

IMPROVING COST ACCOUNTING BASED ON INTERNATIONAL STANDARDS: OPPORTUNITIES FOR ENHANCING ENTERPRISE PERFORMANCE

Narziyeva Guzal Baxtiyorovna

Assistant Samarkand State University Veterinary
Medicine of Livestock and Biotechnologies, Samarkand

Isroilov Laziz

Student, Samarkand State University Veterinary
Medicine of Livestock and Biotechnologies

Hakimov Daler

Student, Samarkand State University Veterinary
Medicine of Livestock and Biotechnologies

Mamadiyrov Husniddin

Student, Samarkand State University Veterinary
Medicine of Livestock and Biotechnologies

Abstract

This article analyzes the potential for increasing the economic efficiency of enterprises by improving cost accounting based on international standards (such as International Financial Reporting Standards – IFRS, and International Standards on Auditing – ISA). An effective cost accounting system not only ensures transparent financial reporting but also serves as a reliable information base for decision-making processes, positively influencing optimization of production cost and improvement of profitability. The article examines the experience of developed foreign countries and current practices in Uzbekistan, highlighting mechanisms for modernizing cost accounting and its prospects. Institutional and staffing challenges encountered during the transition to international standards, as well as the effectiveness of governmental support, are also assessed. The research results are aimed at developing scientific and practical recommendations to enhance enterprise competitiveness through improved cost accounting.

Keywords: Cost accounting, international standards, cost price, efficiency, financial reporting, competitiveness, management accounting, transformation.



Introduction

Improving enterprise performance is one of the key directions in the modern economy, and implementing cost accounting in accordance with international standards plays an important role in this process. Today, in the context of global integration, many countries strive to adapt their financial reporting systems to international norms to increase investment attractiveness and determine the real cost of products and services. Transitioning to international standards strengthens internal control, ensures efficient use of resources, and enhances operational performance.

In Uzbekistan, liberalization of the economy and integration into global markets have made the shift to IFRS a strategic priority. In recent years, various government programs and decisions aimed at supporting this sector have been implemented. However, in order to transform cost accounting on a wide scale, it is necessary to enhance human resource capacity, improve information infrastructure, and effectively implement modern methodologies.

This article examines opportunities to improve enterprise performance by modernizing cost accounting through international standards. The research analyzes foreign experience, reforms in Uzbekistan, existing issues in the field, and proposes scientific-practical recommendations.

Literature Review

The impact of cost accounting on enterprise efficiency is widely covered in international and domestic research. Studies conducted in different countries highlight key findings relevant to Uzbekistan's economic environment.

Theoretical Foundations of Cost Accounting

Many researchers define cost accounting as a crucial source of information for managerial decision-making, emphasizing its economic, financial, and managerial aspects. For example, Kaplan R.S. and Norton D.P. (1996), in introducing the "Activity-Based Costing (ABC)" methodology, argue that it provides more accurate and efficient cost distribution compared to traditional methods and enhances product profitability analysis.

International Experience

In Europe and Asia, aligning cost accounting with international standards is considered a key element of global business management. According to Nobes C. (2018), the transition to IFRS in countries such as the UK, Germany, and Japan improved transparency and facilitated access to international capital markets.

Li Y. (2020), examining the case of China, highlights the effectiveness of digital transformation and integrated management accounting models in supporting efficient cost accounting systems.

Importance of Cost Accounting in Uzbekistan

With the modernization of Uzbekistan's economy, transitioning to international standards has become increasingly relevant. Mukhitdinov M. (2021) examined the factors, challenges, and prospects of aligning cost accounting in Uzbek enterprises with IFRS. The main obstacles identified include outdated accounting policies, scarcity of skilled specialists, and underdeveloped modern information systems.



Prospects for Improvement

In recent years, Uzbekistan has implemented measures to promote the transition to IFRS. Presidential Decree PQ-4611 (dated February 24, 2020) significantly supports this direction.

Research Methodology

The study uses a comprehensive approach to assess the impact of improving cost accounting based on international standards on enterprise performance. Methods include economic analysis, statistical review, comparative analysis, empirical research, and system-based approaches.

Analysis and Results

Impact of International-Standard-Based Cost Accounting on Enterprise Performance

The research shows that aligning cost accounting with international standards increases transparency, enables accurate product costing, and optimizes managerial expenses. International evidence confirms that companies adopting IFRS—particularly in the EU—improved their ability to attract investment from global capital markets.

In China, the application of modern management accounting methods (e.g., ABC) helped reduce production costs by 10–15%, which serves as a valuable benchmark for Uzbek manufacturers.

Opportunities and Challenges in Uzbekistan

Identified Opportunities:

- Ongoing economic reforms
- Growth in international investment
- Government support initiatives

Identified Challenges:

1. **Infrastructure & Technology:**
Lack of automated ERP systems aligned with international standards.
2. **Human Resources:**
Shortage of specialists experienced in IFRS and management accounting.
3. **Institutional Barriers:**
National accounting policies and regulations that are not fully synchronized with international standards.

Recommended Strategies:

- **IT Integration:**
Implement ERP systems compliant with IFRS (e.g., IFRS 2 “Inventories”).
- **Human Capital Development:**
Offer specialized training and certification programs in IFRS, ABC, and Target Costing.
- **Strengthening Management Accounting:**
Introduce budgeting, variance analysis, and other advanced decision-support systems.



- **Public–Private Partnership:**

Engage international consultants and provide tax incentives to enterprises transitioning to new standards.

Conclusion and Recommendations

Improving cost accounting based on international standards has significant potential to enhance the competitiveness and economic resilience of Uzbek enterprises. However, large-scale transformation is hindered by technological limitations, shortage of qualified personnel, and inadequate financial support.

International experience suggests that successful cost accounting reform requires strong public–private cooperation, financial assistance, and adaptation of advanced methodologies. To strengthen Uzbekistan’s position in global markets and support regional economic development, the following recommendations are proposed:

1. **Improve Legal Frameworks:**

Develop legislation to harmonize cost accounting with IFRS and create methodologies for management accounting regulation.

2. **Provide Financial & Institutional Support:**

Offer subsidies and preferential loans to SMEs transitioning to IFRS.

3. **Enhance Education Quality:**

Update university curricula on IFRS and management accounting and involve foreign experts.

4. **Accelerate Digitalization:**

Promote automation, cloud-based accounting systems, and data analytics tools.

5. **Introduce Management Reporting Standards:**

Implement internationally recognized cost and management accounting standards tailored to enterprise needs.

Final Remark

A systematic approach to improving cost accounting based on international standards will enhance not only the financial stability of Uzbek enterprises but also their global competitiveness. Successful implementation of the proposed measures will attract investment and create new sources of efficiency, making the development of this sector a national priority.

References

1. Kaplan, R. S., & Norton, D. P. (1996). *The Balanced Scorecard: Translating Strategy into Action*. Harvard Business School Press.
2. Nobes, C. (2018). *International Classification of Financial Reporting*. Routledge.
3. Li, Y. (2020). The Impact of Digital Transformation on Management Accounting in Chinese Enterprises. *Journal of Finance and Economics*, 10(4), 112–125.
4. Mukhitdinov, M. (2021). Theoretical foundations of transforming cost accounting to IFRS in enterprises. *Economics and Finance Journal*, 5(2), 45–56.
5. President of the Republic of Uzbekistan. (2020). Decree PQ-4611 “On additional measures to transition to international financial reporting standards.”



6. Narziyeva, G., & Raximova, U. (2023). Superior directions, modern trends and prospects for the development of the financial market.
7. Muxammadkulovna, Y. D., Rabbimovna, R. U., & Bakhtiyorovna, N. G. (2023). Organization of Teaching Economics at the University. Periodica Journal of Modern Philosophy, Social Sciences and Humanities, 18, 30-32.
8. Rabbimovna, R. U., & Farxodovna, E. D. (2023). MOLIYA BOZORINI RIVOJLANTIRISHNING USTUVOR YO'NALISHLARI, ZAMONAVIY TENDENSIYALARI VA ISTIQBOLLARI. Научный Фокус, 1(7), 709-714.
9. Rabbimovna, R. U., Baxtiyorovna, N. G., & Muxammadkulovna, Y. D. (2024). AGROKLASTERLARDA TOVAR-MODDIY QIYMATLIKLAR HISOBI VA AUDITINI TAKOMILKASHTIRISH. WORLD OF SCIENCE, 7(3), 140–146.
10. Narziyeva, G. B., (2025). FINANCIAL LITERACY OF CLIENTS: CURRENT ISSUES IN BANKING PRACTICE. American Journal of Interdisciplinary Research and Development 38. 24-27
11. Davlat budjetida boshqaruv xarajatlarini moliyalashtirishni takomillashtirish yo 'llari va xarajatlarining optimallashtiruv muammolari. G Narziyeva - YASHIL IQTISODIYOT VA TARAQQIYOT, 2024

