33	18.3%
	56–65 years old	22	12.2%
	Over 65 years old	2	1.1%
	Total Valid	178	98.9%
	Missing	2	1.1%
	Total	180	100.0%
Gender	Male	104	57.8%
	Female	74	41.1%
	Prefer not to say	2	1.1%
	Total	180	100.0%

Source: Table prepared by the author (2024). Note: In the enterprise data of the sample ($n = 180$), the respondents who selected "Other" represent various positions, including 2 Event Managers, 1 Executive Chef, 1 Food and Beverage Manager, 2 Production Managers, 1 Supply Chain Manager, 1 E-commerce Manager, 2 Business Development Managers, 1 Customer Service Manager, 2 Chief Financial Officers (CFOs), 1 Financial Controller, 1 Treasury Manager, 1 Budget Analyst, 1 Cost Accountant, and 2 General Managers.

Figure 4 presents a heatmap that visually represents the results of the Kaiser–Meyer–Olkin (KMO) measure and Bartlett's Test (χ^2 values) for various factors. The KMO values, which measure sampling adequacy, range from 0.727 to 0.900, indicating varying levels of suitability for factor analysis across factors. Similarly, the χ^2 values from Bartlett's Test highlight the statistical significance of the correlations among variables, with all factors achieving high χ^2 values, signifying adequate conditions for factor extraction.

Table 4 presents the total variance explained for five cost management factors related to the penny-wise acumen in costonomics in the context of transforming costs into en-

trepreneurial gold through smart financial management. CME accounts for 47.278% of the variance, with an eigenvalue of 3.782, highlighting its important role in aligning cost management efforts with organizational goals. SCM explains 48.008% of the variance, supported by an eigenvalue of 4.321, highlighting the importance of strategic initiatives in improving performance. Furthermore, COM stands out with an eigenvalue of 2.088, which explains 52.212% of the variance, highlighting the significant impact of mastering cost optimization techniques. On the other hand, CMP has an eigenvalue of 2.226, which explains 55.638% of the variance, showing that a coherent cost control policy is essential for financial success. Finally, CMV explains 43.041% of the variance with an eigenvalue of 2.152, reflecting the importance of cost monitoring to ensure effective management strategies. In conclusion, the significant variances explained for these factors illustrate their interdependence and critical contributions to effective cost management. Therefore, it is suggested that in order to improve financial results, companies should focus on integrating these factors into a comprehensive cost management strategy. This approach will not only optimize costs but also create sustainable value, ultimately transforming costs into entrepreneurial gold.

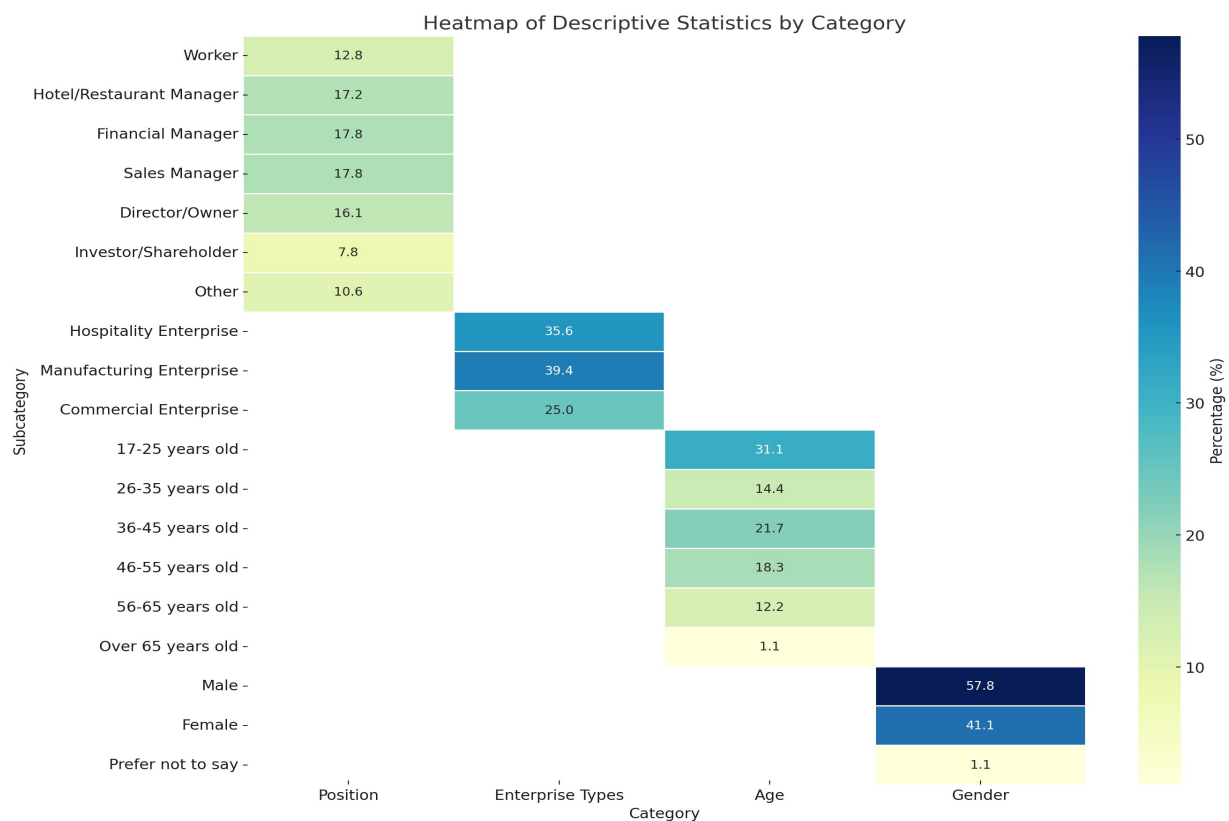


Figure 3. Heatmap of descriptive statistics. Source: prepared by the author (2024).

Table 3. KMO and Bartlett's Test Results.

Factor	KMO	BTS	χ^2	df	Sig.
CME	0.897	Yes	410.877	28	0.000
SCM	0.900	Yes	544.707	36	0.000
COM	0.737	Yes	111.487	3	0.000
CMP	0.727	Yes	147.137	6	0.000
CMV	0.752	Yes	111.456	10	0.000

Source: Table prepared by the author (2024). Note: KMO—Kaiser–Meyer–Olkin, χ^2 —Chi-Square, df—degrees of freedom, $p < 0.001$, α —Cronbach's Alpha, BTS—Bartlett's Test of Sphericity.

Figure 5 presents a heatmap illustrating the percentage of variance explained (% of Variance) and the cumulative percentage of variance (Cumulative %) for the principal components across various factors. The color intensity corresponds to the magnitude of the values, with deeper shades representing higher percentages. Factors like CMP and COM exhibit the highest explained variance, at 55.638% and 52.212%, respectively, indicating strong contributions to the total variance. Conversely, CMV demonstrates the lowest explained variance at 43.041%.

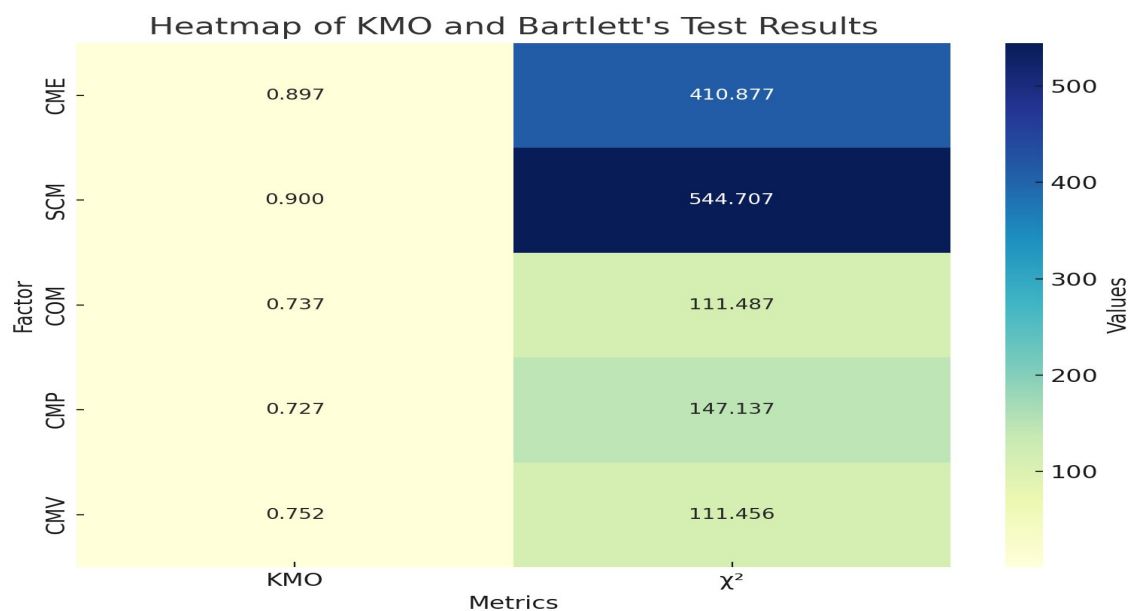


Figure 4. Heatmap of KMO and Bartlett’s Test. Source: prepared by the author (2024).

Table 4. Total Variance Explained.

Factor	Component	Initial Eigenvalues	% of Variance	Cumulative %
CME	1–8	3.782	47.278	47.278
SCM	1–9	4.321	48.008	48.008
COM	1	2.088	52.212	52.212
CMP	1	2.226	55.638	55.638
CMV	1	2.152	43.041	43.041

Source: Table prepared by the author (2024). Note: Principal Component Analysis, Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV).

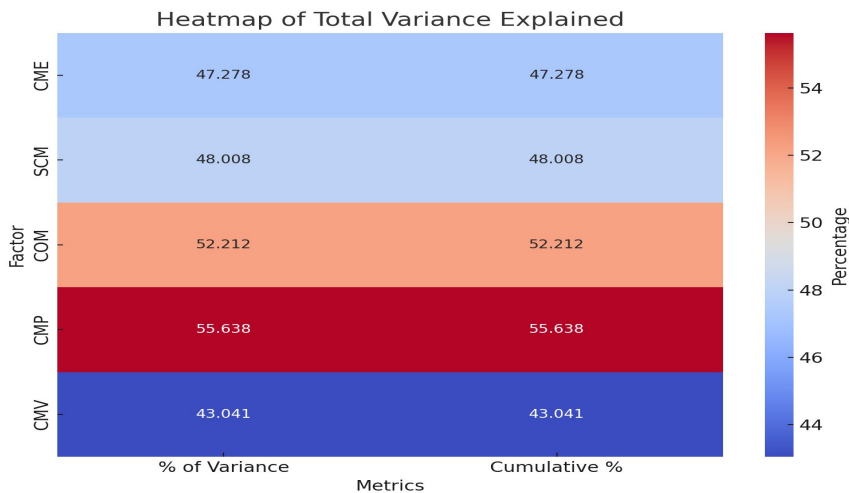


Figure 5. Heatmap of variance. Source: prepared by the author (2024).

Table 5 shows the component matrix for cost management factors such as Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV), related to the penny-wise acumen in costonomics in the context of transforming costs into entrepreneurial gold through smart financial management. Starting with the CME factor, the results show a strong foundation for effective cost management within companies. In particular, variables such as clear and realistic cost structure (61%) and regular review of operating costs (69%) are significant contributors to CME. Moreover, the effective implementation of cost control measures (70%) and efficient management of fixed costs (69%) reinforce this factor. The high loadings on supplier cost-effectiveness assessment (74%) and cost audit process (67%) indicate that enterprises understand the importance of rigorous cost estimation. Therefore, it is suggested that enterprises focus on creating clear cost structures and regularly audit their cost processes to ensure continued Cost Management Effectiveness. As for the SCM factor, it demonstrates the essential link between proactive cost management and overall company profits. The company's efforts to identify cost reduction opportunities (60%) and to prioritize cost management (60%) suggest a strategic approach to cost management. The strong loadings on comparing costs to industry standards (71%) and effectively managing indirect costs (75%) highlight the value of benchmarking in SCM. Similarly, the emphasis on communicating cost control initiatives within the organization (68%) and ensuring that cost management contributes to the bottom line (70%) illustrates the cultural integration of cost management practices. Therefore, it is suggested that enterprises integrate cost management into their strategic framework and continually benchmark against industry standards to improve their competitive advantage. The findings for the COM factor expand on the critical elements needed to achieve excellence in cost control. The ability to effectively monitor and control production costs (77%) is essential, along with a commitment to invest in technology to improve cost management practices (69%). The ROI estimate for cost reduction projects (72%) and consistent cost quality estimates (71%) reinforce the importance of thorough cost optimization. Therefore, it is suggested that enterprises invest in advanced technologies and continuously evaluate the effectiveness of their cost reduction initiatives to achieve optimal cost management. For CMP, the results highlight the need to have formal strategies to minimize cost growth (73%) and to actively engage employees in cost reduction initiatives (76%). The variable related to incremental cost control (79%) is particularly significant, reflecting the need for companies to have a structured approach to managing cost increases. Regular assessment of cost impacts (70%) indicates a proactive attitude in managing variable costs. Therefore, enterprises should develop comprehensive cost management policies and engage the workforce in cost-saving efforts to foster a cost-sensitive organizational culture. The CMV factor highlights the importance of active monitoring in maintaining financial efficiency. The ability to effectively monitor variable costs (69%) and manage overhead costs (72%) indicates strong vigilance in cost control. However, the relatively low score for budgeting process accuracy (54%) suggests a potential area for improvement. Assessing the cost impact of new projects (68%) and encouraging employee suggestions for cost reduction (65%) further reinforce the need for a workforce engaged in cost management practices. Therefore, enterprises should strive to improve budget accuracy while maintaining a vigilant approach to overall cost management. In summary, it highlights the critical importance of each factor in achieving effective cost management. Each factor contributes significantly to overall financial performance and provides useful insights for enterprises seeking to transform costs into shareholder value.

Table 5. Component matrix.

Factor		Variable	CL
CME	CME1	The company's cost structure is clear and well defined	0.612
	CME2	The company regularly reviews and analyzes its operating costs	0.693
	CME3	The company has effective cost-control measures in place	0.698
	CME4	The company efficiently manages and optimizes its fixed costs	0.693
	CME5	The company actively pursues cost-reduction initiatives	0.683
	CME6	The company regularly evaluates the cost-effectiveness of suppliers	0.727
	CME7	The company's cost audit process is efficient	0.670
	CME8	The company's cost allocation system is appropriate	0.718
SCM	SCM1	The company actively seeks opportunities to save costs	0.596
	SCM2	Cost management is a priority for the company	0.603
	SCM3	The company benchmarks its costs against industry standards	0.707
	SCM4	The company effectively manages and researches indirect costs	0.749
	SCM5	The company has a clear vision of the factors driving costs	0.761
	SCM6	Cost control initiatives are well communicated within the company	0.683
	SCM7	Cost management contributes to the profitability of the company	0.698
	SCM8	The company regularly reviews and optimizes inventory costs	0.732
	SCM9	Cost control is ingrained in the company's culture	0.688
COM	COM1	The company effectively monitors and controls production costs	0.767
	COM2	The company invests in technology to improve cost management	0.694
	COM3	The company effectively evaluates the return on investment (ROI) of its cost reduction projects	0.721
	COM4	The company consistently evaluates the quality of its costs	0.705
CMP	CMP1	The company has strategies in place to prevent cost escalation	0.728
	CMP2	The company engages employees in cost-reduction initiatives	0.758
	CMP3	The company has a policy to control incremental costs (plus)	0.791
	CMP4	The company regularly evaluates the impact of energy costs on its operations	0.703
CMV	CMV1	The company effectively monitors variable costs	0.678
	CMV2	The cost budgeting process is accurate	0.539
	CMV3	The company evaluates the cost impact of new projects/initiatives	0.675
	CMV4	The company effectively manages the overall (total) costs	0.724
	CMV5	The company actively encourages employees to provide suggestions for cost reduction	0.650

Source: Table prepared by the author (2024). Note: Extraction Method: Principal Component Analysis. Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV), CL—Component Loading.

Figure 6 displays a heatmap of the component loadings (CL) for variables grouped under their respective factors, highlighting the strength of their relationships. Variables such as CME6 (0.727), SCM5 (0.761), COM1 (0.767), CMP3 (0.791), and CMV4 (0.724) demonstrate high loadings, signifying strong contributions to their respective factors.

Table 6 presents the reliability statistics for the cost management factors (CME, SCM, CON, CMP, and CMV) related to the penny-wise acumen in costonomics in the context of transforming costs into entrepreneurial gold through smart financial management. Regarding the CME factor, the Cronbach's alpha value of 0.840 (84%), based on eight variables, indicates a high level of reliability, which means that all variables of this factor consistently reflect effective cost management practices in enterprises. Also, SCM shows high reliability with a Cronbach's alpha of 0.864 (86%) for nine variables, strengthening

the stability of this factor and its importance in strategic financial decisions. Then, the COM and CMP factors include four variables each, emphasizing the reliability of the data with values of 0.695 (70%) and 0.733 (73%). Finally, the CMV factor also emphasizes the reliability of the data based on the five variables included in the value of 0.664 (66%), which emphasizes the importance of careful costs control.

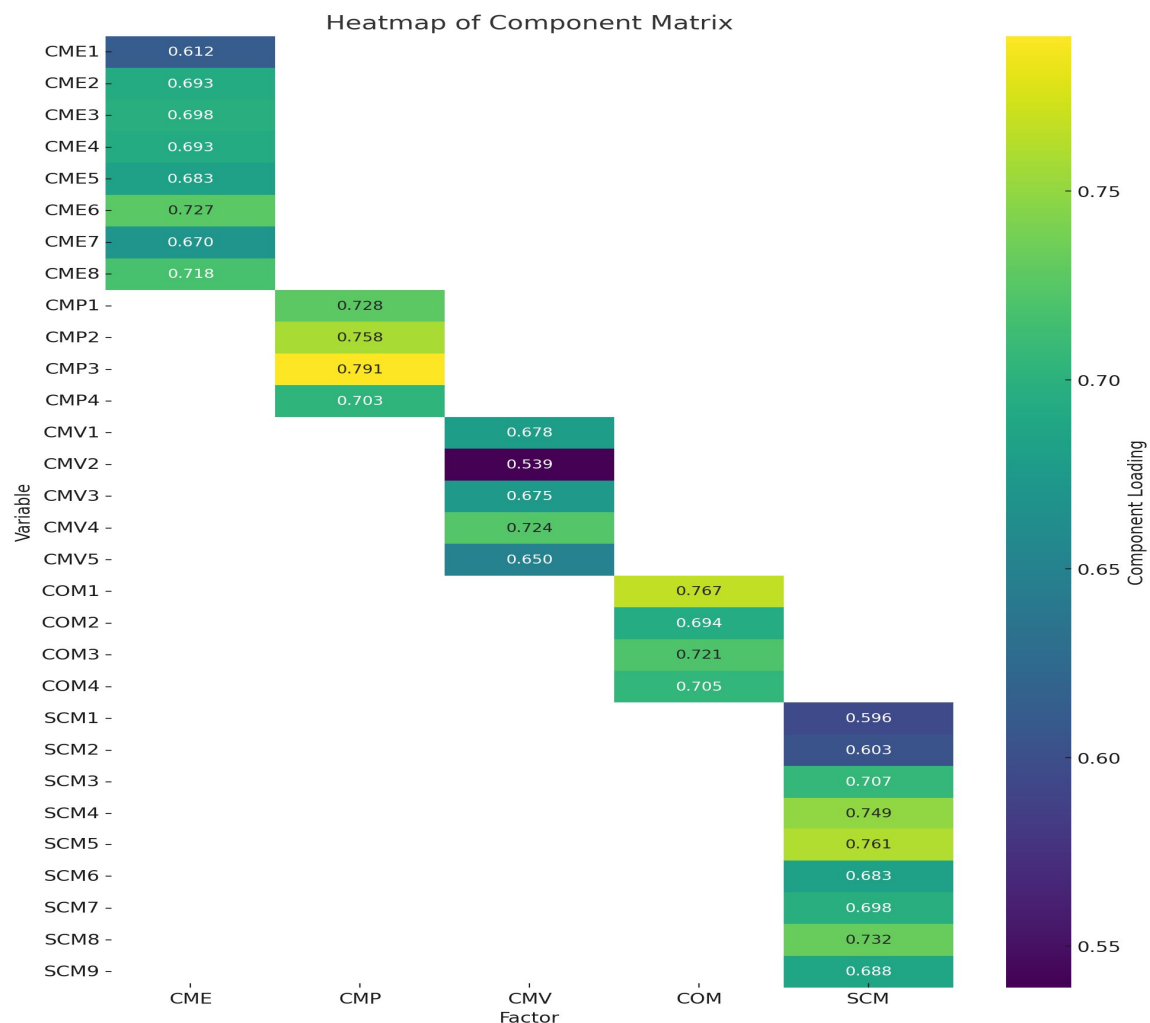


Figure 6. Heatmap of the component matrix. Source: prepared by the author (2024).

Table 6. Reliability Statistics.

Factor	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Number of Items
CME	0.840	0.840	8
SCM	0.864	0.863	9
COM	0.695	0.694	4
CMP	0.733	0.733	4
CMV	0.664	0.666	5

Source: Table prepared by the author (2024). Note: Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV).

Figure 7 illustrates the reliability statistics for cost management factors, which transform costs into entrepreneurial success through smart financial management. Cost Management Effectiveness (CME) has a reliability score of 0.840, indicating high reliability. Strategic Cost Management (SCM) achieves the highest reliability at 0.864. Cost Optimization Mastery (COM) scores 0.695, while Cost Management Policy (CMP) has a reliability of 0.733.

Cost Management Vigilance (CMV) presents a reliability of 0.664. The findings suggest that these factors are reliable and relevant in the context of cost management strategies.

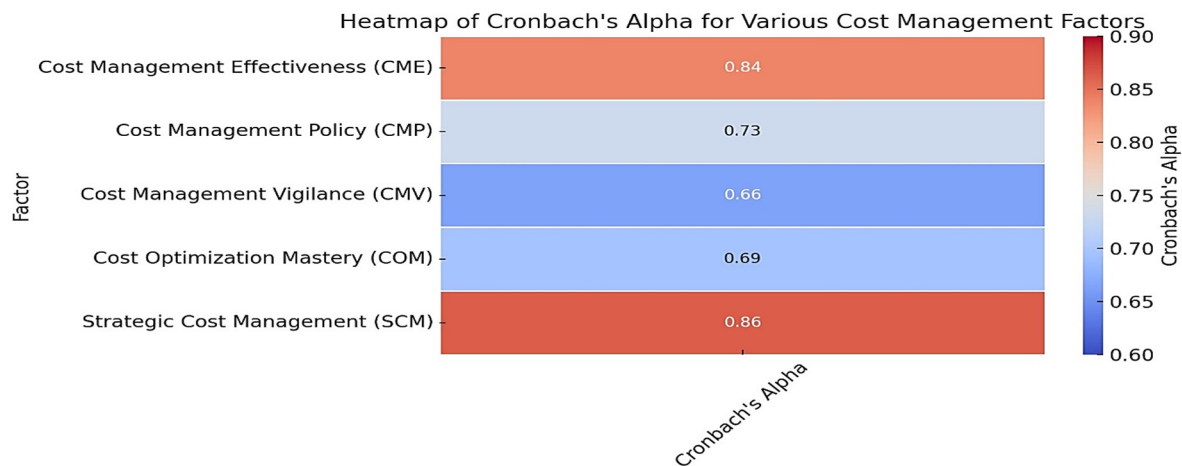


Figure 7. Cronbach's Alpha. Source: prepared by the author (2024).

Table 7 shows a summary of regression weights, regression estimates, standard errors, critical ratios, and p -values for each variable across the cost management factors such as Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV) related to the penny-wise acumen in costonomics in the context of transforming costs into entrepreneurial gold through smart financial management. For the CME factor, all variables show strong and significant loadings, with critical ratios (CR) greater than 6.0 and p -values less than 0.001. Notably, CME6 has the highest estimate of 1.374, indicating that regular evaluation of supplier cost effectiveness has the strongest influence on CME. This indicates the critical role that supplier cost evaluation plays in the overall effectiveness of cost management. In the SCM factor, the variables again show highly significant results ($p < 0.001$). SCM5, which reflects a clear vision of cost drivers, has the highest estimate at 1.470, indicating that this variable strongly contributes to the effectiveness of Strategic Cost Management. This suggests that a clear identification of cost drivers is critical in guiding Strategic Cost Management efforts. As for the COM factor, the regression weights are statistically significant. The highest critical ratio and estimate are observed for COM4, indicating that consistent evaluation of cost quality is an essential component of cost optimization. Furthermore, the CMP factor also shows strong regression weights, with CMP3 having the highest estimate. This suggests that having a policy to control incremental costs is the most significant driver of an effective Cost Management Policy, reinforcing the importance of structured policies to prevent unnecessary cost increases. Moreover, in the CMV factor, all variables have significant p -values, with CMV4 showing the strongest loading. This indicates that the effective management of total costs has the greatest influence on vigilance in cost management, highlighting the need for comprehensive oversight of overall costs. It can be concluded and suggested that the regression weights across all cost management factors indicate that the variables included in each factor are significant contributors to their respective latent constructs. The high critical ratios and significant p -values across the board emphasize the robustness of the model and confirm the importance of effective cost management strategies in optimizing enterprises' financial performance.

Figure 8 presents a heatmap illustrating the regression weights (estimates) for the variables associated with their respective factors. The intensity of the blue shading corresponds to the magnitude of the estimates, with darker shades representing stronger relationships between variables and factors. Key observations include consistently high estimates for

baseline variables like CME1, SCM1, COM1, CMP1, and CMV1, which are all set to 1.000. Additional variables such as CME6 (1.374), SCM5 (1.470), and CMV4 (1.186) also exhibit high estimates, reflecting their substantial influence within their respective factors. This visualization provides a clear and comprehensive understanding of the variable–factor relationships, emphasizing their relative importance.

Table 7. Regression weights.

Factor	Variable	Estimate	Standard Error	Critical Ratio	p-Value	Interpretation
CME	CME1	1.000				Highly Significant ($p < 0.001$)
	CME2	1.230	0.197	6.237	***	
	CME3	1.347	0.215	6.277	***	
	CME4	1.259	0.202	6.218	***	
	CME5	1.254	0.208	6.043	***	
	CME6	1.374	0.214	6.428	***	
	CME7	1.262	0.210	5.998	***	
	CME8	1.310	0.209	6.255	***	
SCM	SCM1	1.000				Highly Significant ($p < 0.001$)
	SCM2	0.911	0.163	5.593	***	
	SCM3	1.302	0.201	6.475	***	
	SCM4	1.447	0.214	6.766	***	
	SCM5	1.470	0.210	7.013	***	
	SCM6	1.259	0.196	6.438	***	
	SCM7	1.169	0.186	6.285	***	
	SCM8	1.306	0.193	6.776	***	
COM	COM1	1.000				Highly Significant ($p < 0.001$)
	COM2	0.607	0.102	5.957	***	
	COM3	0.648	0.099	6.519	***	
	COM4	0.667	0.095	7.022	***	
CMP	CMP1	1.000				Highly Significant ($p < 0.001$)
	CMP2	1.004	0.153	6.570	***	
	CMP3	1.091	0.150	7.295	***	
	CMP4	0.931	0.144	6.484	***	
CMV	CMV1	1.000				Highly Significant ($p < 0.001$)
	CMV2	0.906	0.154	5.871	***	
	CMV3	0.936	0.141	6.652	***	
	CMV4	1.186	0.168	7.043	***	
	CMV5	0.850	0.144	5.885	***	

Source: Table prepared by the author (2024). Notes: Asterisks (***) indicate statistical significance at the 0.1% level, meaning that all variables are statistically significant in explaining their respective factors.

Table 8 shows the standardized regression weights for factors such as Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV) related to penny-wise acumen in costonomics in the context of transforming costs into entrepreneurial gold with smart financial management. Within the CME factor, CME6 emerges as the most influential variable, highlighting the importance of regularly evaluating cost effectiveness. In addition, CME2, CME3 and CME8 contribute positively, reflecting strong cost management practices. For the SCM factor, SCM5 has the greatest impact, underscoring the need to have a clear understanding of cost drivers, while SCM4 and SCM8 further emphasize the importance of strategic management in this area. In the realm of the COM factor, COM1 stands out as the leading variable, indicating that expertise in cost optimization is crucial. COM4 also holds significance, although COM2 presents a relatively lower influence. Regarding the CMP factor, CMP3 takes the lead in contributing to effective policy-making, essential for cost control, with CMP1 and CMP2 providing additional support. Moreover, for the CMV factor, CMV4 showcases the strongest influence, ensuring effective oversight in total cost management, while CMV2 and CMV5 exhibit lower contributions. Over-

all, these findings suggest a focused approach to the key variables that drive effective cost management strategies and recommend that entrepreneurs prioritize their efforts on the most impactful areas to improve their cost management practices and achieve better financial outcomes.

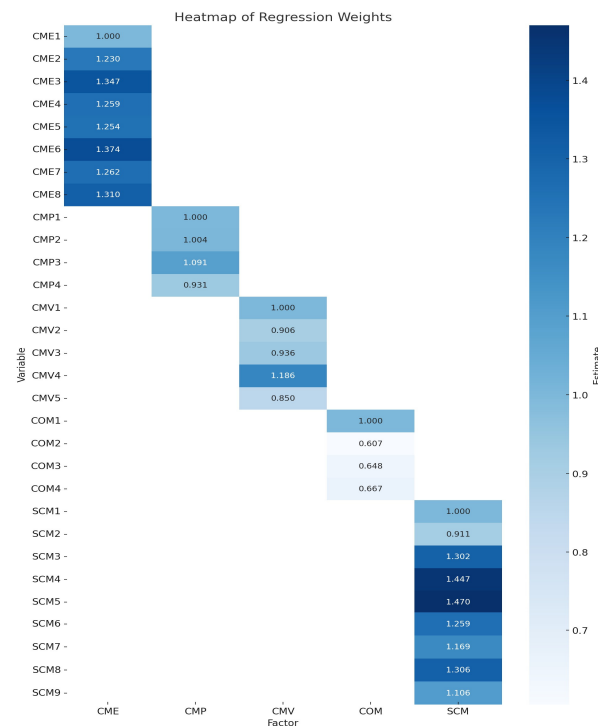


Figure 8. Heatmap of regression weights. Source: prepared by the author (2024).

Table 8. Standardized regression weights.

Factor	Variable/Factor	Estimate	Explanation
CME	CME1 → CME	0.521	Moderate effect on Cost Management Effectiveness
	CME2 → CME	0.649	Stronger effect, indicating better management practices
	CME3 → CME	0.656	Consistent performance on cost management practices
	CME4 → CME	0.645	Similar effect to CME3, indicating consistent results
	CME5 → CME	0.615	Good cost management, just below CME3 and CME4
	CME6 → CME	0.685	Highest rating for CME, critical to overall cost management
	CME7 → CME	0.607	Moderate effect, but still positive management results
	CME8 → CME	0.652	Strong contribution to Cost Management Effectiveness
SCM	SCM1 → SCM	0.537	Moderate impact on Strategic Cost Management
	SCM2 → SCM	0.523	Similar effect as SCM1, consistent with Strategic Cost Management
	SCM3 → SCM	0.653	High effect, strong impact on cost strategy
	SCM4 → SCM	0.704	Very high rating, critical to strategic decisions
	SCM5 → SCM	0.752	The highest for SCM, key to strategic cost control
	SCM6 → SCM	0.647	Ongoing effect on strategic management
	SCM7 → SCM	0.623	Moderate contribution to the overall strategy
	SCM8 → SCM	0.706	High score, important role in strategy
COM	COM1 → COM	0.577	Similar effect to SCM7; provides sustainability
	COM2 → COM	0.768	Very high effect, key to mastering cost optimization
	COM3 → COM	0.489	Low effect, indicating a moderate role in optimization
	COM4 → COM	0.535	Moderate effect on mastering cost optimization
CMP	CMP1 → CMP	0.697	Stronger than COM2, critical to Cost Optimization Mastery
	CMP2 → CMP	0.657	High effect on cost management strategies
	CMP3 → CMP	0.605	Consistent with CMP1, but slightly lower
	CMP4 → CMP	0.595	Strongest for CMP, essential for cost control
CMV	CMV1 → CMV	0.588	Moderate effect on cost policy, effective but lower than CMP3
	CMV2 → CMV	0.473	Moderate contribution to Cost Management Vigilance
	CMV3 → CMV	0.551	A lower effect indicates less vigilance
	CMV4 → CMV	0.593	Moderate contribution to cost vigilance
	CMV5 → CMV	0.474	Greater contribution to overall vigilance

Source: Table prepared by the author (2024). Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV).

Figure 9 shows a heatmap of standardized regression weights for cost management factors: Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV). For CME, CME6 (0.685) emphasizes the importance of regularly evaluating supplier cost efficiency, with CME3 (0.656) and CME8 (0.652) also making significant contributions. For SCM, SCM5 (0.752) emphasizes the need to understand key cost drivers, while SCM4 and SCM8 reinforce this with scores above 0.700. For COM, COM1 (0.768) indicates the need for consistent cost optimization. CMP is represented by CMP3 (0.697), which underscores the importance of strong policies to manage incremental costs. Finally, CMV is represented by CMV4 (0.593), which is critical for comprehensive oversight in total cost management. The findings suggest that entrepreneurs should prioritize regular supplier cost-effectiveness assessments to improve Cost Management Effectiveness (CME) and focus on understanding key cost drivers within Strategic Cost Management (SCM). Implementing consistent cost optimization strategies is essential to achieving Cost Optimization Mastery (COM). Strengthening policies to prevent incremental costs can improve Cost Management Policy (CMP) while ensuring comprehensive oversight is critical for effective Cost Management Vigilance (CMV).

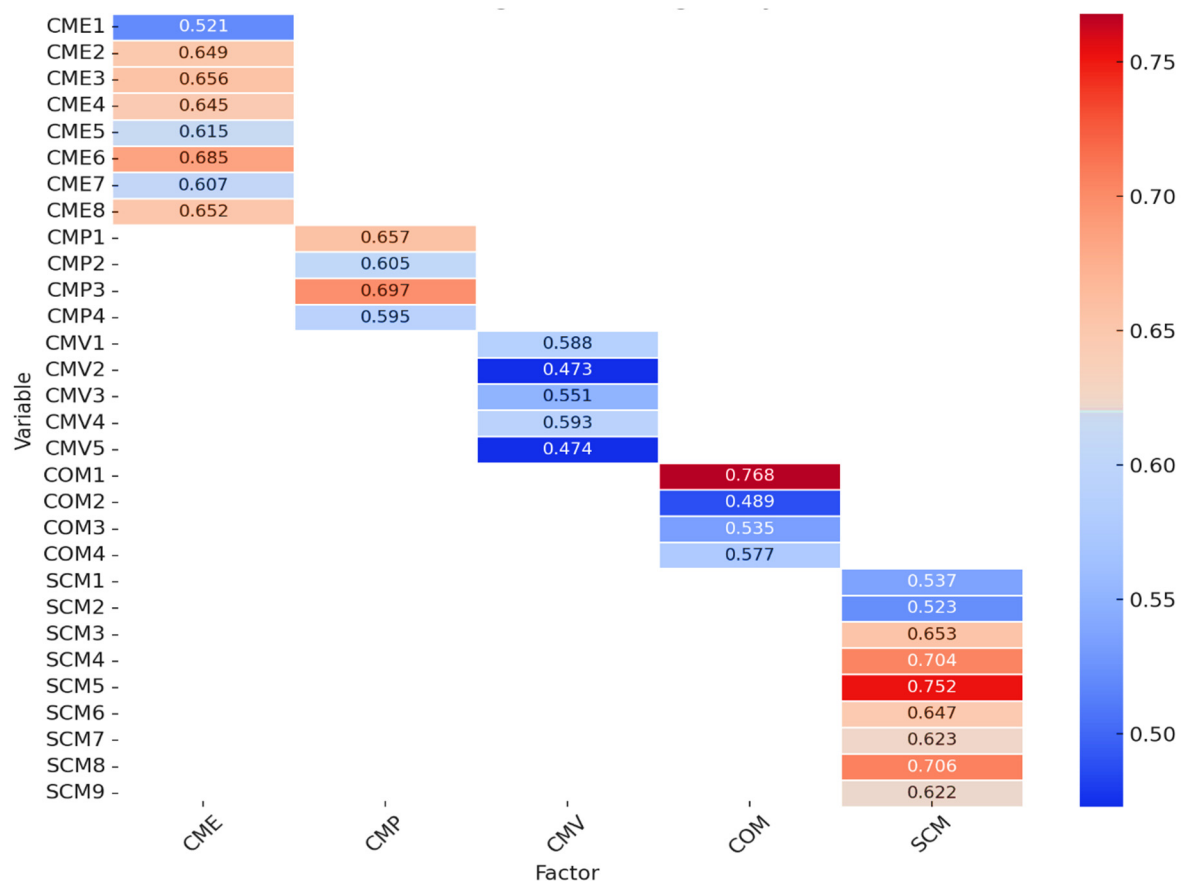


Figure 9. Heatmap of standardized regression weights. Source: prepared by the author (2024).

Table 9 shows the significant and positive effect of the variables in their receptive cost management factors (CME, SCM, COM, CMP, and CMV) related to the penny-wise acumen in costonomics in the context of transforming costs into entrepreneurial gold through smart financial management. The results indicate that the CMV factors (CMV1 to CMV5) each exhibit a standardized total effect of 0.010 on various factors, suggesting a consistent level of influence within the model. This uniform effect across all CMV variables indicates a strong baseline influence of Cost Management Vigilance on the overall cost management

processes. Similarly, the CMP factors (CMP1 to CMP4) reveal a standardized total effect of 0.010 for each item, emphasizing that effective policies are crucial for driving overall Cost Management Effectiveness. The consistent impact across CMP variables indicates the importance of structured approaches to cost management. The COM variables (COM1 to COM4) also show a standardized total effect of 0.010, reinforcing the significance of optimizing cost management strategies. The consistent influence of these variables underscores the role of cost optimization in enhancing overall cost management performance. In the realm of SCM, the variables (SCM1 to SCM9) indicate a standardized total effect of 0.010 for each item, highlighting the integral role that strategic management practices play in the broader context of cost management. The high level of significance across these variables points to the critical nature of strategic oversight in achieving effective cost management outcomes. Finally, the CME factors (CME1 to CME8) demonstrate a standardized total effect of 0.010, indicating that effective cost management practices are essential for achieving overall Cost Management Effectiveness. The consistent significance across CME variables reaffirms their importance in the framework of cost management. Collectively, these factors embody a penny-wise acumen in costonomics, illustrating how effective cost management practices can transform costs into entrepreneurial gold. By adopting a holistic approach to cost management, enterprises can ensure sustainable growth and enhanced profitability, leveraging financial acumen to navigate the complexities of modern business environments.

Table 9. Standardized total effects—two-tailed significance.

CMV		CMP		COM		SCM		CME	
CMV5	0.010 ***	CMP4	0.010 ***	COM4	0.010 ***	SCM9	0.010 ***	CME8	0.010 ***
CMV4	0.010 ***	CMP3	0.010 ***	COM3	0.010 ***	SCM8	0.010 ***	CME7	0.010 ***
CMV3	0.010 ***	CMP2	0.010 ***	COM2	0.010 ***	SCM7	0.010 ***	CME6	0.010 ***
CMV2	0.010 ***	CMP1	0.010 ***	COM1	0.010 ***	SCM6	0.010 ***	CME5	0.010 ***
CMV1	0.010 ***	...	...	...	...	SCM5	0.010 ***	CME4	0.010 ***
...	...	...	...	...	...	SCM4	0.010 ***	CME3	0.010 ***
...	...	...	...	...	...	SCM3	0.010 ***	CME2	0.010 ***
...	...	...	...	...	...	SCM2	0.010 ***	CME1	0.010 ***
...	...	...	...	...	...	SCM1	0.010 ***	...	...

Source: Table prepared by the author (2024). Note: *** indicates significance at the 0.01 level (2-tailed). Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV).

The results in Figure 10 demonstrate the significant relationship between variables and their receptive cost management factors: Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV). CME is crucial for optimizing costs and maximizing outputs, showing that effective cost management drives profitability. Enterprises should invest in training to boost financial literacy and cost analysis. SCM emphasizes the need for long-term planning and alignment with business goals, enabling adaptability in a changing marketplace. COM focuses on advanced cost-reduction techniques without sacrificing quality, leveraging technology for insight. CMP involves establishing clear policies to foster cost awareness, supported by regular training. CMV underscores the importance of continuous monitoring, allowing enterprises to respond quickly to challenges. Together, these factors form a robust framework for financial success, turning cost management into a strategic advantage for sustainable growth and profitability.

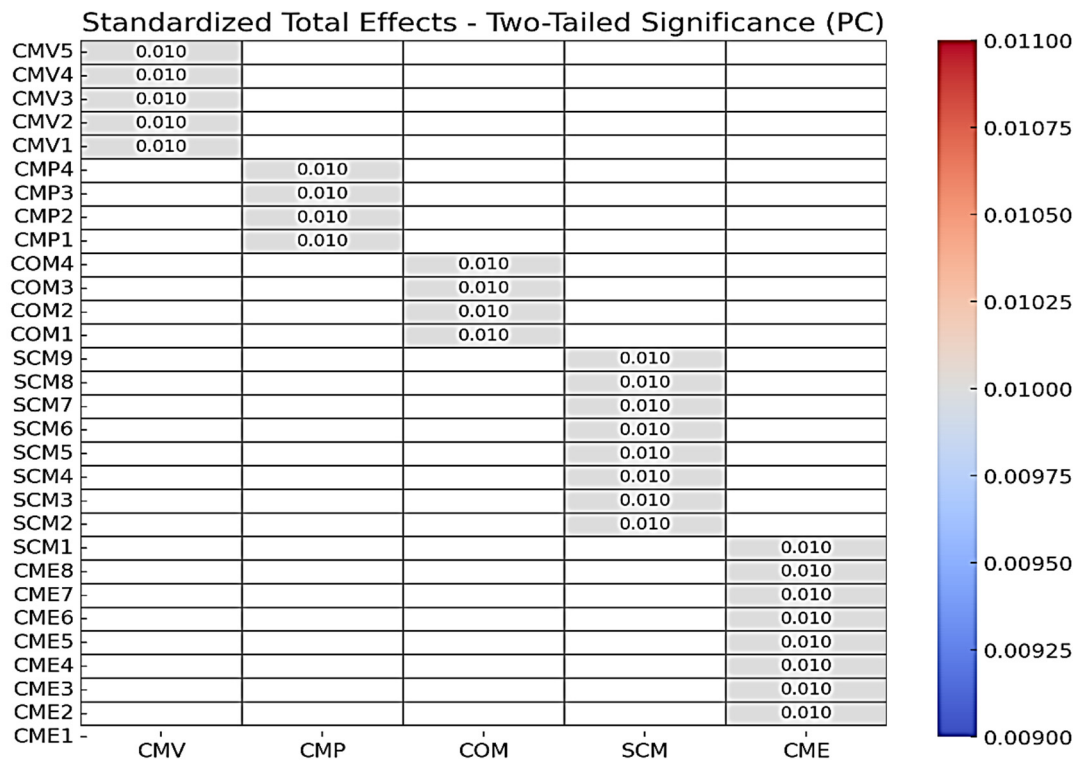


Figure 10. Standardized total effects—two-tailed significance heatmap. Source: prepared by the author (2024).

Table 10 presents the model fit metrics focusing on cost management factors such as Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV). The CMIN/DF ratio, calculated at 1.249, falls within the optimal range of 1 to 3, indicating a good fit between the proposed model and the observed data. Similarly, the CFI (0.951) exceeds the benchmark of 0.95, reinforcing the notion that the strategic integration of cost management practices can significantly improve firm performance. This underscores the critical role of CME and SCM in driving financial success. In addition, the RMSEA (0.037) is below the recommended threshold of 0.06, indicating a close fit to the population covariance matrix. This result underscores the potential of effective CMP and COM to minimize financial discrepancies and thereby promote entrepreneurial success. The additional measures, such as SRMR (0.025) and GFI (0.858), further enhance the credibility of the model. The SRMR value indicates that the model's residuals are minimal, suggesting that the proposed cost management strategies effectively bridge the gap between predicted and observed financial data. Overall, these metrics demonstrate that the model accurately reflects the interrelationships among cost management factors, emphasizing the critical role they play in fostering financial performance and stability.

Figure 11 provides strong empirical support that cost management factors, encompassing CME, SCM, COM, CMP, and CMV, are instrumental in transforming costs into entrepreneurial gold. The positive metrics indicate that enterprises can achieve significant financial gains through strategic and smart cost management, ultimately fostering a culture of entrepreneurial acumen in financial operations.

Table 10. Model fit.

Metric	Value	Explanation
CMIN/DF	1.249	Ratio indicating fit
RMR	0.025	Root Mean Square Residual
GFI	0.858	Goodness of Fit Index
AGFI	0.828	Adjusted Goodness of Fit Index
PGFI	0.708	Parsimony Goodness of Fit Index
NFI	0.800	Normed Fit Index
RFI	0.773	Relative Fit Index
IFI	0.953	Incremental Fit Index
TLI	0.945	Tucker–Lewis Index
CFI	0.951	Comparative Fit Index
PRATIO	0.883	Parsimony Ratio
PNFI	0.706	Parsimony Normed Fit Index
PCFI	0.840	Parsimony Comparative Fit Index
NCP	95.517	Non-Centrality Parameter
LO 90	43.789	Lower 90% Confidence Limit
HI 90	155.412	Upper 90% Confidence Limit
FMIN	2.679	Minimum Fit Function
F0	0.534	Fit Function
LO 90 (FMIN)	0.245	Lower 90% Confidence Limit
HI 90 (FMIN)	0.868	Upper 90% Confidence Limit
RMSEA	0.037	Root Mean Square Error of Approximation
LO 90	0.025	Lower 90% Confidence Limit
HI 90	0.048	Upper 90% Confidence Limit
PCLOSE	0.981	Close Fit Probability
AIC	641.517	Akaike Information Criterion
BCC	675.450	Bayesian Consistent Criterion
BIC	900.147	Bayesian Information Criterion
CAIC	981.147	Consistent Akaike Information Criterion
ECVI	3.584	Expected Cross-Validation Index
LO 90	3.295	Lower 90% Confidence Limit
HI 90	3.919	Upper 90% Confidence Limit
MECVI	3.773	Mean Expected Cross-Validation Index
HOELTER 0.05	161	Hoelter’s Critical Value at 0.05
HOELTER 0.01	169	Hoelter’s Critical Value at 0.01

Source: prepared by the author (2024).

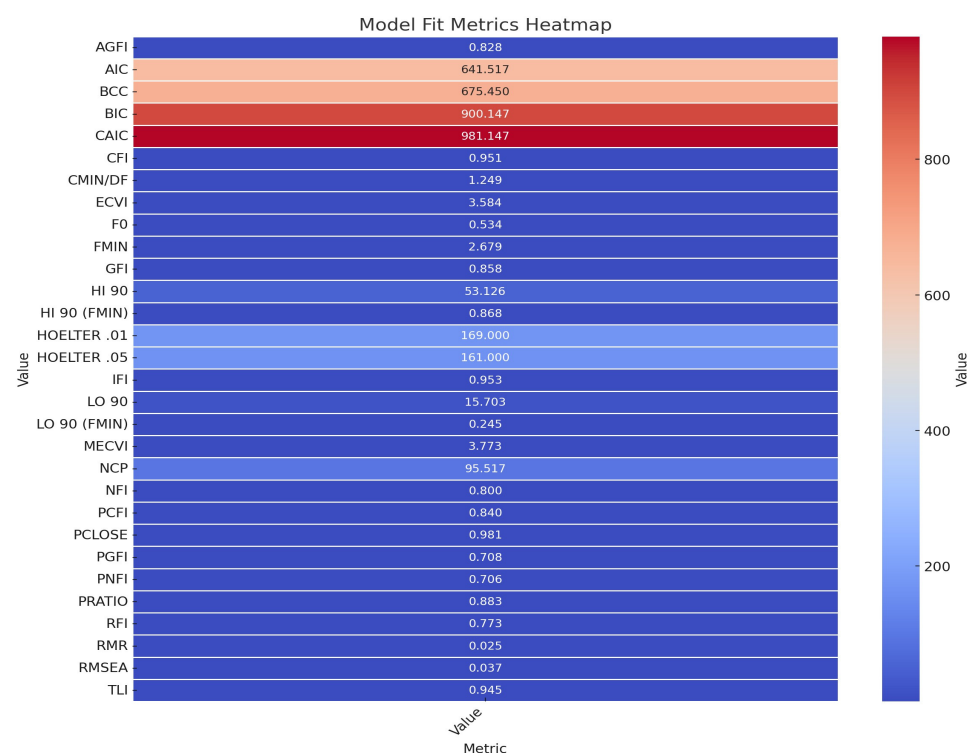
**Figure 11.** Model fit metrics heatmap. Source: prepared by the author (2024).

Table 11 shows the covariance and correlation estimates for the relationships between factors such as Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV) related to the penny-wise acumen in costonomics in the context of transforming costs into entrepreneurial gold through smart financial management. The relationship between CME and SCM (CME <--> SCM) shows a covariance estimate of 0.099 and a high correlation of 0.852, indicating a strong association between these two constructs. This suggests that effective cost management practices are closely aligned with Strategic Cost Management initiatives. In the relationship between CME and CMP (CME <--> CMP), the covariance is 0.087, with a correlation of 0.580. This suggests that enhancing cost management practices can strengthen policies, leading to improved overall cost management. Organizations should focus on both CME and CMP for better financial outcomes.

Table 11. Covariance and Correlation Estimate.

Relationship	Covariance Estimate	Correlation Estimate	Interpretation
CME <--> SCM	0.099 ***	0.852	Positive covariance and strong correlation (**)
CME <--> CMP	0.087 ***	0.580	Positive covariance and moderate correlation (*)
CME <--> CMV	0.125 ***	0.997	Positive covariance and very strong correlation (**)
SCM <--> COM	0.137 ***	0.668	Positive covariance and moderate correlation (*)
SCM <--> CMP	0.112 ***	0.671	Positive covariance and moderate correlation (*)
CMP <--> CMV	0.143 ***	0.795	Positive covariance and strong correlation (**)
SCM <--> CMV	0.133 ***	0.956	Positive covariance and very strong correlation (**)
CME <--> COM	0.128 ***	0.689	Positive covariance and moderate correlation (*)
COM <--> CMP	0.206 ***	0.777	Positive covariance and strong correlation (**)
COM <--> CMV	0.204 ***	0.921	Positive covariance and very strong correlation (**)

Source: prepared by the author (2024). Note: *: Moderate significance, **: Strong significance. Asterisks (***) $p < 0.001$ indicate statistical significance at the 0.1% level (two-tailed).

The relationship between CME and CMV (CME <--> CMV) is characterized by a covariance estimate of 0.125 and a very high correlation of 0.997, suggesting an extremely close relationship where improvements in Cost Management Effectiveness are likely to be accompanied by vigilant management practices.

Figure 12 shows the strong relationships between cost management factors such as Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV). The correlation estimates highlight that CME has the most substantial relationship with CMV (0.997), indicating that effective cost management practices significantly enhance the organization's ability to monitor costs vigilantly. Additionally, CME shows a robust correlation with SCM (0.852), suggesting that effective cost management is closely linked to strategic planning, which is essential for adapting to dynamic market conditions. Furthermore, the relationships between SCM and COM (0.668) and SCM and CMP (0.671) illustrate how Strategic Cost Management fosters optimization and the establishment of clear policies that contribute to operational efficiency. The high correlation between COM and CMV (0.921) underscores that mastering cost optimization techniques directly supports vigilant oversight of cost-related activities. Moreover, the strong relationship between CMP and CMV (0.795) emphasizes that clear cost management policies promote continuous monitoring and awareness. Overall, the correlation estimates in Figure 6 underscore that a penny-wise acumen in costonomics can transform costs into entrepreneurial gold. By leveraging these interconnections through smart financial management, enterprises can achieve sustainable growth and profitability while optimizing resource utilization.

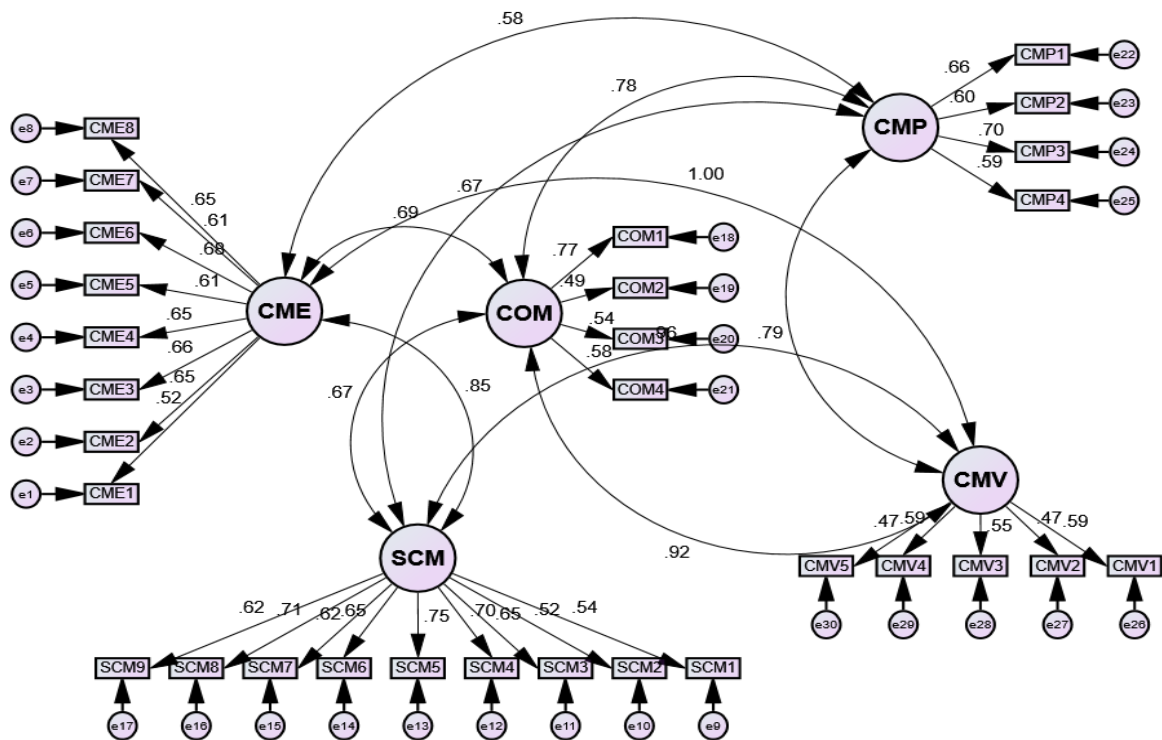


Figure 12. Path diagram. Source: prepared by the author (2024).

Table 12 shows the summary of the hypotheses testing for factors such as Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV) related to the penny-wise acumen in costonomics in the context of transforming costs into entrepreneurial gold through smart financial management. Both hypotheses (H1 and H2) illustrate significant effects and positive relationships among cost management factors (CME, SCM, COM, CMP, and CMV). The results indicate that effective cost management directly influences strategic decision-making and financial outcomes, thereby embodying a penny-wise acumen in costonomics and transforming costs into profitable ventures. Notably, the strong and highly significant relationships highlight how strategic practices and vigilant cost management practices collectively enhance financial success. This emphasizes the importance of integrating robust policies and mastery in cost optimization, underscoring that smart financial management is vital for converting potential cost savings into entrepreneurial opportunities. Thus, these insights reflect a holistic view of costonomics, advocating for a strategic alignment that transforms financial management into a source of entrepreneurial gold.

The results summarized in Table 13 highlight key findings and their broader practical implications, offering actionable insights for enterprises globally. The findings underscore the importance of adopting structured cost management practices, supported by robust statistical validation, to achieve operational efficiency, financial discipline, and strategic decision-making. First, CME1–CME8 reveal that organizations with well-defined cost structures and systematic evaluation processes significantly enhance their operational efficiency. This suggests that global firms can benefit from implementing comprehensive cost evaluation frameworks to reduce inefficiencies and improve financial discipline. Second, SCM1–SCM9 emphasize the critical role of cost control initiatives in driving profitability and operational effectiveness. Multinational corporations can embed these initiatives into their organizational culture while benchmarking their costs against industry standards to foster continuous improvement. The findings related to COM1–COM4 indicate that

investing in technology not only enhances cost-monitoring capabilities but also improves ROI evaluations. This insight is particularly relevant for global firms that aim to overcome regional or industry-specific challenges by leveraging advanced analytics and automation to optimize their cost management processes. CMP1–CMP4 highlight the necessity of proactive strategies to mitigate incremental costs, ensuring financial stability. International businesses are advised to develop policies to address cost fluctuations stemming from factors such as energy prices and supply chain disruptions, thereby safeguarding their financial performance. CMV1–CMV5 demonstrate that regular monitoring and optimization of variable costs are essential for maintaining cost-effectiveness. Firms can standardize their budgeting processes and actively encourage employee participation in cost-saving initiatives to adapt to diverse market conditions. Finally, the robust statistical validation of the findings lends credibility to the insights provided. Organizations worldwide can apply similar statistical approaches to develop tailored financial strategies that align with both local and global market dynamics. In conclusion, the study provides a clear roadmap for organizations to enhance their cost management practices, adopt strategic innovations, and ensure sustainable financial performance across various regions and industries.

Table 12. Summary of Hypotheses Testing.

Hypotheses	Relationship/Factor	Significance	Effect	Hypothesis Status
H1	CME $\leftrightarrow$ SCM	Significant	Strong positive impact on strategic decision-making through effective cost management.	Accepted
	CME $\leftrightarrow$ CMP	Significant	Moderate positive effect indicating effective policies enhance cost management success.	Accepted
	CME $\leftrightarrow$ CMV	Highly Significant	Extremely strong relationship, suggesting that vigilance in cost management directly influences effectiveness.	Accepted
	SCM $\leftrightarrow$ COM	Significant	Moderate positive effect reflecting that strategic management supports mastery in cost optimization.	Accepted
	SCM $\leftrightarrow$ CMP	Significant	Moderate positive impact indicating policies enhance strategic management practices.	Accepted
	CMP $\leftrightarrow$ CMV	Significant	Strong effect suggesting well-defined policies promote vigilant cost management.	Accepted
	SCM $\leftrightarrow$ CMV	Highly Significant	Very strong relationship, indicating that strategic practices significantly enhance Cost Management Vigilance.	Accepted
	CME $\leftrightarrow$ COM	Significant	Moderate positive effect suggesting effective management leads to optimization mastery.	Accepted
	COM $\leftrightarrow$ CMP	Significant	Strong effect indicating optimization mastery closely relates to effective cost management policies.	Accepted
	COM $\leftrightarrow$ CMV	Highly Significant	Very strong relationship, implying that mastery in cost optimization boosts vigilance in managing costs.	Accepted
H2	CMV $\leftarrow$ CMV1–5	Significant	Positive; all components (CMV1–CMV5) show significant positive effects, indicating effective vigilance enhances cost monitoring.	Accepted
	CMP $\leftarrow$ CMP1–4	Significant effect	Positive; each component (CMP1–CMP4) demonstrates significant positive relationships, emphasizing the importance of robust policies in guiding cost management.	Accepted
	COM $\leftarrow$ COM1–4	Significant effect	Positive; significant effects across all components (COM1–COM4) indicate that mastery in optimization leads to better financial outcomes.	Accepted
	SCM $\leftarrow$ SCM1–9	Significant effect	Positive; significance of components (SCM1–SCM9) reinforces that strategic alignment in cost management drives profitability.	Accepted
	CME $\leftarrow$ 1–8	Significant effect	Positive; components (CME1–CME8) show significance, highlighting the effectiveness of cost management strategies in delivering financial benefits.	Accepted

Source: prepared by the author (2024). Note: H1: The variables significantly and positively affect their respective cost management factors, demonstrating a penny-wise acumen in costonomics to transforming costs into entrepreneurial gold through smart financial management. H2: There exists a significant relationship between cost management factors, demonstrating a penny-wise acumen in costonomics to transforming costs into entrepreneurial gold through smart financial management.

Table 13. Practical implications of the findings for enterprises.

Finding	Implication	Application for Global Enterprises
CME1–CME8	Effective cost structures and evaluation processes drive organizational efficiency.	Enterprises worldwide can adopt structured cost evaluation frameworks to enhance financial discipline and reduce operational inefficiencies.
SCM1–SCM9	Cost control initiatives contribute significantly to profitability and operational effectiveness.	Multinational corporations can embed cost-control initiatives into their organizational culture and benchmark costs against global industry standards for continuous improvement.
COM1–COM4	Investment in technology supports enhanced cost monitoring and ROI evaluation.	Global firms can leverage advanced analytics and automation to optimize cost management processes, irrespective of regional or industry-specific challenges.
CMP1–CMP4	Proactive strategies to mitigate incremental costs ensure financial stability.	International businesses can adopt policies to anticipate and address cost fluctuations due to energy prices, supply chain disruptions, or global economic trends.
CMV1–CMV5	Regular monitoring and optimization of variable costs enhance cost effectiveness.	Firms can standardize budgeting processes and incentivize employee-driven cost-saving initiatives to address diverse market conditions.
Robust Statistical Validation	Statistically validated findings provide reliable insights for strategic decision-making.	Organizations across regions can use similar robust statistical approaches to tailor financial strategies and adapt to local and global market dynamics.

Source: prepared by the author (2024).

5. Discussions

The discussions in this study delve into the fundamental importance of cost management factors—Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV)—and how they serve as crucial drivers in transforming costs into entrepreneurial gold. Building on prior research, these factors have been shown to not only streamline operational efficiency but also align cost strategies with overarching enterprise goals, creating a competitive edge in dynamic markets.

The findings of [Trivedi and Srivastava \(2023\)](#) highlight the role of strategic human resource practices in enhancing competitive capabilities through knowledge management, which complements cost efficiency strategies. Similarly, the work of [Brennan et al. \(1990\)](#) on quality costs provides valuable insights into understanding where cost management can intervene during production to mitigate failure costs and improve quality control, thereby strengthening operational outcomes. This aligns with the results of this study, which emphasize a rigorous approach to cost management that prioritizes clear cost structures, effective control measures, and supplier evaluation, particularly under the CME factor.

A comparative lens reveals that the focus on proactive cost management in this study resonates with [Du et al.'s \(2024\)](#) research on manufacturing firms. While Du et al. highlighted vulnerabilities in organizations with asymmetric cost management (ACM) during demand fluctuations, this study's structured and proactive approach via SCM demonstrates enhanced adaptability, particularly for long-term strategic initiatives. Additionally, [Stoy and Kytzia's \(2006\)](#) work on the predictive accuracy of cost models aligns with the findings here, as this study demonstrates high reliability in factors such as CME and SCM, supported by Cronbach's alpha values of 0.840 and 0.864, respectively.

When compared to studies in the hospitality industry, as outlined by [Ghobakhloo et al. \(2024\)](#), the integration of generative AI for cost optimization emerges as a transformative approach. This study supports these findings, particularly under COM, by emphasizing technology investments and data-driven insights as pivotal for improving sustainability and production resilience. Similarly, the hospitality sector's reliance on precise cost monitoring and dynamic pricing models reinforces the utility of robust frameworks like the one presented in this research.

In summary, this research reinforces the notion that effective cost management is not merely a reactive tool for controlling expenses but a strategic enabler that empowers enterprises to turn costs into entrepreneurial gold. By understanding and mastering the five key cost management factors, enterprises can enhance operational efficiency and position themselves for sustainable success in an increasingly complex economic landscape. The comprehensive cost management framework presented in this study serves as a vital tool for guiding enterprises toward smarter financial management and competitive advantage, resonating with the penny-wise acumen in costonomics.

6. Conclusions

This research demonstrated that a penny-wise acumen in costonomics could lead to substantial financial gains, effectively transforming costs into entrepreneurial gold for enterprises. The primary aim of the study was to explore how smart financial management—through the application of cost management factors—could convert costs into entrepreneurial opportunities and drive long-term business sustainability. Data were collected from 180 enterprises in Kosovo in 2024, covering the hotel and tourism ($n = 64$), manufacturing ($n = 71$), and commercial ($n = 45$) sectors. Participants included managers and employees across various roles who completed an online questionnaire on a Likert scale. The research conducted Exploratory Factorial Analysis (EFA), Reliability Analysis (Cronbach's Alpha), and Confirmatory Factor Analysis (CFA) using SPSS and AMOS software to evaluate the relationships between cost management factors such as Cost Management Effectiveness (CME), Strategic Cost Management (SCM), Cost Optimization Mastery (COM), Cost Management Policy (CMP), and Cost Management Vigilance (CMV).

The empirical analysis revealed a strong correlation between the cost management factors (CME, SCM, COM, CMP, and CMV). Each factor played a critical role in the transformation of costs into entrepreneurial gold. Cost Management Effectiveness (CME) was identified as a key factor, with variables such as regular evaluation of supplier cost effectiveness, fixed costs management, and overall cost control playing crucial roles. Among these, assessing supplier cost effectiveness emerged as particularly significant in driving cost management success. Strategic Cost Management (SCM) emphasized the importance of understanding cost drivers and managing indirect costs. The results highlighted that a deep understanding of these drivers was essential for making informed strategic decisions and enhancing financial performance. For Cost Optimization Mastery (COM), monitoring production costs and consistently evaluating cost quality were pivotal. The analysis indicated that firms focusing on these aspects were better positioned to optimize their cost structures and achieve long-term financial stability. In Cost Management Policy (CMP), strong cost control policies and employee involvement in cost reduction efforts were critical factors. The findings suggested that incremental cost control, in particular, played a vital role in enhancing overall cost efficiency. Finally, Cost Management Vigilance (CMV) underscored the need for the constant monitoring of variable and overhead costs. Effective total cost management was highlighted as a key contributor to maintaining financial discipline and ensuring comprehensive oversight of all cost-related activities. The implications of this research extend to both practical applications and academic contributions. For practitioners, the findings provide actionable insights into how Strategic Cost Management can foster financial success and enhance competitiveness. Enterprises that adopt the identified cost management practices realize improved profitability and operational efficiency. From an academic perspective, this research contributes to the existing literature on costonomics by establishing a framework that integrates various cost management factors, offering a basis for future studies. In terms of limitations, the study focused on a specific region and relied on self-reported data, which may have introduced bias.

Despite the strengths, this study acknowledges certain constraints. The primary limitation is the industry scope, which, while comprehensive across hospitality, manufacturing, and commercial sectors, does not fully explore niche industries. Additionally, regional factors like regulatory environments or macroeconomic conditions were not explicitly examined, potentially influencing the generalizability of the findings. Future research could extend this framework to these sectors or compare its applicability across regions with distinct economic dynamics.

The avenues for subsequent investigation include integrating environmental, social, and governance (ESG) metrics into cost management frameworks, particularly in light of increasing sustainability demands. Furthermore, exploring the role of emerging technologies, such as blockchain and machine learning, in enhancing CMP and CMV, could offer deeper insights into the evolving landscape of cost management.

Future studies could expand the geographic scope, incorporate longitudinal analysis to track changes over time, and apply a mixed-methods approach to enhance the depth of understanding. It is recommended that enterprises prioritize proactive cost management to improve their financial performance. This includes implementing effective cost control measures, investing in technology to optimize operations, and establishing coherent cost control policies. By adopting these strategies, enterprises are better positioned to navigate market challenges and capitalize on emerging opportunities. In conclusion, the study reinforced the holistic framework that a penny-wise approach to cost management, grounded in strategic financial practices, could yield significant entrepreneurial benefits, ultimately transforming costs into valuable assets for enterprises.

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Institutional Review Board Statement: The study was conducted according to the guidelines of the Declaration of Helsinki, and ethical review and approval were waived for this study for the reason that this study was conducted individually and independently by the institution where they work, respecting the anonymity of the interviewer.

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study.

Data Availability Statement: The data used to support and prove the findings of this study are available from the corresponding author upon request.

Conflicts of Interest: The author declares no conflicts of interest.

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