

Target Cost Approach as a Strategy to Develop the Performance of the Jordanian Industrial Public Shareholding Companies

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Abstract

The current study aimed at identifying the impact of adopting the target cost approach as a strategy upon the extent of improvement in the performance of the Jordanian industrial public shareholding companies. This approach aims at developing the product and proposing estimations for the profit margin when designing and launching the product in order to improve the performance of such companies.

The current study adopted the descriptive and analytical approaches. Furthermore, the researcher designed a questionnaire to be used as a tool for collecting data from the Jordanian industrial public shareholding companies. The researcher distributed the questionnaire forms to these companies. One hundred and ten (110) questionnaire forms were retrieved. However, ninety seven (97) of them were used in the study's statistical analysis. In order to conduct statistical analysis, the researcher used the SPSS program with using the suitable statistical methods.

The current study concluded several significant results. For instance, there is a positive impact for the study's independent variables jointly and separately upon the performance of the Jordanian industrial public shareholding companies. These variables

include: identifying the target selling price, estimating the designing costs, identifying the target profit margin, identifying the accepted costs, the value engineering process, the final design of the product, and the calibration of costs. In addition, the researcher has concluded that there are companies that do not fully apply the target cost approach, but they use some of the requirements of the target cost strategy.

The researcher of the current study has proposed several recommendations. For instance, he recommended continuing the application of the target cost approach as a strategy in Jordanian industrial public shareholding companies. He also recommended developing the methods used for applying it and raising employees' awareness about the significance and benefits of applying the target cost approach as a strategy. He also recommended adopting the target cost approach as a strategy in full and having a high commitment to all of its dimensions, because that would be reflected positively upon the performance of Jordanian industrial public shareholding companies.