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COST MANAGEMENT SYSTEM AND ITS ELEMENTS

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The urgency of the problem. One of the most important prerequisites for ensuring a sustainable economic development of the state is the formation of an effective system of managing costs at the macro and micro levels. Cost indicators of national production, particular types of economic activity and production of economic sectors characterize the efficiency of spending economic resources per unit of newly created consumer value. Due to the mechanism of pricing, costs affect the competitiveness of products and their consumption in the market [8].

Taking into account the peculiarities of the current state of economic development, in particular the high level of globalization, the dynamics of innovative changes and competition and the need to achieve strategic goals of economic activity, in the context of Ukraine's accession to the WTO, cost management should be targeted on a specific system. In this context, it is important to substantiate the conceptual foundations of building a system of influence on the costs of economic activity as an integral and important part of the system for managing the development of the state's economy.

The state of production in modern conditions is characterized by its efficiency, psychological parameters, the degree of use of the achievements of scientific and technological progress, the place and role of the worker in the production processes. Resource constraints and achievement of planned performance require constant cost comparisons and results. This problem is exacerbated by inflation, when production costs need to be reconciled on a daily basis with future costs that are highly dependent on the environmental impact. In addition, in order to manage costs and revenues, the administration monitors the efficiency of each unit, based on the results obtained from the production of each type of product [1].

Analysis of recent research and publications. Research problems of a systematic approach to cost management of the enterprise is becoming increasingly important in modern conditions of management, so the economic nature of costs is considered in the writings of such scientists: as noted G. Cherevko, F. Gorbonos, G. Ivanitskaya. Cost management is the process of purposefully generating costs by species, location and media, provided they are constantly monitored and stimulated to reduce costs. Scientists believe that the cost management system should cover the following organizational subsystems: rationing and cost planning by type; cost accounting and analysis; finding and identifying factors for saving resources; stimulating resource savings and reducing costs [7].

Outline of the main research material. In my opinion, the cost management system covers not only cost accounting in various aspects. At its core, it should be aimed at ensuring cost-effectiveness and smooth running of the playback process.

Only through an effective mechanism of cost recovery through the appropriate elements, techniques, levers of influence on the course of play can directly affect the amount of profit [2].

However, some researchers in the cost management system distinguish three aspects: functional, organizational and motivational. The functional aspect is primary. It includes cost planning, regulation, control, accounting, their analysis. The organizational aspect of the cost management system is associated with the identification of cost centers and responsibility centers, the development of a hierarchical system of linear and functional relationships of employees who perform the complex work of the functional aspect of the cost management system. The motivational aspect of a cost management system is to encourage employees to adhere to their cost plans and find ways to reduce them [4].

In my opinion, the enterprise cost management system is holistic and is a set of elements that are interconnected and interact with each other, thereby improving the efficiency of managing the enterprise, achieving its planned results of operations in the most cost-effective way.

For an enterprise-level cost management system to be effective:

- reorganize the organizational structure of the enterprise and identify centers of responsibility within the structural units;
- organize cost accounting in terms of centers of responsibility, places of origin and types of products;
- use sound accounting and costing methods;
- identify and utilize the factors that save resources and reduce costs through modern analysis;
- develop consumption rates for all types of resources based on organizational and technological conditions of production;
- evaluate and forecast the market conditions for products;
- raise the level of domestic relations, develop domestic prices and self-supporting claims;
- implement budgeting, controlling;
- develop a system of employee motivation to control and reduce costs.

The management system is a form of real implementation of management relationships. It acts as a really existing substance, through which management acquires specific content and concrete expression, and management function - practical implementation. In reality, management is the operation of a management system [4].

Thus, from our point of view, cost management is an extremely complex, multidimensional and dynamic process, consisting of the formation and implementation of management influences based on the application of objective economic laws regarding the formation and regulation of costs of the enterprise in accordance with its strategic and current goals [5].

The main positive features of the cost management system usually include: identifying opportunities to reduce production costs and create favorable organizationaleconomic conditions to save all types of resources; formation of sustainable competitive advantages of price origin; improving the efficiency and adequacy of management data on the use of enterprise resources, etc. [1; 4; 6].

The management system is based on three main components: information support of processes of development and implementation of decisions; a set of standard business procedures for solving the tasks; personnel activation system.

Optimization of these components is the main direction of improvement of the management system. These components are very important, but they capture some stage of the state of the management system and, in our opinion, reflect only part of the modern management system, which should include elements of development, including methodological (management) support in the development and implementation of solutions [2].

Control system is a complex formation of processes and phenomena, the improvement of which can go with different degree of detail. The actual economic, organizational and psychological effectiveness of such improvement depends on the methodology and time of the conduct, intuition and training of the manager or specialist. It is possible to offer an extended set of elements that are included in the control system and consists of four subsystems: methodology, structure, process and control technique (Fig. 1).

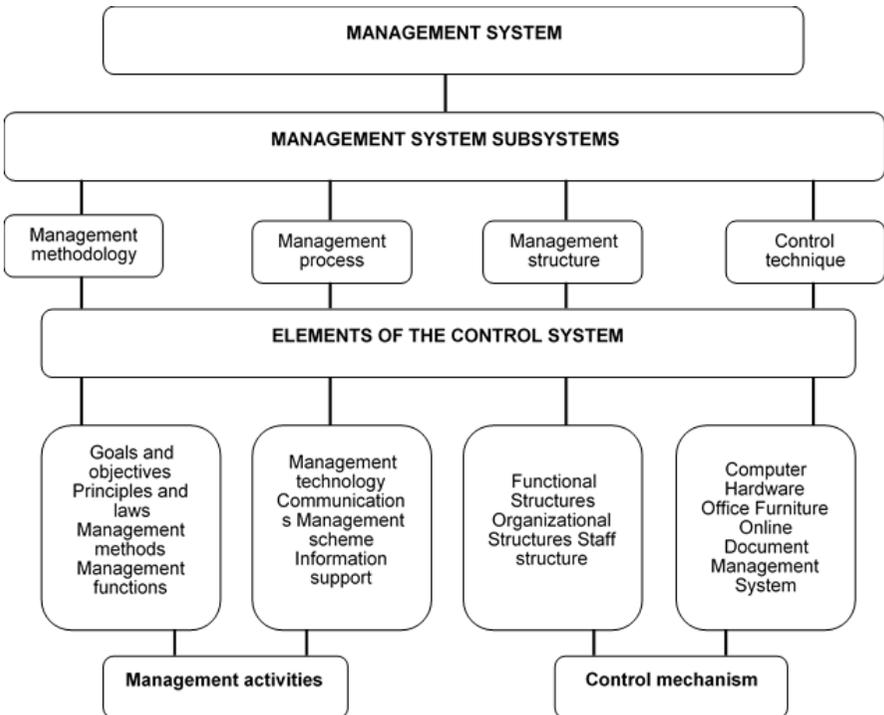


Fig. 1. *The control system and its elements*

As a process, professional management is a set of actions (performing functions, using methods, etc.) that lead to the formation and improvement of

relationships between parts of the whole. As a phenomenon, professional management activity is an amalgamation of elements (goals, programs, tools, etc.) to accomplish an organization's mission based on defined rules and procedures. Legislative or generally accepted rules and procedures grow into standards.

In a situation where production downturn has reached a critical point and put entire industries literally on the verge of survival, most executives and professionals have finally realized that only a competent attitude to costs at all stages of the production process will correct the situation. This decision is also driven by the systematic increase in prices and tariffs for all types of resources.

Almost every enterprise has reserves to reduce costs to a rational level, which allows to increase the economic efficiency of the activity, increase competitiveness.

In recent years, domestic science and cost management practices have advanced a bit, drawing on the experience of economically developed countries with a market economy and the experience of leading enterprises in the pre-construction period, which has already begun to be forgotten.

Reorganized and newly created firms focus on management accounting and financial analysis. This is undoubtedly important, but it is not enough to work effectively in the context of market relations, which we have no alternative.

Conclusions. Thus, the essence of the enterprise cost management system is identified by individual authors with the questions of precise determination of the value of production costs, the level of production costs and on this basis finding ways to reduce them. However, this is not entirely true. The cost management process aims to identify how the cost was formed, what factors had a positive effect on it, and what were the negative impacts. This is, firstly, and secondly, the cost management process should be aimed at forecasting the possible magnitude of costs, the most accurate prediction of their level and the immediate operational intervention of the enterprise in the event of deviations from a predetermined desired state.

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