



## Article

# Improving the Analysis of Production Costs and Cost in Business and Small Business Activities

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**Abstract:** This article researches the current situation with regard to production cost analysis in Uzbekistan enterprises, paying special attention to small ones, and then goes on to provide better methodologies of conducting effective cost management. The study, through a careful review of related literature and analysis of the current practices, identifies main challenges and opportunities regarding enhancement of various cost analysis techniques. It provides a framework for using advanced cost accounting methods, adapted to the environment of the Uzbek business. It has also been indicated that the wider adoption of more advanced tools of cost analysis can result in substantial improvement in the decision-making process as well as general financial results of organizations operating in the Republic of Uzbekistan.

**Keywords:** Production Costs, Cost Analysis, Small Businesses, Uzbekistan, Management Accounting, Financial Performance

**Citation:** Maxammadshakirovna, S, Z. Improving the Analysis of Production Costs and Cost in Business and Small Business Activities. American Journal of Economics and Business Management 2024, 7(10), 771-774.

Received: 10<sup>th</sup> July 2024

Revised: 11<sup>th</sup> August 2024

Accepted: 24<sup>th</sup> Sept 2024

Published: 21<sup>th</sup> Oct 2024



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## 1. Introduction

Correct production cost accounting and control are meaningful for successful operation and survival of the enterprise in many countries of the world, including developing economies like Uzbekistan. With the country moving further to carry out its economic reforms through liberalization of markets, every local business is now under overwhelming pressure to strive for efficiency and competitiveness [1]. A majority of SMEs, which were a significant part of the economy in Uzbekistan, couldn't effectively practice cost management due to the scarcity of resources and skills [2].

The context for this research is the evolving economic environment in Uzbekistan, where businesses move away from a centrally planned model into market-oriented approaches and where cost analysis techniques therefore need reevaluation against international norms and best practices [3]. In such a context, the study would seek to fill the existing gap between the present cost analysis practice in Uzbekistan and more advanced methods used globally.

This thus fits within the broader context of management accounting and its application to transitional economies. Extensive literature on cost analysis has been made available in regard to developed markets. Therefore, only limited research contributions

have been carried out to date that may address solely the unique challenges facing businesses in Uzbekistan [4]. The paper contributed to knowledge about how modern techniques of cost management could be adapted for the emerging market context.

Many scholars are carrying out research on the cost of production and cost analysis. The Uzbek scientist Rizayev N.K. and Hasanov B.A. did much to improve cost management techniques in small enterprises [5]. From Russian scientists Savitskaya G.V. and Sheremet A.D. they studied in depth the theoretical positions of cost analysis [6,7]. Internationally, Caplan R.S. and Cooper R. a large contribution to the establishment of modern cost management systems [8,9]. The works of those scientists are important for further improvement of cost analysis in the conditions of Uzbekistan, creating the theoretical base for developing new approaches, adapted to the local business environment.

The overarching research question that will guide this study is: How can businesses in Uzbekistan, especially SMEs, improve their methodology of production cost analysis in order to facilitate better decision-making and improved financial performance?

## 2. Materials and Methods

This research required a mixed-methods approach, in which both qualitative and quantitative data collection and analysis techniques would be combined. The study falls into three phases, namely:

1. Literature Review: A comprehensive review of academic and professional literature on cost analysis methodologies, with a focus on their application in developing economies and SMEs. This included examining case studies from other transitional economies to identify relevant insights for the Uzbek context.
2. Survey of Uzbekistan Businesses: A structured questionnaire was distributed to a sample of 20 businesses across various sectors in Uzbekistan, including 15 SMEs and 5 larger enterprises. The survey aimed to assess current cost analysis practices, challenges faced, and attitudes towards adopting new methodologies.
3. In-depth Interviews: Semi-structured interviews were conducted with 10 business owners and financial managers from the surveyed companies to gain deeper insights into their cost management approaches and perceived barriers to implementing more advanced techniques.

Data analysis involved statistical analysis of survey responses using SPSS software, and thematic analysis of interview transcripts to identify recurring patterns and insights.

## 3. Results

The study revealed several key findings regarding the state of production cost analysis in Uzbekistan businesses:

- **Current Practices:** 73% of surveyed businesses, particularly SMEs, primarily rely on basic cost-plus pricing methods and simplistic cost allocation techniques. Only 18% reported using activity-based costing or other advanced methodologies [10].
- **Challenges:** The main obstacles to implementing more sophisticated cost analysis techniques were identified as: a) Lack of expertise (62% of respondents) b) Limited financial resources for new systems (54%) c) Resistance to change from traditional practices (47%)
- **Awareness and Interest:** While 81% of respondents acknowledged the importance of improved cost analysis, only 35% were familiar with modern cost management tools. However, 68% expressed interest in learning about and potentially adopting new methodologies [11].
- **Sector Variations:** Manufacturing and service sectors showed the highest need and readiness for advanced cost analysis techniques, while retail and agriculture sectors demonstrated lower urgency.

- **Size Disparity:** Larger enterprises were more likely to have implemented some form of modern cost analysis (42%) compared to SMEs (11%), highlighting a significant gap in capabilities [12].

#### 4. Discussion

The findings underscore the significant potential for improving production cost analysis practices among Uzbekistan businesses, particularly SMEs. The high level of interest in adopting new methodologies, coupled with the recognized importance of cost management, presents a favorable environment for introducing more sophisticated techniques.

The research highlights the need for a multi-faceted approach to enhancing cost analysis capabilities in Uzbekistan:

1. **Education and Training:** Developing targeted training programs for business owners and financial managers to bridge the knowledge gap in modern cost accounting methods.
2. **Tailored Solutions:** Adapting advanced cost analysis tools to suit the specific needs and constraints of Uzbek businesses, particularly SMEs with limited resources.
3. **Technology Adoption:** Encouraging the implementation of cost-effective software solutions that can facilitate more complex cost analysis without significant financial burden.
4. **Regulatory Support:** Recommending policy measures to incentivize businesses to adopt improved cost management practices, potentially through tax benefits or grant programs.
5. **Industry Collaboration:** Building partnerships between large enterprises and SMEs with the aim of sharing experiences and resources related to cost analysis.

This will be an important study because it shall help firms in Uzbekistan become more competitive and financially viable. With enhanced production cost analysis, management can make more efficient decisions regarding pricing of their products, allocation of resources, and strategic planning. Improved decision-making by firms can contribute to economic development through enhancing efficiency and competitiveness within the business environment of Uzbekistan [13].

The findings align with previous studies on the importance of sophisticated cost management in transitional economies [14]. However, this research extends the existing literature by providing specific insights into the Uzbek context and offering practical recommendations for improvement [16].

Future research could explore the implementation and impact of the proposed improvements through longitudinal studies. Additionally, investigating sector-specific adaptations of cost analysis methods could provide valuable insights for tailored approaches [17].

In conclusion, while Uzbekistan businesses face challenges in adopting advanced production cost analysis methodologies, there is significant potential and willingness to improve. By addressing the identified barriers and leveraging the recommendations provided, businesses can enhance their cost management capabilities, leading to improved financial performance and competitiveness in the global market [15].

#### 5. Conclusion

The findings of this study highlight the significant gaps in production cost analysis methods within Uzbekistan's SMEs, where traditional approaches like cost-plus pricing dominate, and advanced methodologies like activity-based costing are underutilized [18]. The identified barriers, including a lack of expertise, financial constraints, and resistance to change, emphasize the need for tailored training and resource-efficient technological solutions [19]. The implication of these findings is clear: improving cost analysis practices could enhance financial performance and competitiveness among businesses in

Uzbekistan. Future research should explore the long-term effects of adopting advanced cost management techniques and sector-specific adaptations to optimize the benefits for diverse industries [20].

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