Call for Master’s or Diploma Thesis

Title: The Consequences of Target Costing: A Critical Analysis of the Empirical Evidence

Research Question

What are the consequences of using Target Costing (TC) in firms?

Motivation

TC originated in the Japanese automotive industry in the 1960s and has since established itself worldwide as an instrument of market-oriented cost management. Yet does TC effectively shape product innovation, cost efficiency, and the success of new products? Despite a substantial body of research on the diffusion and implementation of TC, it remains open what consequences its use actually produces in organizations. The empirical evidence spans several outcome dimensions and rests on a methodologically heterogeneous research tradition that includes surveys, case studies, and experiments. A structured synthesis of the direct effects of TC is still missing.

Objective

The thesis systematically reviews the empirical evidence on the direct consequences of TC. It delivers a curated list of studies within defined quality tiers and transfers the included studies into a fully coded research database, based on the coding scheme developed at the chair. Building on this database, you identify robust core effects and open research questions.

Link to the Research Program

The thesis is part of the research program on evidence-based management control initiated at the chair. The program documents the effectiveness of common management control instruments empirically and provides research and practice with a sound point of reference. TC is one of the central instruments of market-oriented cost management. The thesis delivers the TC module of the database.

Requirements

The thesis requires an interest in empirical management control research. You work in a structured and diligent manner. Solid English skills are necessary, as most of the sources are in English.

Supervision and Contact

Dr. Philipp Richter (philipp_clemens.richter@tu-dresden.de) supervises this project at the chair. You can apply by email with a short motivation letter and a current transcript of records.

Literature

Ahn, H., Clermont, M., & Schwetschke, S. (2018). Research on target costing: past, present and future. Management Review Quarterly, 68(3), 321–354.

Ansari, S., Bell, J., & Okano, H. (2007). Target costing: Uncharted research territory. In C. S. Chapman, A. G. Hopwood, & M. D. Shields (Eds.), Handbook of Management Accounting Research (Vol. 2, pp. 507–530). Elsevier.

Cooper, R., & Slagmulder, R. (2004). Interorganizational cost management and relational context. Accounting, Organizations and Society, 29(1), 1–26.

Dekker, H., & Smidt, P. (2003). A survey of the adoption and use of target costing in Dutch firms. International Journal of Production Economics, 84(3), 293–305.

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Huang, H.-C., Lai, M.-C., Kao, M.-C., & Chen, Y.-C. (2012). Target costing, business model innovation, and firm performance: An empirical analysis of Chinese firms. Canadian Journal of Administrative Sciences, 29(4), 322–335.

Pavlatos, O., & Kostakis, X. (2022). Exploring the relationship between target costing functionality and product innovation: The role of information systems. Australian Accounting Review, 32(4), 437–451.