

## Target Costing as a Strategic Cost Management Tool and a Survey on Its Implementation in the Turkish Furniture Industry

Duygu CELAYİR  <sup>a</sup>

<sup>a</sup> Istanbul Commerce University, Department of Accounting and Auditing, Istanbul, Turkey. [dcelayir@ticaret.edu.tr](mailto:dcelayir@ticaret.edu.tr)

ARTICLE INFO	ABSTRACT
<p><b>Keywords:</b> Strategic cost management Target costing Furniture Industry</p> <p>Received 31 January 2020 Revised 2 May 2020 Accepted 5 May 2020</p> <p><b>Article Classification:</b> Research Article</p>	<p><b>Purpose</b> – Target Costing is implemented in product design and development phases, and hence aims at cost reduction at the first stage of the life-cycle. This method is primarily intended to enable enterprises to seize their desired profit margin on top of the product cost and determine a price that corresponds to what customers are willing to pay. This purpose of this study is to examine the target costing method and attempts to determine the extent to which it is implemented in the Turkish furniture industry.</p> <p><b>Design/methodology/approach</b> – This study examines the extent to which target costing is implemented at the enterprises affiliated with the Turkish Furniture Industrialists' Association and the competencies related with the implementation principles of target costing. It therefore determines the extent to which target costing is implemented in the Turkish furniture industry. The enterprises within this study are selected from furniture industry. So Turkish Furniture Industrialists' Association is selected because of reflecting furniture companies the best.</p> <p><b>Findings</b> – Majority of the enterprises implementing target costing stated it helped address customer requirements and reduce costs. They will be able to utilize the method as a significant tool for competitive advantage if they follow target costing principles more diligently. Enterprises not implementing it, on the other hand, are observed to be internally following the principles of the method in general terms. Its implementation will be successful if the senior management assumes an active role for its organization-wide ownership.</p> <p><b>Discussion</b> – The findings obtained from the study are of great importance for the enterprises which want to calculate the unit costs related to the products correctly. But, majority of the enterprises in the furniture industry are observed to be employing traditional cost management systems in setting the selling price. Enterprises should leave traditional methods behind and opt for the methods of target costing including market research to provide products at the selling price that is desired by the customers.</p>

### Suggested Citation

Celayir, D. (2020). Target Costing as a Strategic Cost Management Tool and a Survey on Its Implementation in the Turkish Furniture Industry, *Journal of Business Research-Turk*, 12 (2), 1308-1321.