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Factors and Ways to Reduce Product Costs

Factores y formas de reducir los costos del producto

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Contents

ABSTRACT:

The purpose of the article is to disclose the factors and ways to reduce product costs, which effects are very important for product cost management improvement in modern business environment. In this case, one hast to solve the problem largely by considering the major factors and ways to reduce cost. The subject matter of this article is novel, as we are the first in economic science of product cost management to introduce a system of factors for product cost reduction.
Keywords: organizational structure of social labor productivity; workers' responsibility for damages; profitability improvement; product cost management improvement

RESUMEN:

El propósito del artículo es revelar los factores y maneras de reducir los costos del producto, cuyos efectos son muy importantes para la mejora de la gestión de costos del producto en el entorno empresarial moderno. En este caso, uno tiene que resolver el problema en gran medida mediante la consideración de los principales factores y maneras de reducir los costos. El tema de este artículo es nuevo, ya que somos los primeros en la ciencia económica de la gestión de costes del producto para introducir un sistema de factores para la reducción de costes del producto.
Palabras clave: estructura organizativa de la productividad del trabajo social; responsabilidad de los trabajadores por daños y perjuicios; mejora de la rentabilidad; mejora de la gestión de costes del producto;

1. Introduction

Currently, in the context of transition to market relations, one has to consider the use of major factors and ways to reduce the product cost in order to improve the profitability, thereby increasing the competitive capacity of the enterprise in domestic and foreign commodity markets.

The issue of reducing product costs was considered by many domestic and foreign economists. However, they did not consider the major factors and ways to reduce the product cost. All the economists touched upon this issue partly. In the first "Cost Management in the Enterprise" textbook edition, Lebedev V.G. and other authors have drawn little attention to "Promoting the product cost reduction" as a factor. In the 5th (revised and enlarged) edition of the same textbook, this factor is not even introduced. Only in the "Cost Management" manual by Lieberman I.A., there is a section called "Ways to reduce the cost of product (work, service)". In the foreign book "Strategic Cost Management" by J. Shank and V. Govindarajan, there are small chapters: "Assortment of Offered Products as a Factor Determining Costs; Activity-based Cost Accounting", "Cost Measurement and Analysis of Quality, an Important Functional Cost Driver" and" Strategic Analysis of One of the Most Important Structural Factors – Choice of Industrial Technology". However, they do not disclose how to use these factors to reduce the product cost. The similar is the situation with the "Accounting: Management Aspect" written by Ch.T. Horngran and G. Foster. This book has a paragraph entitled "Factors Affecting Internal Control Systems". Only in "Management Accounting: Principles & Practices", A. Upcherch introduces only the concept of "Cost Savings", describing it as "a goal of cost reduction compared to the level achieved without damaging the quality of produced goods and services ". A.S. Astakhova and K.N. Milovidova ("Oil and Gas Enterprise Management") believe that better management can be achieved by reducing management costs per unit of output subject to achieve all the objectives.

According to the review of literary sources, factors and ways to reduce the product cost are pretty much not considered in the economics literature. Therefore, our goal is to reveal the essence of all the factors of cost reduction per unit of output, as all modern enterprises wish to be profitable and competitive (Journal of Business and Management, 2011).

The major factors of product cost reduction involve the increase in Kazakhstani content in the cost of goods produced by many foreign companies on the territory of the Republic of Kazakhstan. This process is based on the long-term Program for Kazakhstani Content Development, adopted by the Government of Kazakhstan [Osmanov, 2013:63]. The use of such a factor is determined by the fact that product cost of these companies is much higher than the product cost of domestic companies. Such a noticeable correlation is especially strong among foreign companies that have the largest volume (about 2/3) of oil production at large Kazakh deposits (Elyubaev, 2011:96).

Rationalization of the organizational structure of enterprise management is also an important factor. It can be rationalized by reducing the number of subsidiary units, designed to serve the productive departments. Organizational structure optimization is a reserve for a significant product cost reduction.

Continuously improving use of social labor productivity reserves based on scientific-and-technological advances is another factor affecting the increase in output on the back of unchanging product cost and contributing to the continuous reduction of costs per unit of output.

Product cost reduction, as well as the process of reducing the amount of economic damage to an enterprise, is affected by an increasing efficiency of in-house economic relations. In the context of transition to market economy, requirements for preventing economic damages are being strengthened. Thus, efficiency of in in-house economic relations has to be increased.

The strengthening responsibility of workers and employees for damages is also an important factor affecting the product cost reduction and providing full compensation for material damage caused workers and employees due to their negligent attitude towards own obligations.

In our opinion, improved process of paying bonuses for the rational use of all resources as the final factor affecting the product cost reduction should also contribute to its increased use in combination with other above-mentioned factors of production profitability (Burnett, 2008).

To achieve the purpose of this article, namely to consider the use of the affect of major factors

and ways to reduce costs per unit of output, we have solved the main problem. In other words, we have disclosed the essence of these factors in the above order.

2. Methods

Brief analysis of basic data available from literature on product cost management is the major method of our study. It is important to note that we have to disclose the major factors and ways to reduce the product cost in order to improve it. Based on this, all the major factors and ways to reduce the product cost are disclosed.

The increasing share of Kazakhstani content in the cost of oil produced by foreign companies is the major factor affecting product cost reduction. Kazakhstani content is the percentage of the annual cost of Kazakh goods, works and services, purchased directly and through subcontract agreements (Elyubaev, 2011:96). In 2008-2010, Kazakhstani content in purchases made in the oil and gas sector amounted only to 8.0-9.1%. This shows that the value of this indicator was low in the foreign companies. According to the conducted analysis, low competitiveness of Kazakhstani goods, not meeting the high standards imposed on domestic producers by foreign users, is one of the reasons why foreign companies take their time to increase the Kazakhstani content. Therefore, Kazakh enterprises should work harder on achieving the international quality standards in order to make own output competitive.

The second factor that affects the product cost reduction is the rationalization of the organizational structure of enterprise management. One has to comply with the basic principle when building the most rational organizational structure of enterprise management. According to this principle, divisions should be interested in reducing costs by economizing all resources both in time and in capacity. In this case, we propose to unite the branches into a directorate for their production activity. This idea is supported by examples.

The process of improving the use of reserves, designed to increase the social labor productivity, also affects the product cost reduction. Social labor productivity can be improved through the introduction of innovations, the rational use of latest technologies, training and retraining the personnel, and the improved management.

Particular attention is paid to the process of improving the efficiency of in-house economic relations (IHER) through the strengthening responsibility for damages. We have considered the essence of IHER and the ways to use them in business activity, as well as the need of increasing IHER in the context of transition to competitive business environment. The process of increasing the efficiency of IHER is important, as internal enterprise divisions are the place where the major production processes are held: production turnout, contract labor and all-type services delivery (Key Principles of Public Sector Reforms, 2016). In the context of transition to a market economy, the major goal of this process is to increase the liability of managers by moving to full compensation for losses. However, new economic legislation has to provide for this.

The process of strengthening responsibility of workers and employees for damages is one of the ways to increase the output profitability. It is necessary in situations when the enterprise survives in a tough struggle to achieve the output competitiveness. Currently, responsibility of workers and employees is not at a high level. Thus, it has to be increased through the stricter requirements. Their fulfillment will lead to an increase in output profitability and product quality.

There is another function, contributing to product cost reduction – bonuses for good results. Material incentives are known to be an additional reward for fulfilling the plan. Any material incentive should be based on the thesis that profits earned from cost reduction, must go into the pocket of employees. At the same time, overplan profit earned from resource saving should deservedly belong to the work collective (Drucker, 2000:270). The bonus system improvement should be focused on material incentives made with product cost reduction based on social labor productivity growth through the introduction of new technologies. Only then the

mechanism of personal material incentives will be effective.

The process of increasing the efficiency of the entire complex system of strategic cost management, one has to perform all the proposed functions, as well as to introduce controlling. According to A. Dayhle, "controller should make sure that everyone can control himself in achieving goals set by the company's leadership, primarily the profit goals" (Ivashkevich, 2011:14).

In general, the problem of increasing the cost management efficiency should be solved through the maximum use of all the factors, related to cost management improvement, as well as the maximum use of factors and ways to reduce the product cost.

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3. Results

Currently, all enterprises strive to increase the output profitability, as it contributes to enterprise’s competitiveness in the domestic and external commodity market. In this case, one has to consider the major factors and ways to reduce product costs (Kotlyarov, 2001).

The increase in the share of Kazakhstani content in the cost of goods, produced by many foreign companies on the territory of the Republic of Kazakhstan, is the leading factor among those affecting the product cost reduction. In modern conditions of business entity operation, increase in the share of purchased domestic goods, works and services provided by the Decree of the President of the Republic of Kazakhstan (RK) No. 733 "On Particular Issues of Kazakhstani Content upon Procurement of Goods, Works and Services Purchased by Organizations and State Bodies" (September 21, 2009), adopted in October 2010, is one of the key factors affecting the process of reducing the cost of oil production, carried out by foreign companies in RK. According to the Kazakhstani Content Development Program for 2010-2014, Government of the RK is planning to bring this share up to 16% for goods and up to 85% for works and services (Osmanov, 2013:53).

Kazakhstani content is the percentage of the annual cost of Kazakh goods, works and services, purchased directly and through subcontract agreements (Osmanov, 2013:53-63). In 2008-2010, Kazakhstani content in purchases made in the oil and gas sector amounted only to 8.0-9.1%. This shows that the value of this indicator was low in the foreign companies. According to the conducted analysis, low competitiveness of Kazakhstani goods, not meeting the high standards imposed on domestic producers by foreign subsoil users, is one of the reasons why foreign companies take their time to increase the Kazakhstani content. Low competitiveness is associated with the low product quality in Kazakhstan. Therefore, enterprises have to introduce the international quality standards, certify production and ensure the product competitiveness. In this case, one has to re-equip enterprises with new technologies (Trubochkina, 2007). Such a goal will be possible to achieve if the output meets high international standards. Subject to fulfillment, Kazakhstani content program guarantees the receipt of long-term orders and promotes the innovative activity development (Rumyantseva, 2003). Kazakhstani content expansion shows the possibility of creating a huge potential for work, as production capacities in oil and gas sector, as well as the volume of produced oil, will also increase from 81 (in 2014) up to 140 million tons by 2020 (Elyubaev, 2011). The increase in the share of Kazakh content was considered based on a direct example. Tengizshevroil LLP ("TSO"), the largest oil and gas company, in cooperation with the JSC NC KazMunayGas and the Engineering Workers Union of Kazakhstan has created a study group to assess the production potential of Kazakh enterprises, producing goods, performing contractual work and delivering services for LLP "TSO" in accordance with its standards (Dunaev, 2010).

Based on the foregoing, we can conclude that all measures, designed to accelerate the increase in the share of Kazakhstani content in the cost of oil produced by foreign companies, can be successfully implemented by updating enterprises and through the rapid innovation development of the industry.

According to V.F. Dunaev (2010) and other authors, organizational system of production

management is a set of interdependent and interacting elements that form a single unity. Another literary source provides a more specific definition, according to which organizational system of production management is a formalized scheme, illustrating the stable composition, interaction and co-ordination of independent divisions and individual positions of management personnel in the company (enterprise) (Rumyantseva, 2006:141).

Successful business activity is based on the process of meeting all the requirements, imposed on the organizational structure of enterprise management. In building a rational organizational structure of enterprise management, each of its divisions has to be interested in reducing costs by saving all the resources of the enterprise [3, p. 624]. In this case, we should noted that A.S. Astakhova and K.N. Milovidov believe that better management can be achieved by reducing management costs per unit of output subject to achieve all the objectives (Liberman, 2006:146).

Our research shows that the choice of production structure, based on the principle of economized resource use, allow finding the most rational parameters of the organizational structure of the enterprise, based on the specific conditions of its operation. At the same time, enterprise management can be effectively rationalized only to the extant when it does not negatively affect the overall results of enterprise's production activity (Eklund, 1991:190).

The organizational structure can be improved by reducing the share of auxiliary departments. For example, JSC UzenMunaiGas has proposed to unite the particular branches and LLPs into a directorate for their production activities in order to rationalize own equipotential bonding systems. Thus, the number of branches and LLPs will decrease, thereby increasing the profitability through the improved organizational structure of the enterprise (Business & Economics, 2015:16). The combination of small mechanical workshops makes it possible to easily organize the production line, and thus, to ensure the process continuity, as well as the social labor productivity growth. This corresponds to what the K. Marx has noted in the third volume of “Capital”: "...continuity itself is the productive power of labor" (Marx, 1978:150).

It is well known that the reserves of social labor productivity (SLP) growth are found in the course of output volume analysis. Output volume is analyzed in order to find ways to increase it with the maximum use of resources and the least expenditures (Lebedov, Krayukhin, 2000). It also shows a possibility to utilize production capacities of the enterprise completely, as well as a possibility to improve the use of direct labor by creating additional jobs and improving the structure of enterprise's personnel. After all, direct labor productivity is the most concentrated indicator of the overall productivity (Commoner, 1976). It should be noted that the increase in SLP is also stimulated by the wage growth. The increase in SLP is an increase in the volume of output per unit of living or embodied means of labor production. In terms of its impact on cost reduction, K. Marx noted that "social labor productivity is generally a quotient of the maximum output volume under labor minimization; hence, goods may be cheaper" (Marx, Engels, 1970).

The major factor of the increase in SLP involves the process of intensifying social production through the introduction of innovations, the rational use of new technologies, and the improvement of production, labor and management organization. To achieve good results, new equipment performance should be maximized. In this case, continuously improving industrial technology is one of the important factors. The introduction of progressive technology is an investment form of intensification (Ashimbaev, 1994). It contributes to a significant increase in SLP. We should also note that SLP should be increased through additional material incentives, based on additional profit earned from reduced product cost. The previous bonus system was based on labor/material intensity reduction, as well as on increasing return on assets and improving utilization of production capacity. Therefore, such bonuses had no positive effect. According to (Omarov, 1985:136), "in the engineering industry, about 70% of rewarded workers receive bonuses for increasing labor productivity and improving product quality, and 30% - for saving materials". One would think that it should be vice versa. However, we not known whether such bonus contributed to cost reduction per unit of output or not. It should also be noted that bonuses for fulfilling the plan are still the bulk of premium payments

(Ashimbaev, 1994).

The process of improving the IHER efficiency by strengthening the responsibility of the employees for damages is the next less important factor of product cost reduction. Currently, economics literature has not considered the status of IHER. Therefore, we have to consider its essence and improve its efficiency. The process of increasing the efficiency of IHER is important, as internal enterprise divisions are the place where the major production processes are held: production turnout, contract labor and all-type services delivery (Upcherch, 2002). IHER is a system of economic relations between management, manufacturing, commercial and auxiliary departments in the enterprise's logistics chain, based on the economic concept of its development management (Drucker, 2000). Economic responsibility and responsibility for damages are the elements of this system. Economic responsibility refers to the enterprise as an independent organization and provides for making contracts between producers and consumers. Responsibility for damages arises when the obligations stipulated in the contracts between the enterprise and its producing departments are not fulfilled (Business Ethics and Social Responsibility, 2009). For example, if any department fails in producing component products or in delivering services, any other department must file a claim to the defaulting department to recover losses, unproductive and additional expenses. The sanction amount is determined by the rise in product/work/service cost (Genkin, 2004).

If the enterprise management system is targeted, the amount of damage caused by the enterprise in penalties, paid to the external counterparts, could not be presented for payment to such departments (Alekseenko, 1988:77). The amount of losses resulting from the downtime of a department-consumer, presented for payment to the Material-Technical Supply Department on the basis resulted from a delay/shortage of raw materials, material and other resources, was measured only in the share of total value (for example, 5%) (Alekseenko, 1988). This is why responsibility for damages was an ineffective measure, although the Regulations Regarding Internal Claims were developed (Volkova, 2001:77). Analyzing the above, we can argue about the need to improve the efficiency of IHER. In the economics literature (Volkova, 2001:445), the term "economic damage" has different meanings. There are scientists, who believe that this is a loss of profit, in other words – company did not received in some way a profitable order; non-production costs and intangible losses.

However, there can be a more correct definition of economic damage, describing it as a sum of all the lost sanctions, non-production costs and expenses, resulted from irresponsibility and management shortcomings that led to a decrease in profit. This is based on the fact that no attention was paid to economic responsibility or responsibility for damages. Economic damage was compensated with the profit that the enterprise earned. Thus, its economy was damaged. Right decision-making is the only thing that can exclude of what is causing violations. Therefore, special attention should be paid to the notion of "IHER system efficiency", interpreted as its ability to drive the mechanism of mutual responsibility for damages on the part of enterprise divisions (Baldwin, et al., 2014-15). IHER system efficiency should be manifested in the absence of economic damage made by the enterprise management apparatus. However, the process of introducing such a criterion will not be easy due to unstable economic development in any country. One will have to constantly seek ways to increase the efficiency and eliminate its shortcomings. The process of increasing the efficiency of IHER should be based on the combination of administrative and market methods of enterprise management, and partly motivated self-regulation of these relations (Okun, 2015). The problems of increasing the production profitability and ensuring the product competitiveness in accordance with the requirements, imposed by the market, can be solved only through the process of increasing the efficiency of IHER. In transiting to market relations, the major goal of IHER should be to increase the liability of managers by recovering all economic damage. However, it should be noted that compensation for economic damage should not exceed the employee’s monthly salary; the rest should be returned through a court proceeding. Based on the foregoing, we can conclude that the efficiency of IHER will be determined, ultimately, by all

final economic results of the enterprise performance improved by eliminating all additional and non-production costs, by ensuring the growth of social labor productivity and reducing production costs per unit of output/work/service (Perlaki, 1980).

In current economic environment, increased responsibility of workers and employees for deteriorated performance should be one of the ways to ensure the product/work/service profitability (Horngran, Foster, 2000). In economic practice, there was no special attention driven to the process of increasing the efficiency of using economic responsibility of the enterprise. The problem of rational resource use was not completely considered either. Therefore, we must prove the need in strengthening responsibility for damages in the context of transition to a market economy. Increasing responsibility of workers and employees for damages is especially required in situations where enterprises survive in a struggle between producers only by achieving product competitiveness, characterized by high quality and lower price (Shank, Govindarajan, 1999).

Increasing responsibility of workers and employees for damages is an important lever of compensation for damage, caused due to negligent attitude towards duty performance. Damages should be compensated with the tariff part of responsible person's wage, as well as with de-bonus.

Increasing efficiency of responsibility for damages certainly leads to the strengthening work discipline as one of the reserves of labor productivity growth that does not require significant investments and provides quick returns (Problems and prospects of Science and Technology Development in the field of Mechanics, Geophysics, Oil and Gas, Energy and Chemistry, 1995). Strengthening labor discipline through compliance with the law of time saving, in turn, can help to reduce costs by increasing the throughput time. According to P. Drucker, time is our most perishable resource [29, p. 348].

We can conclude that increasing responsibility of all employees for damages should contribute to an increase in production profitability through a continuous improvement in product quality. One also has to develop a new Regulation Regarding Full Responsibility for Damages, providing for not only de-bonus practice, but also for compensation for all damages. This will lead to a significant clamp down on damages by ensuring their prevention (Drucker, 2000:268).

In the system of production incentives, material incentives (bonuses) occupy a special place. In business practice, bonuses for plan fulfillment are well-known, but no attention is paid to the reduction of costs per unit of output. However, the issue of increasing product competitiveness through the quality improvement and cost reduction is acute in the context of transition to a market economy. Therefore, it is necessary to consider the issue of improving the system of bonuses for cost saving. In other words, people should be financially interested. We consider it appropriate to mention here the A. Marshall's statement (Genkin, 2014:125). According to him, "research subject of economic science involves mainly those emotional drivers that most strongly and most steadily influence person's behavior in his/her business life". According to (Stenzel, 2008), incentive is one of enterprise management functions, including the functions of product cost management.

The bonus system should be built in a way that the size of bonus would depend on the growth of labor productivity, product quality and all indicators contributing to product cost reduction. Employees should be interested in achieving positive results and receiving extra benefits. Therefore, interest management plays a very important role in improving the product profitability. According to (Eklund, 1991), current provision on bonuses and remuneration is far from perfect. Plan fulfillment remains the major indicator instead of profit, although the first one only slows down the product costs reduction. This provision on bonuses does not match the modern way of life and prevents the adoption of a new one.

Currently, the major goal of production management is to develop the greatest initiativity on the part of each employee. In this case, communication and the ability to tune employees to increase profits, which can be distributed with their direct participation, are one of the major

ways to adjust them to save costs. As L. Iacocca nicely noted in (Iacocca, 1991), the high sense of pride and responsibility among Japanese workers for the entrusted work disciplines them and contributes to the growth of labor productivity, although this does not require significant expenditures. Based on this example, we can suggest that increasing responsibility s has a powerful positive effect in the hands of workers on cost savings and labor productivity growth.

According to Japanese experts (Eklund, 1991:190), employee's satisfaction with own job, which can be an emotional driver positively affecting product profitability, is also important when it come to the growth of qualitative indicators. Successful cost management is based on recruiting skillful people, who want to do even more than what is required. Although, business practice shows that very little attention is paid to the process of recruiting, as is evidenced from the frequent change of managers.

Therefore, bonus system improvement should be focused, in our opinion, on material incentives made with product cost reduction based on social labor productivity growth through the introduction of new technologies and compliance with a strict resource-saving regime while fulfilling the optimal production plan. In this case, the process of using the mechanism of personal material incentives can be improved in terms of efficiency (Deyhle, 2003).

In modern economic environment, decision on whether to develop cost management or not depends on the level of its efficiency. In this case, we should note that one that one has to improve the entire organizational structure in order to improve the cost management. Efficiency improvement should begin with the improvement of cost management accounting, on which the desired results depend, as well as with the right management decisions (Transformational Leadership and Evidence-Based Management, 2004).

In order to increase efficiency, particular attention is paid to the introduction of controlling, including operational controlling. According to V.B. Ivashkevich (Ivashkevich, 2011:28), "operational controlling helps managers in achieving goals set for one or two years, namely – in earning the maximum possible profit and in increasing the output".

Based on the above, we conclude that the problem of improving the cost management efficiency should be solved through the use of all factors and ways to reduce the product cost.

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4. Discussion

In the course of our study, we have considered the major factors and ways to reduce product costs, which are very important for the improvement of product cost management in modern economic environment. Based on this study, the following suggestions were made:

1. Process of building a rational organizational structure of enterprise management promoting the simplification and improvement of production and organizational links between the major and auxiliary departments will be one of the important factors in reducing the product cost;

2. Process of fixing only one additional material incentive for increasing the SLP by earning additional profit through the reduction of cost per unit of output can become of paramount importance in the context of transition to a market economy;

3. Efficiency of IHER can be increased by establishing a model of full compensation for economic damages at all the levels of enterprise management through the increasing responsibility of all people, working at the enterprise;

4. Process of enhancing full responsibility of workers and employees for damages by establishing a model of full compensation for damage, caused by them to the enterprise, will also contribute to the improvement of IHER efficiency.

5. Considering the process of replacing the previous bonus system with the Regulation Regarding Bonuses Paid to Employees for Cost Saving in Compliance with the Basic Principle (production and quality plan fulfillment by producing/delivering goods/works/services that will meet the basic requirements for the transition to a market economy and contribute to

production profitability improvement in modern conditions of business entity operation) as a radical change in the system of material incentives stimulating the production profitability (Problems and prospects of Science and Technology Development in the field of Mechanics, Geophysics, Oil and Gas, Energy and Chemistry, 1995:38).

This article discloses all the factors of product cost reduction that contribute to an increase in production profitability of the enterprise. It also presents a system of such factors.

5. Conclusions

This article considers the issue of factors and ways to reduce product costs affecting the production process. Based on the analysis of factors affecting the product cost reduction, the following conclusions were made:

1. Constant and general solution to the problem of increasing the share of Kazakhstani content will also contribute to a triple benefit: an increase in domestic output volume, increase in profit earned from the sale of oil, produced by foreign companies, after product cost reduction, and increase in the budget revenue of the state;

2. Process of improving the use of reserves, designed to increase the SLP, will be one of factors affecting the product cost reduction through the increase in output volume without additional expenses;

3. The efficiency of IHER was unsatisfactory, as there was no possibility to recover losses completely in accordance with the current economic legislation under the targeted system of economic management. This has led to a decrease in production profitability;

4. Full responsibility of workers and employees for damages, not established in accordance with the economic legislation under the targeted system of economic management, was one of the factors affecting a decrease in production profitability;

5. Economics and economic practice have drawn little attention to the fact-based necessity of establishing full responsibility of workers and employees for damages. This is one of the reasons for a decrease in the efficiency of material incentives;

6. Enterprise managers remain interested in maintaining the previous bonus system instead of the Regulation Regarding Bonuses Paid to Employees for Production Plan Fulfillment (even if it was underestimated). This is the major factor holding back the implementation of the Regulation Regarding Bonuses Paid for Reducing Product Costs per Unit of Output.

It is important to summarize that the careful use of all factors affecting the product cost reduction contributes to an increase in production profitability and product competitiveness.

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