The Journal of Social Sciences Research
ISSN(e): 2411-9458, ISSN(p): 2413-6670
Special Issue. 5, pp: 519-521, 2018
URL: https://arpgweb.com/journal/journal/7/special_issue
DOI: https://doi.org/10.32861/jssr.spi5.519.521
Academic Research Publishing Group
Original Research
Open Access

Impact Analysis of Strategic Cost Management on Business Quality Modern Corporation

Salwan Jaber Hashim*
Kazan Federal University, Russia

Sergey A. Orekhov
Plehanov Russian Economic University, Moscow, Russian Federation, Russia

Talib Al-Hamdawee Alaa Ammar
Specialist, Bureau of Culture, Republic of Iraq Embassy in Russia (Moscow), Russia

Abstract

The aim of research was to study Impact Analysis of Strategic Cost Management on Business Quality Modern Corporation. This research was descriptive and to analyze this research we used an independent T test. Results show that There was not a significant difference in the scores for Cost Management based (M=36.6, SD=1.51) and normal (M=39.0, SD=3.51) conditions; t (8) =-1.39, p = 0.201. These results suggest that Cost Management does not have an effect on Business Quality. Specifically, our results suggest that Corporations that use cost management do not necessarily have higher business quality.

Keywords: Corporation; Corporate governance; Strategic management system cost; Cost; Quality of business; Product quality.

1. Introduction

The impact of unfavorable external conditions (the sanctions policy of Western countries) causes quite serious damage to the Russian economy. The Gross Domestic Product of the country stagnates, people's income is falling (Kaplan and Norton, 1992; Zobova, 2011). In these circumstances, corporations should pay special attention to the search for the most effective corporate governance tools, one of which is a strategic cost management system. Building an effective cost management system is necessary to improve the sustainability of corporations and to attract investment (Cheng and Joseph, 2000).

Cost management is the process by which companies control and plan the costs of doing business. Individual projects should have customized plans for this process, and companies as a whole also integrate cost management into their overall business model. There is no single accepted definition for this term, because it has such broad applications and possible strategies. When properly implemented, this process will translate into reduced costs of production for products and services, as well as increased value being delivered to the customer.

For a company's management to be effective overall, cost management must be an integral feature of it. It is easiest to understand this concept if it is explained in the context of a single project. For instance, before a project is started, the anticipated costs should be identified and measured. These expenses should then be approved before any purchasing occurs. During the process of completing a project, all incurred costs should be noted and kept in a record of some kind, to help ensure that the costs are controlled and kept in line with initial expectations, to the extent that this is possible.

One of the simplest ways to adapt a business to the current crisis state of the economy is to reduce costs. The search for the most effective combination of "cost-quality" comes to the fore. This requires the development of a separate cost management system. The modern theory of corporate governance suggests that the mechanisms of this management are actively influencing the formation of goals, so we can consider the cost management system of a corporation as one of the subsystems of the corporate governance system.

In the conditions of rapid change of technologies, aggravation of competition and complication of corporate relations, accounting systems should ensure that costs are recorded almost online, without errors for managing business processes, adjusting costs, evaluating the results of the corporation's activities.

Consideration of cost management as a subsystem of corporate governance in the scientific literature follows from three basic concepts:

- Value chain concept;
- Strategic positioning concept;
- Factor analysis concept.

The value chain concept first formulated by M. Porter is a complex of business areas that does not focus its attention on intracorporate processes and goes beyond the individual business (Van Horn, 2011).

Management is to adjust the corporate governance mechanisms in such a way that the CTI indicator is constantly decreasing. However, its reduction is possible only to a certain level, below which it cannot go down: this is the level of maximum output of the corporation with the optimal operation of all business processes. This level is

*Corresponding Author

an unattainable ideal. Let's hypothesize about the inverse relationship between the CTI indicator which characterizes the integrated effectiveness of the corporate cost management strategic system, and the capitalization that characterizes the quality of the business (Batty, 1975; Sharp, 1964).

2. Methods of Research

This research was descriptive and to analyze this research we used an independent T test. In this research, we analyzed two groups of companies and, using the appropriate data collection tool, we obtained the required information from two groups independently. We then looked at these two groups of information by independent T-test to answer the question "Is there a significant difference between the quality of corporate services based on the use of cost-effective strategic management?"

3. Results

To do this research, we first developed a list of companies. Then we grouped the ones that are based on whether they use strategic cost management. The criterion for using strategic cost management was four factors: resource planning, cost estimation, cost budgeting, cost control (measuring and effective corrective action to achieve minimum cost). Then, the quality of business was estimated based on three factors: cost of switching (the time and energy consumers would use to find a replacement for a product or service in the market), scalability (how much the business model would allow That the business will be expanded without having a strong impact on the main business components of the business) and revenues are the revenue that the firm regularly obtains through its recurring customers without the need to keep customers loyal Spend extra money). Finally, we compared the two groups to determine the impact of strategic cost management on business quality (table. 1).

Table-1. T-test results for Impact Strategic Cost Management on Business Quality

		Levine's Test		t-test for Equality of Means						
		F	Sig.	t	df	Sig.	Mean Difference	Std. Error Difference	Difference Lower	Difference Upper
Business Quality	Equal variances assumed	1.358	.277	-1.395	8	.201	-2.400	1.720	-6.367	1.567
	Equal variances not assumed			-1.395	5.424	.217	-2.400	1.720	-6.721	1.921

An independent-samples t-test was conducted to compare Business Quality in Cost Management based Corporations and normal Corporations. There was not a significant difference in the scores for Cost Management based ($M=36.6$, $SD=1.51$) and normal ($M=39.0$, $SD=3.51$) conditions; $t(8) = -1.39$, $p = 0.201$. These results suggest that Cost Management does not have an effect on Business Quality. Specifically, our results suggest that Corporations that use cost management do not necessarily have higher business quality.

4. Discussion

Cost management is a broad topic that encompasses a variety of data collection, analysis, reporting, and control activities. Every company wanting to remain profitable over the long term will need to spend a considerable proportion of its time attending to cost management activities But it does not necessarily lead to an increase in product quality. Cost management systems on the quality programs are controversial. Some experts have called them "a useful tool" and others "a waste of time and money.". The key question is: Does Cost management system on the quality programs aid in the quality process? Both practitioners and academics are trying to answer this question. The systematization of approaches to cost management is carried out, the concepts of value chains, and strategic positioning and factor analysis are given. The impact of the corporate cost management system on the quality of business in terms of internal standards and key performance indicators of management has been revealed. It is shown that the system of strategic expenditure management does not affect the quality of business (Modigliani and Miller, 1958; Niven, 2002).

Research shows that cost-effective strategic management does not necessarily lead to an increase in the quality of production. The results of this study clearly revealed that there are no significant differences between companies that use strategic cost management and ordinary companies in terms of quality of production and facilities. It can be clearly argued that strategic cost management is an in-house agent that is used solely to make the organization more competitive, and its main purpose is to maintain customer and market in today's competitive world. Strategic cost management has been produced in most organizations to reduce production costs and keep product prices low, and less has been observed to be used to increase production quality.

5. Conclusion

In this research, we examined the impact of cost-effective strategic management on the quality of production. The data were analyzed by T-test and the results showed that cost-effective strategic management does not lead to higher quality of production. Strategic cost management is the process of reducing overall prices and improving the company's strategic positioning. Strategic cost management is realized when the manager of the company understands which of the costs supports the strategic position of the company, which undermines it and which does not have any effect on it. Strategic cost management is a continuous and continuous process, and it is possible that the strategy of the company changes in a certain time frame. So, when the company uses a particular strategy, the particular costs seem a bit odd but will be eliminated by changing the strategy**.**

References

Batty, J. (1975). *Management Accounting, including financial management and control.* ELBS and Macdonald and Evans Ltd.: London. 31.

Cheng, L. F. and Joseph, F. I. (2000). Finance corporations: theory, approaches and practice, Translated from English M. IRFRF-M. 89-92.

Kaplan, R. S. and Norton, D. P. (1992). The balanced scorecard, Measures that drive performance. *Harvard Business Review,* 70(1): 71-79.

Modigliani, F. and Miller, M. H. (1958). The cost of capital, corporation finance and the theory of investment. *The American Economic Review,* 48: 261-97.

Niven, P. R. (2002). *Balanced scorecard, Step–by–step. Maximizing performance and maintaing results.* John Wiley & Sons. Inc.: New York.

Sharp, W. F. (1964). Capital asset prices, A theory of market equilibrium under conditions of risk. *Jorn. Finance. Sept.,* 19(3): 425–42.

Van Horn, J. K. (2011). *Fundamentals of financial management, translation from English Ya.V. Sokolov.* Finance and Statistics C.: Moscow. 44-47.

Zobova, E. V. (2011). Sources of working capital financing of an enterprise Socio-economic phenomena and processes. 11: 83-87.