Construction of Target Cost Management System Based on Economic Management of State-Owned Enterprises

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Abstract: in Recent Years, Market Competition Has Intensified, and Target Cost Management Has Become Increasingly Important to Enterprises. in Order to Maintain a Competitive Advantage in the Fierce Competition, Companies Need to Continuously Reduce Costs and Maintain Cost Advantages. as a Result, Companies Have Gradually Adopted Cost Management as an Important Means to Enhance Their Core Competitiveness. However, At Present, Enterprise Target Cost Management Faces a Large Bottleneck. Based on the Analysis of the Target Cost Management Content, This Paper Analyzes the Problems Faced by Enterprises. Moreover, This Paper Proposes a Path for Establishing a Target Cost Management System Such as Establishing a Sound Target Cost Management Responsibility System, Establishing a Target Cost Management Center, and Establishing and Improving an Enterprise Informationization Cost Accounting System.

1. Introduction

1.1 Literature Review

Zhao Huayu took the example of AVIC Dongan as an example to conduct in-depth research on enterprise target cost management. The study found that while the company's efficiency and scale continue to grow, it also faces problems such as receivables and inventory, and the cost is growing too fast, resulting in low profitability and low overall operational efficiency. Based on the above questions, he proposed a corresponding strategy (Zhao, 2015). Li Dongyan analyzed the target cost management of green tea enterprises, and proposed that one of the important means for enterprises to improve their competitiveness is cost management. Enterprises should strictly control the costs of sales, operations, production and other aspects, and do a good job of profit and cost analysis in order to gain an advantage in market competition (Li, 2016). Hong Hao and other scholars discussed the supply chain cost management of third-party logistics companies. The study found that the current supply chain management model of logistics enterprises has the advantages of management cost, capital cost and operating cost. Moreover, they proposed an innovative model for supply chain cost management in third-party logistics companies (Hong et al, 2017). Lu Haibin studied the application of target cost management in enterprise management, and believed that doing a good target cost management can effectively improve the core competitiveness of enterprises in the market and promote the sustainable and steady development of enterprises (Lu, 2017).

1.2 Research Purposes

With the development of the times, the global economic integration has continued to advance and the market economy environment has gradually changed. In the face of increasingly fierce economic conditions, companies must constantly improve their core competitiveness to maintain their competitive advantage. In this context, target management has become an effective way for companies to improve their management and maintain their competitive advantage. However, at this stage, the enterprise target cost management model is lagging behind, and the target cost management concept is relatively backward, which has become a factor restricting the development of enterprise cost management. Based on this, this paper proposes a path based on the target cost...
management system of state-owned enterprise economic management, in order to provide a useful reference for the construction of enterprise target cost management system.

2. Overview of Relevant Theory

Target cost management means that the company formulates budget and adjustment plans in a reasonable and scientific manner according to future development plans. Part of the calculated budget is the income of the company participating in the market competition, and the rest is the target cost (Yang, 2015). Under normal circumstances, the company will further adjust the future development plan according to the actual data of the target cost. Therefore, the target cost is high and low, which can help enterprises optimize their internal management structure and comprehensively analyze future development strategies. In addition, the development of target costs can also help companies to enhance the core competitiveness of the market and build a corporate culture.

The content of target management cost mainly includes three parts. The first is the cost management of enterprise equipment purchase and maintenance. For some large-scale production enterprises, the purchase and maintenance of production equipment requires a lot of capital and a large cost. Therefore, in this respect, companies need to make reasonable plans. This will ensure the reasonable management of enterprise costs. In the routine maintenance of production equipment, equipment maintenance costs should be planned as necessary expenses for the enterprise. This will help companies reduce the economic losses caused by energy consumption and equipment wear. Moreover, this also helps the company to better maintain and manage the production equipment, thereby improving the operational efficiency of the production equipment.

The second is the cost management of raw materials and management of products. Some enterprises belong to the raw material processing industry. In the course of business, they need to purchase a large amount of raw materials and manage the purchased raw materials. Therefore, companies need to ensure the quality of raw materials and a high level of management. This can effectively reduce the management costs of the enterprise. Enterprises want to reduce the cost of raw material procurement and management. On the one hand, they should effectively manage raw materials, reduce the loss and waste of raw materials, and improve the productivity and economic benefits of enterprises. On the other hand, companies should continuously improve the cost-effectiveness of raw material procurement and reduce material procurement costs.

The third is enterprise human resource cost management. In terms of human resource cost management, it mainly covers the welfare of employees and the payment of salaries. In the process of development, in order to maintain its own high level of market competitiveness, it is necessary to make the necessary investment in professional talents (Wang, 2015). With the continuous development of the social economy, all kinds of talents have become the magic weapon for enterprises to maintain their core competitiveness. Whether companies can retain talents depends to a large extent on whether they provide employees with large benefits and salary levels. Therefore, how to improve employees' sense of identity and work enthusiasm while reducing corporate human resource costs is the main problem that needs to be solved in current enterprise human resource cost management.

3. Problems in Enterprise Target Cost Management

At present, enterprises still have some problems in the actual cost management process. These problems have become the main obstacles restricting the development of enterprises. After thorough research, this paper finds that the following problems still exist in enterprise target management.

The enterprise target cost management model is lagging behind. In order to better cope with the increasingly fierce market competition, many companies regard cost reduction as a management goal. However, some companies' development strategies and cost reductions are inherently contradictory, resulting in enterprise cost management still in a relatively lagging state. In the
process of enterprise target cost management, some enterprises tend to focus on the results and ignore the process. Many companies are simply pursuing cost reductions, considering only the immediate short-term benefits and ignoring the quality and competitiveness of their products. Moreover, many companies have only implemented cost management for the production process when implementing target cost management, and have not managed cost management for other links. For example, some companies do not control procurement costs in the course of their operations. At the same time, many companies have not done cost accounting beforehand, only limited to after-the-fact cost analysis. When performing cost accounting, only the financial department participates and mainly performs, and the production department only performs auxiliary work with low participation. These lagging cost management models are no longer able to adapt to the current market environment, nor can they meet the requirements of enterprises to enhance their core competitiveness.

The concept of target cost management is relatively backward. At present, although cost management has received high attention, most companies still hold backward management concepts and have not carried out conceptual innovation. First, the top management of the company is still unable to break away from the traditional concept of cost management. In the course of business operations, traditional cost management methods are still adopted, and links that are indirectly related to economic benefits and cost control are not considered. This will not only affect the development of subordinates' cost management work, but also introduce advanced cost management models, which will result in the failure of enterprise cost management effectiveness. Second, the company's grassroots employees do not have the concept of cost management. Every aspect of the business involves cost management. Therefore, every employee in the company should be involved in cost management. However, in the actual production and operation process, grassroots employees did not establish the concept of cost management, and did not understand or pay attention to cost management. In actual work, grassroots employees did not carry out effective cost management. As a result, the cost of the enterprise is difficult to reduce, and the economic benefits are difficult to increase, which is not conducive to the long-term development of the enterprise.

The enterprise target cost management system is not perfect. At present, most companies have not established a complete target cost management system. It is embodied in three aspects. First, the company did not combine target cost management with budget management. Second, the information accounting system for enterprise target management is still not perfect, which makes it difficult for enterprise decision-making layers to obtain cost accounting data in time, which is not conducive to timely adjustment of enterprise development strategy. Third, enterprises lack the corresponding professional talents in target cost management. The target cost needs to be managed by people with high comprehensive quality and professional skills, but the current type of talent is the talent gap of the company. Therefore, the enterprise target cost management system is still not perfect.


Establish and improve the target cost management responsibility system. From the perspective of state-owned economic management, enterprises should formulate a responsibility book for cost management and distribute it to the corresponding departments and production workshops. Implementation of target cost grading management, tiered and responsible. By developing an effective target cost management responsibility system, it can promote communication and communication in all aspects of the enterprise. Each production unit within the enterprise and the management departments at all levels fully carry out work exchanges and make timely adjustments, which can effectively control the production costs of each link.

Establish a target cost management center to create a long-term mechanism for enterprise target cost management with full participation. Specifically, enterprises should establish a reasonable performance appraisal system and salary and remuneration system, and use the target cost of the
enterprise to assess and motivate employees. The better the enterprise cost management, the higher the employee's salary and benefits. By formulating such management regulations and systems, it is possible to effectively combine enterprise cost control with employee benefits, help employees establish the concept of cost management, improve employee enthusiasm, and then achieve the goal and effect of target cost management.

Establish and improve the enterprise informationization cost accounting system. From the perspective of state-owned economic management, enterprises' cost management will involve various workflows and production processes within the enterprise. If the enterprise does not establish a complete informationization cost accounting system, it will not be able to effectively control and calculate the operating costs of the enterprise, and the target cost management work cannot be promoted in a normal and orderly manner. Therefore, enterprises should control each production process according to the production process and product structure. For example, an enterprise can establish an ERP management system to monitor and manage each production process and link, and further improve the target cost management level of the enterprise.

Establish a new concept of enterprise cost management. With the continuous development of the social economy, the market economic system is constantly changing. In this context, companies should establish a new concept of enterprise cost management. First, corporate management should continually update their knowledge base to understand and master new target cost management methods. Second, companies should train employees at all levels and put new target cost management concepts into the consciousness of employees at all levels. Through the establishment of the target cost management innovation concept of all employees, the goal of enterprise target cost management is achieved.

References


