

THE CONCEPT OF COST MANAGEMENT IN ENTERPRISES

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One of the most important and difficult problems for business structures is the problem of managing their costs.

Cost management is the process of purposeful influence of relevant entities (public authorities, local governments, owners, management of business structures, etc.) on costs associated with the production, turnover and sale of products to improve the efficiency of economic entities.

Enterprise cost management can be carried out to achieve various goals: cost minimization; cost support at the regulatory level; reduction of cost and its components (material, labor and other costs) [1; 3].

The practice of management of the Ukrainian enterprises shows that the costs to date are mainly object of accounting, while market economic conditions demand that they were considered as a control object [2; 3].

Summarizing research [2; 4-5], we can distinguish the following main concepts of cost management used in modern enterprises.

1. Management of the trust expenses.
2. ABC (Activity Based Costing) – developing a pool of overhead costs and their distribution according to certain criteria (grounds division).
3. The concept of value added.
4. The concept of alternative costs.
5. Value Chain Concept (VCC).
6. The concept of transaction costs.
7. Strategic Cost Management (SCM).
8. The concept of costs associated with quality.
9. The concept of the product Life Cycle Cost (LCC).
10. The concept of target cost (Target costing).
11. The concept of Kaizen costing.
12. The concept of lean production.
13. Benchmarking.
14. The concept of Environmental costing focuses on continuous monitoring and possible prevention of environmental costs.
15. The concept of competitive cost management.
16. The concept of Theory of constraints (TOC) – the formation of costs taking into account the resource potential of the enterprise.

This classification is not exhaustive and can be supplemented by a number of methods of accounting and cost analysis. Thus, the following methods are often used: Standard costing, Direct costing, Absorption costing, Cost killing, CVP (Cost-Volume-Profit) analysis, EVA (Economic Value Added) method, «responsibility centers» method, Kanban method, Just-in-time method and others [1].

Summarizing the above, it should be noted that the introduction of effective cost management reduces the likelihood of adverse effects of accidental events on the company, allows you to predict the consequences of adverse changes and develop preventive measures to reduce their impact on costs.

Keywords: cost; finance; management.