

**СЕКЦІЯ 16. СУЧАСНІ ТЕХНОЛОГІЇ В ЕКОНОМІЦІ ТА  
МЕНЕДЖМЕНТІ**  
**COST MANAGEMENT TECHNIQUES BASED ON TARGET COSTING**  
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Industrial development plays an important role in the national economy, in particular has a significant impact on the engineering complex . Sufficient level of production engineering products provides every person the right products and improves the condition of the national economy as a whole. The realities of today point to a number of negative trends, covering engineering industries Ukraine, ie, while the falling purchasing power companies, prices of consumer products need is constantly increasing and thus reduced consumption of engineering products.

According to the State Statistics Committee, production of engineering products in Ukraine per capita is several times lower than in other European countries. And despite the fact that Ukraine is twenty world leaders in the production of machinery and equipment and has real prospects for an increase in its production.

The basic requirement to present methods of cost accounting and costing is the ability to adapt to changing market conditions and adequate operational responses. Target costing system is most responsive to the realities of a market economy and is widely used in foreign practice.

Unlike traditional methods of product costing , target costing using cost of goods formed depending on the demand for it, the market price of such goods and the price level of competitors. For that conducted market research and emerging target price, influenced by the following factors : the level of market prices , the purchasing willingness or propensity of consumers, life cycle costs, price positioning, identification of target quality.

Pricing formula under target costing is as follows:

$$Price - Cost = Profit$$

If we take into account the pricing algorithm for target costing, you must first select the target price for the product. The psychological effect of reducing prices, as well as effective advertising campaign will increase product sales, as consumers will give preference to products of the company , not competitors.

The next step is to establish functional requirements for the product and determine its quality. When using target costing the company offered in any case not to reduce cost by falling product quality as functional properties and high quality products remains unchanged. On the basis of the calculations can be argued that the use of Target - kostinh machine-building enterprises will effectively manage costs and eliminate unproductive of them. Thus, the company can reduce the production cost of products and consistently maintain its competitive position in the market.

As for the social aspect, the reduction of the prices of products of machine-building industries will allow consumers to buy more complicated and technical products, which positively affects the economy as a whole and contribute to the full development of a healthy nation. All of these make the domestic economy more competitive in the global market of machinery and equipment.