On the Problems and Countermeasures of Cost Management in Small and Medium-sized Enterprises (SMEs)

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Abstract. With the development of reform and opening up, the proportion of small and medium-sized enterprises in the national economy grows gradually in China. Although the achievements are remarkable, there are still some problems, such as, the weak leadership cost awareness of some small and medium-sized enterprises, the heavy losses caused by decision-making errors, the failure to collect the raw cost data in time, the lack of cost awareness of product design, the excessive marketing costs and the serious over-expenditure of administrative costs. Although these are the characteristics of Chinese small and medium-sized enterprises in cost management, they restrict the development of small and medium-sized enterprises in China.

Introduction

Not only does the product cost of small and medium-sized enterprises affect the accumulation of the country, but it is also closely related to the interests of enterprises and staff. In the process of the further adjustment of the national economy, the improvement of cost management has attracted more and more attention.

Small and medium-sized enterprises play a very important role in the development of the socialist market economy. However, there are still some problems in many small and medium-sized enterprises, such as the imperfect organizational structure, the inadequate system and the low management level. In particular, cost management is chaotic relatively. What is more, there are no complete cost accounting information in some small and medium-sized enterprises, which is very harmful to economic development. As a result, it is necessary for small and medium-sized enterprises to improve cost management so as to improve the quality of their economic operation.

The Status of Cost Management of Small and Medium-sized Enterprises in China

Focused on the Macro Need

For the most small and medium-sized enterprises, cost management is only adopted to cope with higher authorities. In order to cope with the inspection of higher authorities or meet the requirements for reporting to higher authorities, it is possible for small and medium-sized enterprises to beautify their own business management performance appropriately.

Cost management is focused on the macro-need, but its role in business management is ignored.

Backward Idea

The method of cost habits is always adopted to divide cost composition and calculate the cost of products in many Chinese small and medium-sized enterprises. They reduce the cost of products by increasing output. In other word, the higher the output of enterprises is, the lower the cost of unit product is.

In small and medium-sized enterprises, it is misunderstood that the efficiency of enterprises can be improved by keeping the stable sales volume and reducing the cost, which leads to the lack of authenticity of cost management information. In addition, it makes management decision involved with the misunderstanding of large product, low cost and high profit.
Theory and Content are Rigid

In the most small and medium-sized enterprises, too much attention is paid to the cost management after production, but the cost management before production is neglected. Too much attention is paid to the cost management of production process, but the cost management of supply process and sales process is neglected. In some small and medium-sized enterprises, the after-the-fact cost management is ignored. There is no standardized cost decision-making or scientific cost plan. As a result, the process cost management and the after-the-fact cost management are blind relatively.

In small and medium-sized enterprises, too much attention is paid to financial cost accounting, but management cost accounting is neglected. Too much attention is paid to production cost accounting, but product design and sales cost accounting is neglected.

Some Measures to Regulate Cost Management of Small and Medium-sized Enterprises

The Unity to Regulate the Cost Concept of Small and Medium-sized Enterprises

In the market economy environment, it is necessary for small and medium-sized enterprises to establish the concept of systematic cost management, regard the cost management of small and medium-sized enterprises as a systematic project, emphasize the unity and the overall situation, and carry out a comprehensive analysis and research on the object, content and method of the enterprise cost management.

Introducing a Strategic Model Suitable for the Development of Small and Medium-sized Enterprises

In modern times, the economic environment of small and medium-sized enterprises is changed greatly.

The manufacturing environment of small and medium-sized enterprises is also transformed from the labor-intensive type to the technology-intensive type. Competition becomes fierce increasingly. In the fierce industry competition, it is necessary for small and medium-sized enterprises to attach importance to the formulation of competition strategies and make some corresponding adjustments according to the change of the need of customers and the need of competitors.

Enhancing Working Efficiency

In the current fierce market competition, small and medium-sized enterprises must take some strategic problems into considerations in cost management. It should be expanded from the management of reducing the production cost of the material and labor cost project simply to the cost management starting from product design, including technology development, manufacturing, sales, marketing and service. It is aimed to go deep into all the activity-based costing of the final product forming so as to achieve the constant and dynamic cost management of the long-term objectives of enterprises.

Establishment of Security Measures

The establishment of cost management security measures means that through the establishment of procedures and norms of a series of business processes and reports as well as the establishment of organizational structure, functional division and division of labor, it is ensured that the activities of the organization are carried out in a way to reduce and manage cost.

Promoting Cost Management by Technological Innovation

Small and medium-sized enterprises are endowed with the advantage of technological innovation. It is necessary to improve product quality, style, performance and process equipment constantly through technological innovation to meet the upgrading and change of the consumer need and maintain the strategy of cost leadership (Low cost).
Conclusion

In the fierce market competition environment, it is necessary for small and medium-sized enterprises to master the new theory of cost management, and promote the long-term development by learning from the excellent experience of other countries fully. In practice, they should update their management concepts and means and find some problems in cost management as well as some new ways for the development of enterprises constantly.

To sum up, the cost management of SMEs is a long-term and complex project. In terms of the cost management of SMEs, we need to think about many factors. Both the cooperation of relevant departments of small and medium-sized enterprises and the participation of the staff of small and medium-sized enterprises are essential. For small and medium-sized enterprises, the economic benefit and the internal management performance can be improved only by establishing a perfect cost management system. A place can be won in the market competition only in this way.

Reference