SUMMARY OF THE THESIS

ON

ADOPTION AND IMPLICATIONS OF KAIZEN AND TARGET COSTING TECHNIQUES-
A Study of Selected Automobile Companies

SUBMITTED FOR THE AWARD OF THE DEGREE OF

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SUMMARY OF THE THESIS

Title: Adoption and Implications of Kaizen and Target Costing Techniques-
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Companies need up-to-date information for making right decisions. Costing systems should provide the precise and necessary cost information for decisions. During the late 1980s many organisations recognized the drawbacks of traditional costing systems to provide correct and useful costing information. While many authors recognised that traditional costing systems were lagging behind in the modern manufacturing environment. In addition, it was observed through literature that the traditional cost management systems are not suitable in the trends and changes in the current business environment, increased competition and growing costs create the need of new cost management systems. As a result many modern costing techniques such as target costing and kaizen costing have been developed as a solution to provide better decision-making and cost reductions during different stages of product life cycle. The traditional costing methods have some limitations thus old methods are not appropriate in changing business environment and there is a need of new cost management tools. The possible cost distortion by using traditional costing systems has influenced the decision to adopt target costing and kaizen costing for better decision making and subsequent actions. In this research application of cost management techniques are studied at the automobile companies. It is evident that the automobile companies currently operate successfully. This study has presented the implementation of target costing and kaizen costing and also the advantages and disadvantages of both techniques. The objectives are achieved by clarifying the concepts, theoretical foundation or the review of literature and by analyzing data. This study has tested adoption level of these techniques in automobile companies.

COSTING TECHNIQUES

New cost management methods are very useful in making key decisions of the company and for the management of the costs of product during its entire life cycle and every stage of life. Customer focus is a key success factor for the company. Modern cost
management methods namely target costing and kaizen costing are very useful for the growth, expansion and financial performance in an organisation especially in the automobile sector. This is highlighted in the line of the literature that target costing is used for the development of new products by deciding target cost and by reducing upstream costs of product. Kaizen costing is used for the improvement and modification of existing products by deciding cost reduction targets and by reducing downstream costs of product. The target costing and kaizen costing can be applied in manufacturing companies, where the creativity and high quality are most important features of product from customer’s point of view. The target costing and kaizen costing are different methods but these cannot be separated. The combination of target costing and kaizen costing is more effective for all cost reduction possibilities. Target costing and kaizen costing techniques are used as a total cost management to survive in a competitive environment. Today total cost management is taking as a more central role in the management plans of companies than it was before and target costing and kaizen costing are those tools in cost management that most automobile companies are using under same name or under other name. The target costing and kaizen costing systems described in this study are meant to be an integrated or total cost management system that spans the whole life cycle of the product. The field of target-costing and kaizen costing both as total cost management are emerging rapidly as the solution to future as well as existing products development and cost reduction.

In the competitive environment a company will have to be cost conscious during design & development and also in manufacturing stages of the life cycle of product to produce a high quality product at low costs. During design & development stage target costing can be used for improving design and reducing the cost level while during manufacturing or production and subsequent stages kaizen costing can be used for improving production processes and cost reduction. Value engineering and value analysis are main tools for the application of target costing and kaizen costing. Though value engineering is used with target costing and value analysis is used with kaizen costing but both terms have same goals of cost reduction by adjusting value added functions or qualities with the cost of product or increase value of product. Target-costing and kaizen costing have been widely applied by automobile companies in their product development and process improvement.
Target-costing can be applied in the design and development of a new product while kaizen costing can be applied in the manufacturing stage as well as for improvement of an existing process.

Effective cost management is necessary for all stages of the life cycle of any product. Profitability of company depends on the effective cost management and the dimensions of survival triplet which are quality, cost and functionality. A balance is needed between quality and functionality for cost reduction and this can increase performance level of the firm. There is a huge potential for cost reduction by using the target-costing and kaizen costing techniques in automobile companies. Target cost in target costing and cost targets in kaizen costing are perceived as goals to achieve.

The involvement of employees and their commitment to the work are very important for the application of these methods. In addition, the implementation of target costing and kaizen costing had developed the operations and cost management of the companies and help them to continuous improvement, which encourages employees to find their recurring problems, seek solutions and better ways of working to go forward.

The target costing can provide a company better means to improve decision making for the product introduction, designing and development. Kaizen costing can provide a company better means to improve production processes for the product manufacturing. Especially, the clarity of target cost of target costing and cost reduction targets of kaizen costing affect the successful implementation of target costing and kaizen costing. Seeing that target costing and kaizen costing could provide benefits that support automobile firms to cope with the changing environment and encouraged the organisations to continuous improvement. Target costing and kaizen costing can be successful in lowering the overall costs without any compromise in the product quality and level of customer satisfaction.

This study provides insights and inspiration to managers of manufacturing companies that want to manage the total cost of products. The study has discussed two main points (1) the target costing and kaizen costing are modern cost management tools which are used in companies nowadays (2) the target costing is used in development phase for new products and kaizen costing is used in manufacturing phase for existing products. These tools provide managers the possibility of cost reductions. To evaluate these techniques in
this study some weaknesses and advantages of both target costing and kaizen costing are also mentioned. Research indicates that advantages can be considered strong than their weaknesses because the weaknesses of these techniques may be reduced with proper attention. Implementation of both target costing and kaizen costing techniques require the support and commitment of all employees and top managers. The target costing and kaizen costing techniques are very useful in shaping the all selected automobile firms.

STATEMENT OF THE PROBLEM

For the comprehensive growth and specialization in all aspects of the processes and product component it is necessitated that all segments of the firm be induced to work in acquiring the required level of spirit and state. While reviewing the literature it was found that various studies have been conducted in the field of kaizen, target costing and cost management. In the implementation of kaizen and target costing techniques, it requires that the organization fabric be prepared to the desired level to grasp the philosophy. It was found that the studies on these aspects are much less conducted. It creates the scope for the research on this aspect. The philosophy of kaizen and target costing is a comprehensive approach which includes change in the thought process of members of the companies, zeal on the part of the members, real support of the managerial positions and so on. This is a research problem together with other aspects. After adopting the kaizen and target costing techniques how far and the extent the companies are able to achieve its competitive edge in the market.

SCOPE OF THE STUDY

This study is an attempt to study various issues and aspect of kaizen costing and target costing. Though cost management includes activity based costing, standard costing, uniform costing, direct costing, marginal costing, kaizen costing, target costing, out of which some are referred as traditional techniques and the remaining are modern techniques. The study has covered the members of Maruti Suzuki India Limited, Hero Motocorp Limited and Honda Motorcycle and Scooter India Private Limited. The study has covered different aspects like behavioral implications, level of initiation, impact of adoption of target and kaizen costing practices among the sample automobile companies.
RATIONALE OF THE STUDY

The long-term financial success of any company depends on whether its prices enough to financial growth and yields a satisfactory return to its stakeholders (Blocher 2002). As competition grows the supply exceeds demand thus market control prices more significantly. Berliner & Brimson (1988) noted that ninety percent of product cost is associated in process design stage of product. According to Clark & Fujimoto (1991) competitive advantages of successful automobile manufacturers arise from product development through which automobile companies can produce reasonable products meeting customers’ needs. These studies show that the performance of automobile companies can be improved through better product development processes. In this context to support this practice techniques target costing and kaizen costing evolved. Some researchers propose that well implementation of target costing can provide an alternative solution to the above stated problem (Ansari & Bell 1997). The literature says that the concept of target costing is known in Japanese as “Genkaki-kaku” and it originated by Toyota Motor Corporation in the 1960s. Since that time it has been recognized as a complete system of cost reduction and strategic profit planning (Ansari & Bell 1997, Hibbets et al. 2003). Literature shows that the manufacturing firms that have adopted these systems have been benefited in the form of increased performance and higher productivity.

Wide literature on target costing is available in Japanese journals however in the West its literature in English is limited (Ansari & Bell 1997). One major reason for the lack of availability of literature on target costing and kaizen costing is that these techniques are implemented in different stages of production, and companies maintain a high degree of secrecy in regarding their production costs. Gagne & Discenza (1995) stated that the available literature on target costing focuses on the target costing benefits, its practices and its suitability in certain environments. Nicolini et al. (2000) added that target costing is successfully implemented in manufacturing companies. Granja et al. (2005) claimed that target costing is a good strategy for cost reduction in the construction industry and target costing is closely related with kaizen costing to achieve continuous cost reduction. Some authors discussed the aspects on whether the manufacturing companies still use traditional management accounting tools or use modern tools.
OBJECTIVES OF THE STUDY

The overall objective of the study is to assess the overall impact of the application of kaizen and target costing techniques in the sample companies. However the study has the following objectives-

1. To study the adoption of kaizen and target costing techniques in sample companies.

2. To study the stimuli posses by the members in implementation of target and kaizen costing techniques in the sample companies.

3. To study the level of involvement in identification of a work problem, waste, defects, creativity, scope for innovation and work on it by the members in the sample companies.

4. To study the degree of generalization of target and kaizen philosophy among the members in the sample companies.

5. To study the level of heed given to the ideas and defects conveyed by supply chain partners of the sample companies.

6. To study the role of management to stimulate and support the effort of employees working at different levels to improve processes in the sample companies.

7. To study the implications of kaizen and target costing techniques in the sample companies.

HYPOTHESES OF THE STUDY

To achieve the objectives of the study, following hypotheses were formulated:

1. $H_0$: Kaizen and target costing techniques are not adopted by sample companies.

2. $H_0$: There is no stimuli posed by the members in the implementation of target and kaizen costing techniques.

3. $H_0$: There is no involvement in identification of a work problem, waste, defects, creativity, scope for innovation and work on it by the members in the sample companies.
4. \( H_0 \): Target and kaizen philosophy among the members in the sample companies is not generalized.

5. \( H_0 \): There is not any heed given to ideas and defects conveyed by supply chain partners of sample companies.

6. \( H_0 \): There is no role of management to stimulate and support the effort of employees working at different levels to improve processes in the sample companies.

7. \( H_0 \): There is no implications of kaizen and target costing techniques in the sample companies.

**RESEARCH POPULATION**

Population of research entails the object of a study. Research population includes entire group of people /individuals, organizations, products, events and things of interest which are desired by the researcher to investigate. The research objectives of the study concern the use of kaizen and target costing techniques in Indian automobile companies. The target population of this study identified in this concern is Indian automobile companies. This study concentrates only on this sector in order to avoid confusion arising from variations between different sectors. Automobile sector is suitable for this study because according to literature this sector have a higher proportion of firms who are most likely to use kaizen and target costing techniques.

**SAMPLE OF THE STUDY**

For the study following companies have been taken as sample companies-

i] Maruti Suzuki India Limited

ii] Hero Motocorp Limited

iii] Honda Motorcycle and Scooter India Private Limited

During, 2011 after the separation of the joint venture partners, Hero group and Honda the sample company Hero Honda Limited, is now working under new brand name, Hero Motocorp Limited and it has been mentioned in fifth chapter of company profile. Hence the name of this sample company has been changed in the study.
SAMPLE PROFILE / SIZE

The sample size from each of the sample company in this study after response of respondents has been used as under:

<table>
<thead>
<tr>
<th></th>
<th>Maruti</th>
<th>Hero MotoCorp</th>
<th>Honda</th>
</tr>
</thead>
<tbody>
<tr>
<td>I] Non Managers</td>
<td>87</td>
<td>75</td>
<td>48</td>
</tr>
<tr>
<td>II] Managers</td>
<td>39</td>
<td>34</td>
<td>20</td>
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</table>

DATA GATHERING AND REQUIRED

For the completion of the study both primary as well as secondary data have been used. The secondary data is used to make quantitative analysis of the sample firms. The primary data is used so as to clarify various issues concerning with modern techniques of cost management namely target costing and kaizen costing.

QUESTIONNAIRE DESIGN

Previous studies administered questionnaires on target costing, activity based costing and other costing methods also the theoretical aspects of the literature were kept in mind for the preparation of the questionnaires for this research. Two questionnaires have been developed containing various questions in this study, one for managers and other for non-managers. The questionnaires have aim to confirm what is observed and what is proposed. The questionnaires have both biographical questions and questions designed in the light of objectives of the study. The first part of the questionnaire is designed to collect demographic data of the respondents for statistical reasons. The remaining questions are concerned about the main part of the study under investigation. Different questions of questionnaires address different aspects of the study. The questionnaires have mainly questions regarding team work, involvement of different departments, goals or aims of costing techniques adoption, support of managers, coordination with suppliers, benefits and drawbacks etc. on target costing and kaizen costing.
RESEARCH VARIABLE

There is some confusion between two concepts adoption of an idea of kaizen and target costing techniques and implementation of these. If the idea of these techniques is adopted but not implemented, even then it may affect the way of thinking in a firm and also the number of adopters of an idea will be significantly more than the number of companies implementing the idea of these techniques. Thus in this study the adoption of kaizen and target costing refers to the adoption of the idea of kaizen and target costing or level of application of these techniques. Further, in this study, adopters are those companies that have already implemented or are presently implementing these techniques. In this study implications are concerned with the results, performance and evaluation of these techniques (advantages as well as disadvantages). The respondents of this study are non managers like supervisors, shop floor employees, technician and managers.

STATISTICAL TECHNIQUES

The quantitative data of study has been analyzed by suitable descriptive and inferential statistical methods. The descriptive analysis of the data is used to provide a summary of responses of the respondents, which are: frequency distributions and percentage. Frequency distribution is used to show the number of responses related with a variable in the study questionnaires. Descriptive statistics have been used to draw percentages of frequencies. Chi-square test has been used mainly for data analyses. It is used to find out any significant difference between observed and expected responses.

SAMPLE COMPANIES

MARUTI SUZUKI INDIA LIMITED (MSIL)

Maruti Suzuki India Limited was incorporated on February 24, 1981 with the name Maruti Udyog Limited. The company was formed as a government company with Suzuki as a minor partner to make a people’s car for middle class India. Over the years, the company’s product range has widened ownership has changed hands and the customer has evolved. In October 2, 1982, the company signed the license and joint venture agreement with Suzuki Motor Corporation, Japan. Maruti Suzuki India Limited (MSIL,
formerly known as Maruti Udyog Limited) is a subsidiary of Suzuki Motor Corporation, Japan. In the year 1983, the company started their production and manufacturing the passenger vehicles in Gurgaon plant and launched Maruti 800. In the year 1992, Suzuki Motor Corporation, Japan increased their stake in the company to 50%. In the year 1995, the company commenced their second plant. In the year 1999, the third plant with new press, paint and assembly shops became operational. In the year 2002, Suzuki Motor Corporation increased their stake in the company to 54.2%. The company changed their name from Maruti Udyog Limited to Maruti Suzuki India Limited with effect from September 17, 2007. Over three decades from 1982 Maruti Suzuki is working in Gurgaon (Haryana) and the company is India’s largest passenger car company, covered majority of the domestic car market.

**HERO MOTOCORP LIMITED (HMCL)**

Hero MotoCorp Limited was incorporated in the year 1984 with the name Hero Honda Motors Limited. The company was established as a joint venture company between Honda Motor Company of Japan and Hero Group. In the year 1983, they signed a joint collaboration agreement and formed the company. The joint venture between India’s Hero Group and Honda Motor Company, Japan has not only created the world’s single largest two wheeler company but also one of the most successful joint ventures worldwide. Hero MotoCorp Limited was formerly Hero Honda Motors Limited. It is the world’s largest manufacturer of two – wheelers, based in India. In 2001, the company achieved the coveted position of being the largest two-wheeler manufacturing company in India and also the World No.1 two-wheeler company in terms of unit volume sales in a calendar year. Hero MotoCorp Limited continues to maintain this position till date. Hero MotoCorp Limited is the World’s single largest two-wheeler motorcycle company.

**HONDA MOTORCYCLE AND SCOOTER INDIA PRIVATE LIMITED (HMSI)**

Honda Motorcycle and Scooter India Private Limited came into being in 1999. The foundation stone for the factory was laid on 14th December 1999 and the factory was completed in January 2001. It began production and incorporated in 2001.
Motorcycle and Scooter India Private Limited is Honda’s wholly-owned two-wheeler production and sales subsidiary in India and it is spread over 52 acres, with a covered area of about 85,815 square meters at Manesar, Gurgaon district of Haryana. The initial installed capacity was 100,000 scooters per year, which has reached 6,00,000 scooters by the year 2007 and motorcycle capacity shall be 4,00,000 per annum. The total investment outlay for the initial capacity was Rs. 215 crores and now the accumulated investment is 800 crores. Capitalization ratio of the company is 100% from Honda Motor Company Limited. The company is the manufacturer of motorcycle and scooter. It had 826 sales outlets network (as on March 2011). Honda Motorcycle and Scooter India Private Limited is holding coveted the first position in selling largest number of scooters in a calendar year. The company has retained its coveted position for the last seven years. The company operates on a principle, which is followed worldwide by all Honda companies.

**MAJOR FINDINGS OF THE STUDY**

The major findings of the study are:

1. The study indicated that both target costing and kaizen costing techniques have been adopted by the sample companies. All the three companies adopt target and kaizen costing and have been using these techniques for more than ten years. The sample companies adopted these techniques with time variation and potential as is of their incorporation.

2. The study found that members are stimulated by all sample companies through different incentives for the implementation of both techniques. Companies give employees satisfactory incentives and they get the recognition they deserve. The companies are using both monetary and non-monetary incentives to initiate their employees.

3. The study revealed that sample companies employees come forward with new ideas or suggestions, identify new work problems and defects, focus on waste reduction and new ways for work improvement for better performance with time along. The critical finding is that the members of different departments have significant roles in implementation of target costing and kaizen costing in the sample companies.
4. It is obvious from the analyses that managers in sample companies significantly accept the ideas of employees and generalise their ideas among all members. Further, it is confirm from the study that employees frequently submit ideas and the continuous improvement projects are visual to all employees in sample companies.

5. One of the finding of the study is that companies give attention to the ideas provided by their supply chain partners. Companies change their products frequently and supplying customized products to their customers. The companies are aware about the role of supply chain members in improving their performance and quality of product.

6. The study confirms that managers provide the support and stimuli to the employees working at different levels in different ways to improve processes and for implementing target costing and kaizen costing techniques in their companies. Top management support is considered valuable for the application of both techniques.

7. The study shows that in different departments of sample companies, most of them have applied target costing and kaizen costing principles. All the supply chain parties and workers are involved with a positive mindset and believe on integration in the above-mentioned costing techniques and stated that target costing and kaizen costing are worth implementing in their companies. One of the main findings of this study is that the application of target costing and kaizen costing techniques has a positive impact on improving the companies’ profitability, quality of products, effectiveness and market share. Both costing techniques are considered highly beneficial in all sample companies. It is also noted that there are some drawbacks and barriers which are considered by sample companies in the implementation of target costing and kaizen costing techniques and it is also found that with the drawbacks, both techniques are used and beneficial for sample companies.

RECOMMENDATIONS
The research is useful to provide relevant suggestions to enhance the performance of automobile companies. Using target costing and kaizen costing techniques extensively would increase the level of success. The combination of improvement techniques target costing and kaizen costing is recommended. The improvement of manufacturing work is an endless activity and it requires involvement of many people in an organization. Latest techniques of cost management and cost improvement should be adopted by manufacturing companies to become competitive in market. The target costing and kaizen costing methods may be suitable for any manufacturing company who wants to manage their costs of production. This study proposes some practical suggestions to support the application of target costing and kaizen costing techniques in automobile sector. The suggested points and recommendations of the study are presented as under:

- Target costing and kaizen costing techniques are team-dependent techniques. These techniques will not give the expected results from its application if there is not a proper coordination between the departments and also teamwork attitude in the organization. A team attitude among employees can bring together the knowledge and experience regarding work for better performance. Thus before application of target costing and kaizen costing techniques, companies should ensure the teamwork attitude or change the attitude of their workers.

- The competitive environment demands that a company should have an effective supply chain because good relationships with suppliers have a high potential impact on the manufacturing performance. Company should have all information about their supply chain members especially customers and suppliers. Company must build good relationship with their suppliers and focus on the demands of customers.

- This study suggests that the development and implementation of target costing and kaizen costing is related with learning attitude in the organisation. Learning organisational culture can influence the application of target costing and kaizen costing in a good manner and it can increase teamwork, job efforts and better performance.
There must be an effective communication system in the company and important information as well as pre decided targets should be communicated to employees of all departments and there should be transparency. It is important that companies should pay more attention on information or communication system to enhance their performance. Because the use of effective information technology enables an organisation to interlink with its employees and supply chain members. An effective communication system helps in the implementation of target costing and kaizen costing techniques. Therefore companies should focus on the timely providing important and necessary information.

Employee’s involvement is necessary in target costing and kaizen costing implementation thus, companies should pay more attention to satisfy their employees and increase their interest. Incentive system of company is very important to encourage the employees and for their full involvement in the production. Thus companies should use new or adequate incentive schemes to motivated employees for the successful implementation of target costing and kaizen costing techniques. In addition these costing tools are designed to be applied by employees therefore; the system in company should be linked to their performance and compensation. The company should aware about the unreasonable stress and pressures on employees. The employees also should be rewarded for their group work.

Supply chain members especially customers and suppliers have very important role in the application of the target costing and kaizen costing techniques. The study describes that suppliers play important role in the design & development as well as manufacturing stages of the product life cycle by providing materials and ideas or suggestions. Thus an organization should shortlist its suppliers and should include only those suppliers in their list who are believed that they will be able to meet the target of the cost of the product. Because having too many suppliers may be very costly due to facilities maintenance for them and also company can improve their relations with few suppliers.

For successful application of target costing and kaizen costing techniques, companies should focus on setting two types of targets: (1) Set neither difficult
nor easy target cost for target costing and (2) Set neither difficult nor easy cost reduction targets for kaizen costing because these are more feasible options of the successful implementation of these techniques. The target cost and cost reduction targets should be achievable with considerable efforts.

- Negotiations with suppliers should be based on the market price with little focus on the actual cost of a product. With the help of target costing and kaizen costing a company can estimate accurate cost of new and existing products. There should be fact-based negotiation with suppliers. This assists a manufacturing company in comparison and selection of suppliers. Integrated actions with suppliers can be induced extra cost saving for company.

- It is recommended that to face competition and beat competitors, a manufacturing company should work according the confrontation strategy and should follow the concept of survival triplet and also fix their survival zone. The dimensions of survival triplet quality, price and functionality should be balanced with in the maximum and minimum limits of survival zone of the company because the balance between these items can increase the profits of company. Further, manufacturing companies could develop a strategy for implementing target costing and kaizen costing by paying more attention on the identification and adoption of a proper organisational culture that suits the implementation of these techniques.

- General process of target costing can be applied for a simple product but process of target costing having three levels: market driven costing, product level target costing and component level target costing, is specific because it considers deep and every aspect about product and possibility of cost reduction thus it can be used for products having complexity and require creativity during their design and development stages.

- It is suggested that when the target costing and kaizen costing systems are properly implemented with the support of members in the company these could be very important tools to foster total cost management and strengthen the organisation. With proper application modern cost management techniques target
costing and kaizen costing enable business organisations to create and maintain competitive advantages.

- Attention of top management should be focused on the application of both techniques and training should be extended for employees regarding the role and application of target costing and kaizen costing techniques. Because proper training about changes and understanding of the concepts of target costing and kaizen costing techniques have importance in the implementation of these techniques in the company.

- These techniques can be very effective in decision making and in making key decisions if these are implemented with full coordination, commitment and support of managers and employees. Strong coordination among employees, friendly and supportive environment can lead the proper implementation of these costing methods. Times to time directions of top management are also required to derive the most beneficial outcomes of target costing and kaizen costing techniques.

- The literature states that majority of the product costs are incurred during the design & development stage of product, thus cost reduction possibilities are high during the design & development stage of product than its manufacturing stage. Hence firms should be focused more on cost reduction in design & development stage of new product and cost reduction with cost control in the manufacturing stage of existing products.

- Research indicates that both techniques have advantages as well as disadvantages but advantages are considered strong than their weaknesses. By proper attention on the implementation of both techniques companies can reduce the weaknesses of these techniques. Therefore to reduce the problems of these techniques companies should focus on the proper application of both techniques, employees must be trained and motivated to accept these costing methods, understanding attitude, proper feedback system and employees should be ever observant of cost reduction opportunities. For companies to make effective use of target costing and kaizen costing must be able to effectively execute processes of these costing methods in order to consistently create positive results.
• It is also suggested that skills and previous work experience of the team members resulted in true collaboration and it provides solutions regarding products which creates value for the customer. Employees of all departments should freely share their knowledge, experience and candidly discuss their problems and issues. Management also should focus on integrated work than separation or individual work.

LIMITATIONS OF THE STUDY

Overall, the findings and results of this study are sufficient for the accomplishment of the objectives of this research. But like other studies this study also has some limitations. The limitations associated with this study are under mentioned.

• First limitation of this study is that merely automobiles companies are covered under this research. The scope of the study is limited because sample included only automobile companies working in India. This limitation may confine the generalization of the findings of the study. The generalization of the findings of this study on all industries requires an overall sampling from all industries. Sample size of the study under consideration is not enough to generalize the results on all other manufacturing companies; however the findings of the study would be generalised on automobile industry.

• There are many old and modern cost management techniques but merely cost management techniques, target costing and kaizen costing have been considered. The thesis does not describe all the tools and all aspects of target costing and kaizen costing techniques and also other costing methods which are used in sample companies.

CONCLUSION

This study found a good level of target costing and kaizen costing adoption in the selected automobile companies. Besides the findings the study has some useful suggestions for business practice. Manufacturing firms can use these costing methods to evaluate needs of product design and for overall cost reduction possibilities and also the
combined form of these techniques can be used by all automobile companies to improve their performance. Each of these costing methods is performed to increase the effectiveness of different stages of product’s life cycle. The best work or application of these costing methods depends on a culture of trust, teamwork, cooperation and support of employees of all level as well as good relation with supply chain partners is required and they are involved at every stage of implementation of these techniques. With the implementation of target costing and kaizen costing techniques manufacturing companies can meet customer requirements and endeavour to exceed customer expectations so it is concluded that the automobile manufacturers do make use of target costing as well as kaizen costing techniques. Increasing use of target costing and kaizen costing techniques is needed and these techniques are very successful ways of reducing manufacturing costs by identifying cost reduction opportunities without any compromise in the quality of product. Finally it is concluded that target costing and kaizen costing are much more than cost reduction tools. This study indicates that Indian automobile companies are also in the league of target costing and kaizen costing adopters.