

COST MANAGEMENT IN ENTERPRISES: THEIR ADVANTAGES AND DISADVANTAGES

Yakubov Madaminbek Abdurakhimovich,

3rd grade student of

Tashkent State University of Economics

We know that every enterprise needs to systematically manage its expenses as well as its income. On the one hand, Cost Management is a process that includes creating estimates, preparing budgets, and controlling costs.

Enterprise cost management is an important aspect of the general management level of the enterprise and is an important factor determining the quality of enterprise management. Enterprise cost management mainly includes four aspects: budget, control, analysis, and costs in the production and operation process of the enterprise. Effective management of enterprise costs not only improves the control of enterprise costs, but also increases the competitiveness of the company's products and contributes to the healthy and stable development of the enterprise²³. Second, the application of relevant theories of information technology and management economics in cost management can effectively improve the financial accuracy and efficiency of the enterprise, and at the same time, it can significantly standardize the accounting of enterprise costs, which in turn improves the quality and security of the enterprise's financial information. provides. In addition, good cost management helps national government agencies monitor and manage businesses in terms of taxes and product quality. Also, the use of managerial economics in cost management can effectively increase the basic competitiveness of enterprises in highly competitive market conditions. Scientific and effective methods of cost management can help to modernize enterprises, thereby meeting the needs and requirements of modern social market development.

Also, company cost management is a process that a company can use to identify, collect, evaluate, and classify critical information for determining costs. This process provides companies with valuable information about costs and revenues, as well as non-financial information about productivity, quality and other business success indicators. A typical cost management

²³ Research on modern enterprise cost management based on information technology[J]. Market of science and technology economy, 2015 (09): 119-122

process begins at the initial project planning stage and spans the entire project cycle. This allows companies to forecast costs and complete projects without going over budget.

The advantages of cost management are:

- business development

Companies that manage their operating costs successfully complete projects efficiently and grow their businesses over time. This means that they perform tasks related to budgeted projects²⁴. Using cost management, a company can easily estimate costs and prioritize financial goals.

- making decisions

Part of cost management is conducting a methodical analysis of facts and figures. This assessment provides an assessment of the feasibility and profitability of the project. With this critical information, it's easier to make informed business decisions. Using cost management in the planning process can reduce the likelihood of project-related risks.

- cut costs

Reduces overhead costs. Cost control helps project managers adjust their budgets and prevent costs from spiraling out of control. Cost management is a great tool that many companies use to reduce overall business costs. The process of cost reduction involves limiting various costs, such as marketing or supply chain costs. The financial information generated by the cost management process can help identify and eliminate allocations for excess transactions or avoidable debt.

- efficient financial accounting

Another benefit of cost management is efficient accounting. It helps businesses to effectively plan financial accounting and develop budgets with cost limits. You can get an overview of business costs by estimating business or project costs. It helps financial planners and managers create accurate budgets.

- debt management

One of the main objectives of implementing cost management measures is to reduce the overall costs of the business. During the process, the company may decide to limit the funds that can be used by different levels of employees. This allows the business to set aside more cash to manage debt or other initiatives. A business with a low debt ratio demonstrates its ability to overcome various financial risks.

- encourages planning

²⁴ Hao Chenying. Research on the application of big data in the cost management of manufacturing enterprises [J]. Shang Xun, 2020 (23): 154-156

Cost management helps you identify what is working and what isn't. It gives managers insight into resources and processes that help them make faster and better decisions about current and future projects.

- reduces risk

Cost management usually involves setting risk for unexpected costs, which is a useful step to avoid cost overruns.

- supports standards

Consistent cost control, analysis, and reporting help organizations adopt standards for future cost data and performance evaluation.

- increasing budgets

If a company has more money at its disposal due to effective cost management, it can increase its budget in certain areas. Increasing the budget for marketing and advertising will help attract more potential customers and lead to greater profitability²⁵. In addition, the enterprise may decide to increase the budget of teams that are performing well and contributing to the growth of the business.

Common cost management problems include:

- ❖ change management

Project changes are inevitable. Teams must be able to adapt to changing circumstances and manage the budget accordingly.

- ❖ effective communication

Depending on who sees the report, it can be received in different ways. A project manager may see results differently than project stakeholders.

- ❖ project scope

Incorrectly defined project scope can lead to cost overruns due to miscalculations.

- ❖ underestimate

If the project manager underestimates the budgeted costs, this can lead to a lack of resources and project delays²⁶.

In short, the strategic cost management approach appears as a solution for modern enterprises seeking sustainable success in the face of fierce competition. By focusing on the processes mentioned above, manufacturing companies can strengthen their financial position, optimize the use of resources, and secure their position as industry leaders.

²⁵ Application strategy of strategic cost management method in enterprisecost management [J]. *Economic and trade practice*, 2018 (04): 179

²⁶ Liu Xianfeng, Li Nana. Research on enterprise management method in information age[J]. *Journal of Southwest Petroleum University*, 1998 (01): 29-32.