



International periodic scientific journal

—*ONLINE*

www.moderntechno.de



Indexed in
INDEXCOPERNICUS
(ICV: 84.86)

MODERN ENGINEERING AND INNOVATIVE TECHNOLOGIES

Issue №31
Part 2
February 2024

Published by:
Sergeieva&Co
Karlsruhe, Germany

Editor: Shibaev Alexander Grigoryevich, *Doctor of Technical Sciences, Professor, Academician*
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Periodicity of publication: Quarterly

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UDC 08
LBC 94

Published by:

Sergeieva&Co

Lußstr. 13

76227 Karlsruhe, Germany

e-mail: editor@moderntechno.de

site: www.moderntechno.de



УДК 658.155.3

ENTERPRISE COST MANAGEMENT УПРАВЛІННЯ ВИТРАТАМИ ПІДПРИЄМСТВА

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Abstract. The article examines the economic essence of enterprise costs. Theoretical and methodological aspects of enterprise cost management are substantiated. It has been proved that enterprise cost management is a complex and dynamic process that provides for achievement of high economic results of its functioning. It is substantiated that in order to form an effective system of enterprise cost management, it is necessary to develop a management strategy, to carry out accounting and analysis of costs by their volume, dynamics, structure and centres of responsibility, as well as to identify trends in the level, volume and structure of costs per unit of production, etc.

Keywords: costs, cost management, cost price, financial result, enterprise, methods of cost management.

Introduction. An important condition for the effective functioning of enterprises is optimisation of the level of production costs, which ensures a high level of profitability, profitability and competitiveness of production. Enterprises form their own cost management system, taking into account the analysis of their financial condition, the experience of other business entities, the need to solve certain economic problems, the specifics of their business, etc.

Many domestic and foreign scholars have studied the process of cost management, in particular: F. Butynets, B. Valuev, A. Gerasymovych, S. Holog, L. Kindratska, V. Savchenko, V. Sopko, M. Chumachenko, E. Britton, J. K. Van Horn, V. Govindarajan, K. Drury, B. Needles, B. Ryan, T. Skone, R. Holt, J. Foster and other scholars.

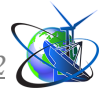
However, despite the existence of a large number of theoretical and practical achievements, the process of developing a strategic approach to cost management still remains unresolved and requires further research.

Main text. Costs are an important and complex economic category that is one of the decisive factors influencing the financial performance of business entities. Therefore, information on expenses is central to the management system of both the enterprise as a whole and each of its structural units.

The concept of «costs» is still evolving. Economists give different definitions of the category «costs» (Table 1).

Table 1 – Definition of the economic essence of the term «costs»

Source	Interpretation of the concept of «expenses»
NP(S)BU 1 «General Requirements for Financial Reporting» [1]	An expense is a decrease in economic benefits in the form of an outflow of assets or an increase in liabilities that results in a decrease in equity (other than a decrease in equity arising from the withdrawal or distribution of funds by the owners).



The Tax Code of Ukraine [2]	Expenses are the amount of any expenses of the taxpayer in monetary, tangible or intangible forms incurred for the conduct of the taxpayer's business activities, which result in a decrease in economic benefits in the form of disposal of assets or increase in liabilities, resulting in a decrease in equity (except for changes in equity due to its withdrawal or distribution by the owner).
Kotlyarov S. [3].	Expenses are the cost of resources that are used in the future to generate profit or achieve other objectives of the organisation.
Olinichenko K. S. [4]	An expense is a decrease in an entity's assets or an increase in debt in the course of business operations.
Holov S. F. [5]	Current expenditures of labour, material, financial and other types of resources for production expressed in monetary terms.
Tsal-Tsalko Y. S. [6]	A decrease in assets or an increase in liabilities that results in a decrease in equity (except for a decrease in equity resulting from its withdrawal or distribution by owners), provided that these costs can be reliably measured.
Butynets F. F. [7]	Current expenditures of labour, material, financial and other types of resources for production expressed in monetary terms.
Hlushach Y. S., Falchenko O. O. [8]	Costs are the monetary value of the use of production resources that results in the production and sale of products.

Source: compiled by the author

Thus, «expenses» is a cost expression of the absolute value of used and consumed resources that are necessary for the implementation of production and economic activities of the enterprise and for achieving its goals. This definition of «costs» is the methodological basis for their classification and evaluation.

Cost management is a system of principles and methods of developing and implementing management decisions based on the use of objective economic laws regarding the formation and regulation of costs, ensuring the efficient use of resources and capital of the enterprise in various types of its activities in accordance with strategic and current development goals.

The concepts and methods of cost management are shown in Table 2.

The systematic approach to cost analysis is to determine the place and role of costs in achieving production efficiency, as well as to diagnose factors and reserves for cost optimisation, etc.

The cost management system is aimed at solving the following tasks:

- control over the course of the company's business activities;
- Identification of trends in the level, volume and structure of costs per unit of output and per unit of production;
- collecting and analysing cost information; rationing and planning costs by elements, production units and product types;
- search for reserves of resource saving and cost optimisation, etc [9].

The cost management system includes such organisational subsystems as:

- 1) search and identification of resource saving factors;
- 2) cost planning by type;
- 3) cost accounting and analysis;
- 4) stimulation of resource economy and cost reduction.

**Table 2 – Cost management concepts and methods**

Cost management concepts	The essence of the concept	Classification of expenses	Methods of cost management
Cost-forming factors	Factors (inputs) of production are the basic resources used in all production processes: labour, capital, land, and entrepreneurial activity.	Material Labour Financial Intangible	Direct-casting Factor analysis
Cost rationing	Normalisation is a system of scientifically based methods and rules for determining the norm of time, output, and consumption of any resources (raw materials, materials, fuel) to perform a certain job.	Normative Actual	Standard casting Normal casting
Added value	Value added is the difference between the cost of manufactured products, performed works and rendered services (output) and the transferred (embodied) cost of material resources and intangible services fully consumed in the process of manufacturing such products (intermediate consumption).	Embodied marginals	Incremental analysis
Break-even production	Break-even corresponds to the minimum volume of production and sales of products at which expenses will be offset by revenues, and during the production and sale of each subsequent unit of products, the company begins to make a profit.	Variables Constants	«Costs-output-profit»
Opportunity costs	Opportunity cost is the cost of using a resource, which is assessed in terms of the lost benefit due to the failure to use this resource in a rational alternative way.	Irrevocable (irrelevant) Relevant	Methods of making management decisions decision-making
Chain	Value chain is a coordinated set of activities that create value for an enterprise, starting from the initial sources of raw materials for the suppliers of the enterprise to the finished products delivered to the end customer, including customer service.	Costs in the supply chain Expenses for production and promotion of products Costs of of operation	ABC analysis
Value creation	Transaction costs are costs in the field of exchange associated with acts of purchase and sale, transfer of property rights.	Transactional Transformation	Organisational methods
Transaction costs	Strategic cost management is a system that includes a set of interrelated management elements (goal, objectives, planning, analysis, communication, motivation, control, evaluation, decision-making) and is aimed at ensuring the implementation of strategic objectives for the purpose of optimal cost management.	Strategic expenses Operating expenses	Target-casting Cost benchmarking LCC analysis

Source: compiled by the author



The formation of a comprehensive cost management system should include: goals, objectives, principles, methods, tools, functions and constituent elements of the cost management system, taking into account the impact of external and internal environmental factors on the cost management process. The implementation of this task is entrusted to a well-organised system of accounting management accounting. The opinion of some scientists is interesting, who believe that as ways to improve the system of accounting and cost management at domestic enterprises it is advisable to implement: adjustment of accounting policy on methods of cost accounting, taking into account the specifics of production and strategic objectives of organisations [10].

Thus, in order to form an effective cost management system of an enterprise, it is necessary to develop a management strategy, to carry out accounting and analysis of costs by their volume, dynamics, structure and centres of responsibility, as well as to identify trends in the level, volume and structure of costs per unit of production, etc.

Conclusions. As the study shows, enterprise cost management is a complex and dynamic process that involves achieving a high economic result of its functioning. There are various methods of cost management that involve their optimisation.

In order to choose the right method of cost optimisation, it is necessary to take into account external and internal factors, the identification and assessment of the impact of which on the enterprise's costs are areas for further research.

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Анотація. У статті досліджено економічну сутність витрат підприємства. Обґрунтовано теоретичні та методологічні аспекти управління витратами підприємства. Доведено, що управління витратами підприємства є складним та динамічним процесом, що передбачає досягнення високого економічного результату його функціонування. Обґрунтовано, що для формування ефективної системи управління витратами підприємства необхідно розробити стратегію управління, здійснювати облік та аналіз витрат за їх обсягом, динамікою, структурою та центрами відповідальності, а також виявляти тенденції зміни рівня, обсягу та структури витрат на одиницю продукції тощо.

Ключові слова: витрати, управління витратами, собівартість, фінансовий результат, підприємство, методи управління витратами.

Стаття відправлена: 16.01.2024 р.

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International periodic scientific journal

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Heutiges Ingenieurwesen und
innovative Technologien

Indexed in
INDEXCOPERNICUS
high impact factor (ICV: 84.86)

*Issue №31
Part 2
February 2024*

Development of the original layout - Sergeieva&Co

Signed: February 28, 2024

Sergeieva&Co
Lußstr. 13
76227 Karlsruhe
e-mail: editor@modern techno.de
site: www.modern techno.de

Articles published in the author's edition

