


**Abstract**

The chapter highlights how a plantation company positions itself in a competitive commodities market by using various strategies to reduce costs. As commodity prices are determined by relatively volatile and unpredictable market forces, controlling costs through a proper budgeting system is essential for long-term viability. The case study company practices a thorough budgeting process and employs a participative budgeting approach which helps it obtain more accurate and reliable information on costings for effective management decisions.

**Keywords:** cost leadership strategy, control system, budgeting, oil palm industry

**Introduction**

Cost strategies are used by many plantation companies which aim to stay competitive and profitable. In primary industries that produce and transact commodities where revenue is largely dictated by market forces,