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Revista de Antropología, Ciencias de la Comunicación y de la Información, Filosofía, Lingüística y Semiótica, Problemas del Desarrollo, la Ciencia y la Tecnología

Año 35, 2019, Especial N° 21

Revista de Ciencias Humanas y Sociales
ISSN 1012-1587/ ISSNe: 2477-9385
Depósito Legal pp 198402ZU45

Universidad del Zulia
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Opcion, Año 35, Especial Nº 21 (2019):*2899-2921*
ISSN 1012-1587/ISSNe: 2477-9385

Rationalize and reduce costs using the integration of (ABC, RCA, TC)

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Abstract

The study aims at distinguishing between the concepts of rationalization and reduction of costs and shedding light on the classification of strategic management accounting methods that guide and reduce the costs and the possibility of integrating these methods in order to help organizations reduce their costs and direct their activities towards the customer while highlighting the role of integration between strategic cost management methods in achieving The advantage of cost leadership in the light of the application of the strategy of leadership in the cost in the organization where the approach was taken in the hypothetical theoretical side and the use of the method of extrapolation in the applied side, was selected the General Company for Leather and Textile Industries The study concluded with a set of conclusions, the most important of which is the separation between the concepts of rationalization and reduction of costs and the existence of a complementary relationship between the method (ABC) and (RCA) (TC) and the goal of one is to rationalize the costs of activities after calculation, management and analysis, To the real reduction of costs and according to the target market price.

Racionalizar y reducir costos utilizando la integración de (ABC, RCA, TC)

Resumen
El estudio tiene como objetivo distinguir entre los conceptos de racionalización y reducción de costos y arrojar luz sobre la clasificación de los métodos de contabilidad de gestión estratégica que guían y reducen los costos y la posibilidad de integrar estos métodos para ayudar a las organizaciones a reducir sus costos y dirigir sus actividades. hacia el cliente al tiempo que destaca el papel de la integración entre los métodos de gestión de costos estratégicos en el logro de la ventaja del liderazgo de costos a la luz de la aplicación de la estrategia de liderazgo en el costo en la organización donde el enfoque se tomó en el lado teórico hipotético y el uso del método de extrapolación en el lado aplicado, se seleccionó la Compañía General de Industrias de Cuero y Textiles. El estudio concluyó con un conjunto de conclusiones, la más importante de las cuales es la separación entre los conceptos de racionalización y reducción de costos y la existencia. de una relación complementaria entre el método (ABC) y (RCA) (TC) y el objetivo de uno es racionalizar los costos de las actividades después del cálculo, gestión y análisis, a la reducción real de los costos y de acuerdo con el precio objetivo del mercado.

Introduction:

The many changes associated with the external environment (such as economic growth, trade globalization, product life cycle shortening, technological developments, and intense competition) need to complement traditional management accounting system information by strategically managing the costs of the organization using innovative cost management methods in order for the organization to be able to Keeping pace with developments and thus increasing the chance of their survival in the market and achieving competitive advantage. Achieving cost leadership requires a strategic decision that allows the development of accounting practices for cost management using modern methods. To reach the highest productivity and lowest cost while maintaining the quality of production.

This study began with the use of cost management techniques that guide the costs in the organization and are prepared to reduce them. The separation between the concepts of rationalization and reduction is very important for the organizations to arrive at the modern application of modern

methods in cost management strategy and for the sake of organizations to achieve optimal results in the application it is important to integrate these methods With each other and applied together, when the Organization was able to choose a suitable combination of methods and techniques and to serve their systems and potential whenever it can achieve its strategic goals and reach the competitive advantage.

The combination of methods (ABC, RCA) is a cost management strategy whose aim is to rationalize costs. The cost-based method of activity restores the indirect costs associated with each activity and redistributes them according to the number of activities required to produce the product or service. Distribution of indirect costs and accuracy in measuring the cost of products or services. The RCA acts as an integrated approach to the collection of resources in clusters, which facilitates the allocation of activities to the activities and thus gives decision makers more detailed analytical information and focuses on activating the unemployed and developing the The cost approach is aimed at reducing costs and minimizing costs. Target cost is a cost cutting and pricing system that aims to reduce product life cycle costs while ensuring quality and reliability by studying all possible ideas for reducing Of costs in the initial stages of R & D, design and planning.

The first axis: methodology of research and some previous studies

First: Research Methodology

1- Research problem:

The research problem stems from the basic problem faced by national industries in the face of intense competition and after the transition of the market from scarcity to excess supply, especially in the supply of foreign industries, which led to the inability of organizations to compete in production with the highest quality and lowest cost. Cost has become an important competitive weapon, and cost is seen as a priority and a goal that must be achieved to achieve the strategic objectives of the Organization, which requires the search for all modern and sophisticated means that manage and guide cost in a manner that leads to rationalization of costs and And then work to reduce them to achieve the advantage of driving the cost in the market and therefore the trend is to distinguish between rationalization and reduction of costs and find a complementary relationship between some of the modern methods of cost management to achieve real reduction of costs.

Based on the foregoing, the research attempts to answer the following questions:

1. Is there a difference between rationalization and cost reduction?

2 - How can achieve the complementary relationship between some of the methods of modern strategy in cost management objectives, proposals and successful solutions for rationalization and reduction to access the advantage of cost leadership in the market?

2 Research Importances:

The importance of research is highlighted by starting from the importance of the cost element as one of the most important factors on which organizations depend on achieving their competitive advantage in a highly competitive environment. The concept of strategic cost management is important in managing all internal and external costs in order to attempt to rationalize the costs of the entire supply chain by identifying all costs And cost engines for various activities in order to reduce costs from the supplier until the arrival of the product to the customer and it is necessary to distinguish between the methods of reduction, which seeks to cancel parts of the project and methods of rationalization, which seeks to make the radical change necessary In the entire project and what you need organization.

Research Hypothesis:

The research is based on two basic hypotheses that can be formulated as follows:

1. Cost rationalization is the key step towards reducing costs using strategic cost management methods.

2. The integration of strategic cost management methods leads to rationalization, thus reducing costs and enhancing the Organization's ability to achieve cost-management advantage.

4. Research Objectives:

The research aims to:

1. Distinguish between the concept of rationalization and reduction of costs.

2. Highlight the possibility of integrating some of the strategic cost management methods (ABC, RCA, TC) in order to assist organizations in optimizing their resources, reducing their costs and directing their activities towards the customer, which is the most influential factor in the market in the light of intense competition .

5. Research Methodology and Data Access Sources:

The deductive approach has been followed on the theoretical side through books, periodicals, research, journals and articles related to the subject, and the use of the inductive method in the practical side, which depends on the logical analysis of financial and non-financial statements and assumptions that can be applied to the research sample, Reports and official financial re-

ports of the company and through the field co-operation and deliberations with officials of divisions and divisions.
6. Temporal and spatial limits:
1- Spatial boundaries: The general company for leather and textile industries was chosen as a sample for conducting the research as it is one of the ancient companies that have a distinguished history.
2. Time Limits: The focus of the data collection of the research sample for the fiscal year 2017 was in the laboratory number (7) of the tanning site located in Zaafaraniya and for the production of leather garments.
Second: Some previous studies and the contribution of the current research:
- Arabic Studies:
Researcher Name (Hamza, 2015)
Title of Study: Rationalization of Expenditure through the Activity Based Costing System (ABC) / Applied Theory Study in the Public Institution of Hospital Ben Azza Bashir Al-Taibat
Type of study: Master of Science in Commercial Sciences, University of Qasidi Marbah, Ouargla, Algeria
Objectives of the study: 1. To identify in detail the cost-based system based on the activities through its review.
2. Trying to link the cost-based system of activities to rationalize expenditures.
Study Methodology descriptive approach in the theoretical side and case study of the applied side
Main Findings The Activity Based Costing System (ABC) provides more accurate information on the cost of medical services provided by the Blood Transfusion Laboratory at the General Hospital of Ben Azza Bashir "Tibiat" because it provides effective control over indirect costs.
Researcher Name (Mohammad, 2014)
Study Title Evaluating the effectiveness of cost accounting and improvement through a proposed resource resource accounting system
Type of study Master degree / Faculty of Commerce / University of Beni Suef
The objectives of the study are to evaluate the effectiveness of ABC and improve it by using the RCA system to develop cost systems.
The descriptive approach
Main Conclusions The RCA system overcomes the shortcomings of an activity-based cost system and the traditional system of resource management and utilization of idle energy.
- Foreign Studies:

1 Researcher Name (Damlin, 2013)
Study title Cost Rationalization and Value Creation in Product Development at Ericsson BNET
Type of study Master Thesis - Sweden
The objectives of the study The study aims to analyze how to combine the use of two inputs in Ericsson to contribute to the development of the product by reducing costs and adding value. The first approach is cost design, which focuses on adding more value and reducing costs since the beginning of the design process based on value engineering. You must be focused on getting the right cost from the start by reducing the cost structure of the supplier before buying.
Theoretical Methodology
Key Conclusions 1. Include suppliers in Ericsson to become more competitive and create greater value to the customer. Work must be handled in a multifunctional manner to enable value creation in each part of the value chain.
4 - Up to 80% of the cost associated with the design process combining the two inputs is a great way to evaluate the cost of two inputs where cost is calculated before and during the product life cycle and thus the possibility of achieving a sustainable reduction of costs for the entire life cycle of the product.
2. Name of researcher Bhatt, 2017))
The title Resource consumption (RCA), an ABC of overheads
Type of study
Study Objectives The study aims at comparing the traditional system and ABC (RCA) systems in the allocation and distribution of indirect costs to products using default data
Applied Methodology
Main Conclusions RCA is a more efficient cost management system that helps to use resources wisely and to measure costs. The ABC system needs careful research of major and minor activities.
Current Research Contribution: The research distinguishes between the concepts of rationalization and reduction of costs and the role of sequential integration and application of strategic methods including TC, ABC, and RCA to help organizations calculate, manage and analyze their costs in order to reduce them, identify idle energy and optimize resource utilization.
The second axis: Rationalization of costs using the method (ABC, RCA)
First: The Rationalization Concept
Knew rationalization of the economy as a means designed to increase pro-

duction and improve and reduce its costs and its source (Rushd), and monitors spending in the sense scrimp did not carousing in it, and the rationalization of expenditure: rationalization of consumption: public awareness of the economy in the spending or consumption. (Al-Attiyah, glossary meanings mosque, glossary of Arabic Arabic, 2012)

It was defined as the means to increase production, improve it and reduce its costs, as well as further codification and consistency within the organization. (Arabic Language Complex, Dictionary of the Median Dictionary, 2011)

The first international meeting was held in Geneva in 1927 to reach a conceptual definition of the term, where rationalization is defined as: technical and organizational methods used to ensure that the minimum waste of materials and efforts at work. (westgaard & winkel, 2011, p262)

And it is followed strategies for the rationalization of resources by the priority of the organization in order to improve customer value and its importance in reducing losses as implied by significant changes in the philosophy of production and is focused on all organized activities ranging from research and development to after-sales services in order to benefit at the lowest cost Possible. (Westgaard & winkel, 2011, p265)

From the above, cost rationalization can be defined as a philosophy adopted by the organization to reorient all its resources and capabilities in such a way as to maximize the unit's benefits in order to achieve sustainable cost reduction, reduce waste and create value for the customer. This concept supports the administration class basis and increases the effectiveness of more than the concept of cost reduction in rationalization is to act in the proper resources and capabilities available away from the extravagant and wasteful, it does not mean reducing costs in absolute terms and increased costs in absolute terms, and see researchers that some of the methods used in strategic cost management (Cost based on activity, accounting for consumption of resources) its main role is to rationalize costs. The following is a presentation of these methods and the role of these methods in rationalizing costs.

Second: The concept of the ABC style and its hypotheses and the foundations upon which it is based:

Is defined by the (drury) as a method based on the grounds that the resources obtained consumed later by activities and the costs of the activity is calculated by consumption metrics (cost) prompt in the sense that the activities are causing costs and that the products or services check the demand for activities. (drury, 2012, p311)

There are three hypotheses for the method of determining cost based on activities: (Student, 2010, 77)
1- Products or services are drained through specific activities.
2. Costs of activities are caused by several factors other than volume.
3. Costs of activities are determined on the basis of the (cause-effect) relationships and the consumption of each product or customer of the cost guides.
The elements on which the ABC system is based (resources, activities and cost guides) can be identified (Cunha, 2017, p934):
Resources Recourses include inputs obtained by the organization such as raw materials.
• Activities A business is an action, event or part of the work that causes the cost and determines the main and subsidiary business activities of the organization such as the procurement activity.
• Cost drivers are the main factor that causes the cost and is based on the description of the events causing the costs and the cost is tracked by the activities causing them and the cost of activities on the resources that cause them.

Figure (1) shows the cost tracking system according to ABC method:

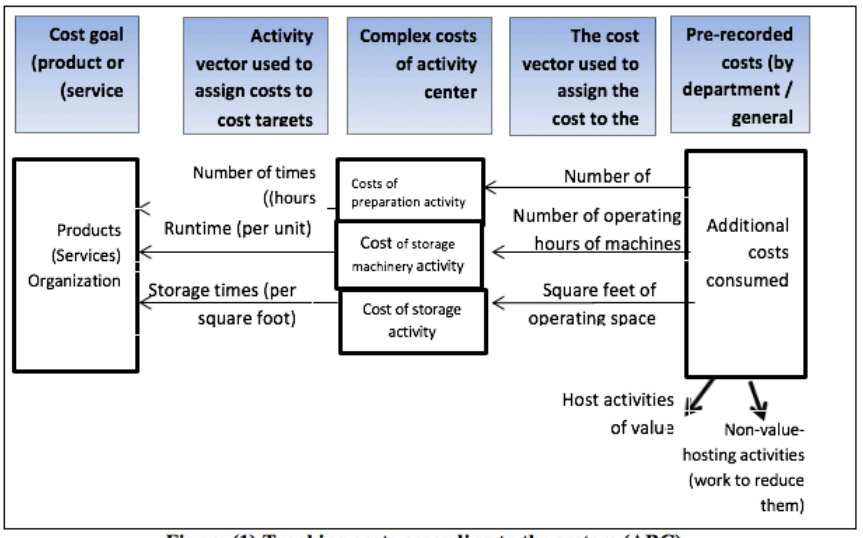

Figure (1) Tracking costs according to the system (ABC)

Kinney, Mechial, R., & Kinsey, Jenice, Prather, & Raibourn, Gecily, A., "Cost Accounting: Foundations and Evolutions", 8th ed., South-Western,

2011, p143

III: The concept of the accounting system for the consumption of resources RCA:

This system is complementary to the cost-based activity system. It provides detailed information on all interrelated and interrelated relationships between resources and helps eliminate many of the criticisms of the cost-based system by rationalizing resource management.

It is defined as an integrated and comprehensive approach to cost management that provides substantive information about resource relationships and provides a forward-looking view based on activities and resources and in accordance with the wishes of the customer (Webber & Clinton, 2004, p2).

It is also known as the system resulting from the integration of both the German Cost System (GPK) and the Activity Based Costing System (ABC) as follows:

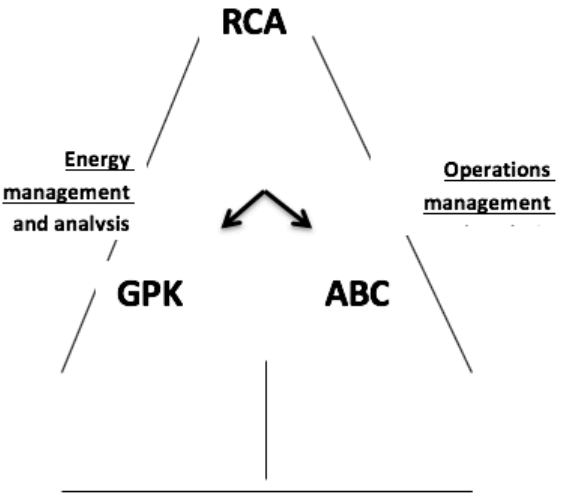

Figure (2) RCA system resulting from a system integration (ABC and GPK)
(Rahimi , 2014 , p533)

The German Cost System (GPK) is based on a flexible standard cost system that represents variable costs or direct costs and is used to determine the organization's cost behavior and serve short-term decisions. (Merwe, 2011, p2)

As for the RCA system (Figure 2), the system is based on two main perspectives:
First: a business perspective that focuses on the accuracy of cost allocation derived from the ABC system.
Second: the energy perspective that focuses on the identification of idle resources and the separation between fixed and variable, which depends on the GPK system. (Rahimi, 2014, p533)
The RCA features a range of features: (Surur, Ali, 2017, 40-41)
1 - reduces waste resources and provides managers with information that helps them to make optimal decisions.
2. Link between the resources and the cost centers.
3. Addresses fixed and variable costs better. It removes distortions in fixed costs.
4- Helps to manage energies by measuring them and providing opportunities for the optimal utilization of resources and the loading of products and services to the extent of benefiting from them. This increases the competitiveness of the organization by pricing its products or services in proper ways.
Fourth: Integration between ABC and RCA:
The ABC approach supported the management of organizations in achieving greater precision in allocating indirect costs, streamlining organizational costs and evaluating performance. However, it did not succeed in overcoming all deficiencies in traditional systems, especially with regard to the detection of unexploited capacities in resource pools and the consequent Unrealistic inflation in product costs and therefore inappropriate management decisions. The most significant resource cost limitations can be presented as follows: (Merwe & keys, 2001, p31-36)
1. ABC does not provide a clear vision for measuring energy.
2. He was not able to express directly the reciprocal relations between resource elements and resource pools. He focused on the relationships between activities in which the unexploited energy of each activity can not be determined.
3. The nature of the fixed and proportional cost does not reflect the energy and also does not reflect the nature of the change in cost at the time of consumption. Where possible, the proportional costs remain constant at the time of consumption and may change such as electric power.
4. The ABC system can not properly calculate the costs of idle power.
5. Provides inaccurate information on effective resource management.
The RCA system addressed these shortcomings as follows: (Clinton & web-

ber, 2004, p23) (Alhebry & ALmatari, 2017, p109)

1. The RCA system starts from the strategic planning process where the vision, mission and objectives of the organization are translated into investment in resources (quantity, quality, technology, skill, etc.) and thus requires the RCA system to identify the energy available in the resources and identify the technical skills and training level And operational characteristics through:

- Determine the reciprocal relationship between the elements of resources.
- Determining the initial nature of the cost of resources.
- Determine the reciprocal relations between the resource pools and how to change the nature of the cost at the time of consumption.

2 - Accounting for idle energy by highlighting the idle resources and providing information on the causes and results of idle energy and the allocation of clear and feasible.

3 - be able to make better resource planning using only the costs covered by it.

4. Depends on fixed and variable costs in calculating the cost of the supplier and excludes fixed costs that can not be tracked on the basis of causation. The cost of the product represents the costs of the resources used only.

5. Calculates idle energy based on theoretical energy not used and does not depend on planned energy.

6. The replacement cost is used instead of the historical cost of the depreciation calculation. The replacement cost is the amount of assets required to replace the energy at today's prices, which makes the system concerned with the prediction of prices and quantities.

7. The initial costs that can be tracked to the cost collector (materials and direct working hours) are separated from the secondary costs allocated to other resource pools.

The RCA system also resolves the following problems: (Aldnaf, 2015, p. 85)

Lack of planning for loss of resources.

Lack of information on resources to assess performance in the centers and departments of the Organization.

C) The absence of new control methods used to preserve the resources of the Organization.

(D) Identification of product costs more or less because of the lack of accurate data on production costs and the resources used.

Lack of resources within organizations.

(H) No change is reflected in the nature of the cost at the time of depreciation.

(I) inability to make decisions about energy management (how idle energy is determined and when and where) and the inability to determine the appropriate strategy for the product mix.

We conclude from the above that the ABC system focuses on the resources used without looking at unused resources and thus fails to measure the untapped energy of the available resources and therefore its integration with the input of the resource consumption accounting system helps to provide more accurate financial and operational information at the resource level and helps To make appropriate strategic decisions for the Organization.

Axis 3: Reduce costs using the TC method

First: the concept of cost reduction

The concept of cost reduction has been defined by the Institute of Management Accountants in England as the actual and permanent reduction of the cost of the unit produced or the service provided and without underestimating the expected needs. (Hashim, 2015, 58-59)

Also, cost reduction is defined as moving from the current level of costs to a lower level. It needs to be achieved by providing a continuous scientific program that includes a precise and effective control system to maintain the product's ability and performance. Loss and waste and thus increase productivity and improve performance (Shammari, 2008, p. 40)

From the above definitions, we illustrate the most important characteristics of cost reduction:

1. The reduction is effective and through increased production.
2. The cost reduction should be permanent and indefinite, such as changing tax rates and not ending in the short term.
3. The reduction shall not be at the expense of the basic characteristics of the products or services.

Cost reduction is different from cost control in terms of its methods and procedures. Reducing costs is a cost saving, a challenge and a breach of standards at all administrative levels. Cost management aims to achieve continuous improvement for the purpose of continuously reducing the cost of products and services without affecting the quality. Cost reduction is a strategic concept that increases the organization's competitiveness. (Hashim, 2015, 58-59) The real reduction must be separated from the imaginary reduction of costs. Reducing the cost of one unit of the product by reducing the cost of production for a given volume of activity is called real cost reduction. This is done by abandoning unnecessary losses and costs Product life cycle from the design stage to the arrival of the product to Al-Zayoun. The imaginary reduction is intended to maximize profits

in order to reduce the cost of one unit and increase the number of units producing a certain volume of costs (Al-Shaabani and Al-Hadidi, 2010, p. 73). The reduction must be inclusive of all costs of producing units Fixed costs And changing and all that came out of this is a reduction of placebo.
From the above we conclude:
The concept of reduction is a narrower concept of rationalization. Reduction is defined as cost reduction. If the increasing costs of an organization can be avoided, it can be said that rationalization of costs is the same as cost reduction. If costs are related to the interests of the organization, Here comes the rationalization of cost as a different concept from the concept of reduction.
Second: the concept of cost target
Is a tool designed to reduce the cost of life cycle of new products since its design with emphasis and maintain the quality, reliability and other requirements of customers by examining all possible ideas to reduce the cost since the stages of research and development, design and planning of new products. (Mohammed Ali, 2017, 114) is also known as a tool that caters to consumer needs such as speed, quality and reliability by scrutinizing all ideas about cost reduction during the planning and research and development processes of a new product. (bekcioglu, 2013,130) and also defined how the cost of the product is determined based on the target price that the customer is willing to pay. (perez, 2016, p5)
Target cost is a tool used to develop new products according to customer requirements and aims to reduce product life cycle costs while ensuring quality and reliability by studying all possible ideas to reduce costs in the initial stages of planning, research, development and design.
Third: rationalize and reduce costs using the complementary relationship between (ABC, RCA, VCA)
1. The cost of the product is calculated by means of the cost-based systems and the resource consumption accounting. The ABC system considers production costs in a broad and comprehensive view. The industrial costs cover all activities from raw materials to cash receipt from the customer. Of the costs of indirect industrial costs to determine the activities that cause it on the basis of the principle that activities are causing the costs. Once indirect costs are determined by the cost factor, the cost of the activity is calculated and then transferred to the products, processes or customers. (Horngren, 2018, p164). Resource consumption accounting improves the ABC system by starting to accumulate a large number of resources in resource pools, facilitating the allocation of activities to the activities and thus providing

decision makers with more detailed information from the ABC system. By calculating the fixed and variable costs in each activity, which makes the margin calculation in the short term possible, and also calculates the unused energy using the cost centers and thus rationalizes the allocation of resources for activities (Wegmann, 2017, p15-16)

Thus, ABC focuses primarily on activities as key cost targets, achieving fairness and efficiency in allocating indirect costs to all activities that begin with design, production, marketing, distribution and customer service. RCA conducts a deep analysis of resources and provides management with more detailed information.

2. Cost reduction using the target cost method: The target cost approach is based on its main rule: "If we can not achieve the target profit, we should not launch the product" (Sani, 2012, p173). The cost method is a proactive approach to cost reduction Starting from the design stage This phase includes identifying the jobs that meet the needs and desires of the customer with the commitment to the limits of the allowable cost. The value chain of the organization, the supplier and the customer is analyzed and studied by a competent qualified team with different engineering or non-engineering functions. The product life is fully focused on the design phase because it is the stage where the organization can control most of the costs before it occurs. It seeks to reduce costs for the entire value chain, including the value chain of the customer and the supplier (Rakeby, 2010, p. 11) To reduce costs using the target cost method:

The fourth axis: the application of the complementary relationship of strategic cost management methods in the leather clothing factory of the General Company for Leather and Textile Industries:

The diversity in the range of products of the leather clothing factory from the conduit, which produces, complicates and intertwines processes and activities, helps to shift from the traditional method of calculating costs to the method of activities for the proper measurement of the cost of the single productive unit. The following steps will be taken to complete this:

The first step is to determine the activities related to the leather clothing factory. The process of determining the activities of the company in order to produce a specific product is the first step of the cost management strategy. After the field inspection of the operations in the company in general and the laboratory in particular, The product passes through to (20) productive and service activities. These activities can be presented as follows and according to the stages that the skin is going through:

First: - Design activity: The products of the skin collars of all types (men,

women, and children) are designed by the department of designing the models within the lab, based on the opinion and taste of the designer himself without studies on the taste of customers and their needs. The marketing department and the models' The company said that the time it takes to design one model of the skin collagen is one day.

Second: - Activity separation: This activity is done manually by Patronat despite the existence of machines for automatic separation is not used and on the basis of the skin is withdrawn from the stores and other raw materials in certain quantities determined according to the equivalent of each model of the skin cutter and strengthen the separation by placing a strengthening cloth With each batron. The amount of leather used in the single capsule varies between 360 DZ2-400 Dm2 and according to the model, the separation time for each model takes 30 minutes.

Third: Material preparation activity: The leather clothing factory consists of a warehouse (55) dealing with the preparation of leather and store 77, which is concerned with the preparation of raw materials and other supplies which are included in the manufacture of the capsule. The warehouse manager receives the materials responsible for receiving them according to the receipt of fundamentalism, The factory, after determining the quantities to be produced by the model planning department in the company under approved documents of the exchange of assets. Also, the manager of the stores of leather and raw materials follow the balances upon arrival at the point of re-order to enhance the quantities by the notice of the commercial section.

Fourth: The sewing and folding activity: After the numbering of the seals in each box begins the stages of sewing machines, where the plant consists of four production lines and work is only one production line and with each stage of sewing is foldable and in accordance with the separation of the model and ends this activity sewing lining integrated with the lining of The production line includes 25 sewing workers and 25 supervisors with 2 supervisors for each production line and supervising the sewing time. The time to sew a particular model of the leather capsule varies between 2-3 working hours.

Fifth: Examination activity: Enter the examination activity in two stages, which is pre-separation stage and includes uniformity of the skin color and make sure the thickness of the skin used should be between 0.4 - 0.7 cm The second stage in which the activity of the examination is after the sewing activity, And to ensure that there is no defect or damage in the consecration and to ensure the conformity of the knight to the required separation sew-

ing. This activity depends on the skill and experience of the worker and the number of employees in this activity is six workers per stage.
Sixth: Al-Kuwi Activity: The product is steamed by steam machines. This activity consists of two workers only for each machine. The number of machines in the machine is 6 machines.
Seventh: Product completion and packaging: Accessories are added to the product, such as buttons and others and packaged inside the bags of the skin collars and then transferred to the ready-made clothing store and this activity contains special machines to press the buttons.
Eighth: Storage Activity: This activity consists of a ready-made clothing store that takes care of receiving the finished goods from the leather cutter and is responsible for its safety from damage and theft until it is distributed to the sales fairs and sold to the customers and we noticed that this store needs rehabilitation in terms of the building structure and services Provide it to maintain the product.
Marketing activity: - The products of finished goods are marketed from the leather consoles through the various sales fairs and belong to the sales department. However, these exhibitions are very limited in certain areas. The department does not have market studies about the competing goods and the customer's satisfaction and acceptance of the product. Lack of activity to the existence of modern methods to market the product by carrying out advertising campaigns and advertising with modern technology that helps to encourage the customer to buy goods produced.
Tenth: maintenance activity: This activity includes maintenance of buildings, machinery and equipment for all plants tanning site at the time of holidays where filling the form for maintenance requests and determine the type of holidays and the approval of the plant manager and sent to the central maintenance activity to withdraw the backup tools needed by the technical committee of the maintenance department located in each laboratory To carry out the repair of the holidays and take the support of the director of the laboratory to complete the maintenance process and consists of maintenance department in the leather clothing factory of (7) workers of the maintenance department of the large tanning plant, which consists of a large number of maintenance staff are divided wages Z plants ranging preparation maintenance request forms per month in the lab between (3-5) Repair form.
Eleventh: The activity of medicine: It is concerned with providing all necessary first aid and emergency in the laboratory in addition to the creation of the conditions of health and climate suitable for workers.

Twelve: Transport Activity: This activity includes the transfer of workers, raw materials and finished goods by cars to and from the plant site.
Thirteenth: The activity of the industrial security: It includes the protection of laboratory safety and the safety of machines and equipment and their control and the safety of the entry and exit of materials and products.
Production management activity: It includes the management of the entire production process from its inception until it is delivered to the finished goods stores which are located inside the leather clothing factory.
Fifteen: Laboratory activity: It includes the examination of the quality of the raw materials entering the product and ensuring that they conform to the standard specifications.
The activities of the administration related to the company include (senior management activity, personnel management activity, financial activity, technical department activity, research and development, planning and follow-up activities). It specifies and coordinates the requirements of all laboratories.
Step 2: After identifying the activities involved in the manufacture of the product, they are classified under four levels of activities that are recognized and referred to in the theoretical aspect as in Table (17):
Table (1):Levels of activities in the company
- Activities at the level of the unit and divided into four activities:
1 - activity Vesal models
2 - sewing and fold activity
3 - activity Alkoy
4. Examination activity
Activities at the level of the batch and divided into three activities:
1 - Design activity
2 - Activity of material preparation
3 - Storage activity
Activity at the level of the product and divided into seven activities:
1 - Activity of the completion of the product and packaging
2 - Maintenance activity
3 - Medicine
4- Transportation activity
5 - Industrial safety activity
6 - Production management activity
-Activities at the level of the company and divided into six activities:
1 - Senior management activity
2 - Personnel management activity

3 - Financial activity
4- Activity of the technical department
5 - Planning and follow - up activity
6 - Marketing activity
7 - Laboratory activity

The cost of indirect industrial costs and the administrative and marketing costs of the leather clothing factory (1285737000) iq will be determined before the distribution of costs for the activities. The distribution of the joint indirect industrial costs for all laboratories at the Zafaraniya site will be determined according to the cost Suitable to reach the real costs borne by the leather clothing factory and then the costs will be allocated to the activities that contribute to the production of skin capsule and will be divided into two phases:

First: Redistribution of indirect indirect industrial costs to factories to reach the costs incurred by the leather clothing factory:

The frequency of the activities used to allocate the costs for each compound is varied and the ease of access to the data was taken into account in determining the guidelines for the joint activities of the laboratories and the ability of the instructor to measure the plant's consumption of activities.

Table (2):Specifies the cost guides for common activities for all operands

Number of units of cost of the leather clothing factory	Number of units of cost control for the luggage factory	Number of units directed to the small tanning plant	Number of units directed to the large tanning plant	Cost prompt size	The reason for determining the cost prompt	Cost prompt	TSCM Joint Activities
37	10	75	878	1010	As it performs maintenance services to all laboratories and therefore these costs are affected by the number of maintenance times for each plant	Number of maintenance orders	Maintenance activity costs
33	62	21	28	144	The value of materials	Number of handling	Costs of transport

					handled per laboratory affects the costs of the activity	times	activity
134	108	37	554	833	All workers in the tanning site benefit from this activity and thus the costs are affected by their number within the site	Number of employees	Medical activity costs
184852000	1661666000	58850000	142139000	2047507000	The value of materials examined in laboratories can be linked to each lab in this activity	Value of materials examined	Laboratory activity costs
372780848	270525000	2093929000	1070634250 0	1344357 6848	The value of machinery and equipment under industrial control affects the cost of the activity	Value of machinery and equipment	Costs of industrial security activity
134	108	37	554	833	There is a technical department for each lab in the company's website, which tracks the performance of the work and the	Number of employees	Costs of the Technical Department

					employees. The costs of the activity can be linked to the number of employees		
134	108	37	554	833	The production of the Zafaraniya plant is conducted in the large tanning laboratory and is related to the number of workers in each plant	Number of employees	Costs of production management activity

(Prepared by the researchers depending on the deliberations with the site manager and production manager and the Department's data and the data of the company's cost division)

After determining the number of cost-per-unit units in the leather clothing factory as shown in Table (2) above, the calculation of the share of the leather garment factory will be calculated from the indirect industrial costs of each joint activity with the laboratories: Table (3):Share of the leather clothing factory from the indirect industrial costs of the laboratories, according to ABC,

Share leather clothing factory (4×3) = (5)	Rate of activity units for leather clothing factory (4)	Cost prompt size (2 ÷ 1) =3	Cost guide for leather clothing factory (2)	The costs of joint TSCM (1)	Activity Name
33322566	37	900610	Number of maintenance orders (1010)	909616000	Maintenance activity
51960791	33	1574569	Number of material (144) handling times	226738000	Transportation activity
9118566	134	68049	Number of (833) employees	56684600	Medicine activity
* 1957032	184852000	0.0105	The value of the substances subject to	21677000	Laboratory activity

			testing		
12249442	372780848	0.0328	Value of machinery and equipment per plant	441751000	Industrial Security Activity
22247752	134	16602	Number of employees (833)	138302000	Activity of the Technical Departmen t
55128694	134	411408	Number of employees (833)	342703000	Production manageme nt activity
185984843				**total**	

* The laboratory share of laboratory activity costs is distributed according to the following equation:
Cost of laboratory activity / value of materials for all laboratories) × Value of materials disbursed to the leather clothing factory.
- The rest of the activities are calculated in the same way.
The indirect cost of using the ABC system was 185984843 after it was 25393 million. The redistribution of indirect indirect costs led to an increase in the costs of some activities of the leather clothing factory, such as the transport activity which was (40812800) The number of materials handled by the laboratory was 51960791 and laboratory activity increased from (433000) to (1957032). The maintenance activity was reduced to (33322566) after it was (36385000) JD The concept of resource rationalization is far from wasteful and wasteful The first hypothesis is that rationalization is the basic step towards reducing costs using administrative accounting methods.
Second: In this step, the total indirect industrial costs of the leather factory are distributed to the production activities as per the cost centers. Agencies:
Table (4):The allocation of TSCM on the various activities that the production process in the laboratory and the determination of the cost of skin peeler for the models specified for 2017

The share of this cuticles from the costs of activities	Subtracting miscellaneous product costs (belts + bags	For total[1]	Administrative expenses	Exhaustion	Service requirements	Goods inputs excluding direct materials	Salaries and wages	Costs Activities
4536800	_	4536800		3819800			717000	Activity of separation of models
28720820	10846280	39567100		2673860 0	35000	384000	12409500	Tailoring and foldable activity
8071600	_	8071600		7639600			432000	Kuwa activity
1692530	942720	2635250		-			2635250	Examination activity
20552250	_	20552250		1906000			18646250	Design activity
7687020	15554880	23241900		933900			22308000	Material Configuratio n Activity
13367760	6599040	19966800		571800			19395000	Storage activity
4172500	2356800	6529300		400300		300000	5829000	Product completion and packaging activity
33695443	24958251	58653694	55128694				3525000	Production management activity
44509416	16560900	61070316			33322566		27747750	Maintenance activity
5806386	3312180	9118566			9118566		—	Medicine activity
53118291	32280750	85399041			51960791		33438250	Transportatio n activity
18351971	19351971	37703942			12249442		25454500	Industrial Security Activity
6884532	4230000	11114532			1957032		9157500	Laboratory activity
21035500	11250000	32285500	32285500				_	Senior management activity
21035500	11250000	32285500	32285500				_	Activity of personnel management
13985000	12540000	26525000	26525000				_	Financial

								Activity
1195000	1960000	3155000	3155000				-	Planning and follow-up activity
5967302	16280450	22247752			22247752		-	Department of Technical Activity and Research and Development
14301000	15550000	29851000					29851000	Marketing activity
328686621	**205824222**	**534510843**	**149375694**	**38190200**	**130891149**	**684000**	**210829000**	**total**

(Prepared by the researchers based on the company records and previous tables and discussions with the officials of the activities)

Step 4: Allocate the costs of the service activities to the main activities:
In Table (5), the costs of activities (maintenance, medical, industrial security, production management, company management, technical department) will be distributed to the main activities based on the discussion with the employees and department managers, as follows:
A maintenance activity is distributed according to the utilization of each main activity of the maintenance costs. The maintenance times during the year were as follows (27 times for the sewing machines, 4 times for the koi devices, 2 times for the placing of the buttons, 4 times for maintenance of the stores in the laboratory).
B - The cost of industrial security will be charged on the basis of the number of machines that are active in each activity. These activities include: (2) sewing machines, sewing (50) machines, 6 machines,
C- Distribution of the activity of the medical and production department and the activities of the management of the general company and technical department on the basis of the number of employees in each agency activity (design 9 workers, material preparation 5 workers, 14 workers, sewing 52 workers, 4 workers, 5 workers, 6 workers, 6 workers. Table (5): Allocation of costs of service activities to production activities according to cost guidelines

total	storage	Complete packaging	test	kawe	sewing	Separation	Configuration activity	the design	the main
44509416	4811829	2405914	-	4811828	32479844	-	-	-	Maintenance costs
18351971		1183996	-	1775994	14799976	591998	-	-	Industrial security costs
5806386	344934	344934	287445	229956	2989426	804846	287445	517401	Medical costs
33695443	2001708	2001708	1668090	1334472	17348149	4670652	1668090	3002562	Production management costs
57251000	3401046	3401046	2834205	2267364	29475762	7935774	2834205	5101569	Company management costs
5967302	354492	354492	295410	236328	3072274	827148	295410	531738	Activity of the Technical Department
165581518	10914009	9692090	5085150	10655942	100165431	14830418	5085150	9153270	**Total (share of core activities of service (costs**
88801280	13367760	4172500	1692530	8071600	28720820	4536800	7687020	20552250	Costs of activities are added
254382798	**24281769**	**13864590**	**6777680**	**18727542**	**128886251**	**19367218**	**12772170**	**29705520**	**Total costs per activity**

Step 5: Identify cost guides for activities to allocate to products:
In this step, the reason for changing the costs of activities is determined, and therefore the cost of the product is changed by the extent of its benefit from this activity, as follows:

Table (6):The cause-and-effect relationships between activity costs and cost guides indicate

Cost prompt	The cause and effect relationship between the activity costs and the allocation basis that was adopted	Activity
Number of hours of separation	The cost increases with the time needed to separate the model	Activity of separation of models
Number of sewing hours	Cost increases with sewing machines	Tailoring and foldable activity
Number of minutes of koi	The cost increases with the time required for the product co-worker	Kuwa activity
Number of minutes of examination	The cost increases with the increased examination time of the model	Examination activity
Number of models designed	The cost increases with the more models being designed	Design activity
Number of Material Exchange Bonds	The cost increases with the increase in the number of bills of exchange	Material Configuration Activity
Value of direct materials disbursed	The cost increases with the increase in the value of direct materials disbursed	Storage activity
Number of cutters produced	The cost increases with the number of units produced	Product completion and packaging activity
The amount of skin examined	The cost increases with the amount of material examined (the amount of skin used to produce the unit)	Laboratory activity
Number of units sold	The cost increases by increasing the number of units sold	Marketing activity
Number of handling times	The cost is increased by the number of times full goods are handled	Transportation activity

(Prepared by the researchers)

Step 6: Calculation of the rate of allocation of costs of activities per unit: The cost of each cost router is allocated in Table 7 by dividing the costs of the cost compound on the size of the router to which it is attached. The costs of the skin conduction activities for the models of the research sample (M / 759 and M / 753) Of activity.

Table (7):The rate of allocation of indirect costs per line according to ABC

Costs of production activities (M // 753 The production quantity is 225 units (6)*(3)=(7)	Utilization of model (753) units (6)	Costs of production activities (M // 759 The production quantity is 150 units (4)*(3)=(5)	Utilization of model units (M/759) (4)	Activity :Rate Cost (2)/(1)=(3)	Cost prompt size (2)	Indirect costs of the activity (1)	Activity
1267138	min 4500	1267138	min 4500	min 281,5	min 68779	**19367218**	Activity of separation of models
10506375	hr 562.5	8405016	hr 450	18678 min/hr	hr 6900.5	**128886251**	Tailoring and foldable activity
1379250	min 2250	1379234	min 2250	min 613	min 30551	**18727542**	dry activity
624375	1125	416319	min 750	min .÷ 555	min 12210	**6777680**	Examination activity
1100204	mod 1	1100204	mod 1	1100204 min/mod	mod 27	**29705520**	Design activity
345194	2	517790	3	172597	Material Exchange Document	**12772170**	Material Configuration Activity
2968778	12257550	2653660	10956150	Of 0.2422 the value of the materials	*100252000	**24281769**	Storage activity
1169550	Clutch 225	779700	Clutch 150	unit 5198	2667	**13864590**	Product completion and packaging activity
3934688	2	1967344	1	unit 14110	27	53118291	Transportation activity
841500	dcm76500 d/dcm 300) (225*	651093	/dcm 58500 dcm 390) (150*	d/dcm 2 11	6185682	6884532	Laboratory activity
549330	Sold unit 30	402842	Sold unit 22	.÷ 18311	Sold 781 unit	14301000	Marketing activity
23976564	-	**19109197**	-	-	-	**328686563**	total

(Prepared by the researchers) .Table (7) shows that not every product needs the same

amount of consumption of the costs of activities. Therefore it is not correct to combine the costs under one or two assemblies (productive and service) or use the number of workers as a cost guide for all the plants. The application of the ABC method has led to greater accuracy in the fair distribution

of indirect costs.

Step Seven: Calculate the cost of one unit of the skin cuticle using the ABC and RCA method and compare it with the traditional method:

First: The cost of one consignment of direct materials is calculated as in Table (8)

Table (8): Calculate the cost of direct materials per unit (M / 759 and M / 753) (Prepared by the researchers).Table (7) shows that not every product needs the same amount of consumption of the costs of activities. Therefore it is not correct to combine the costs under one or two assemblies (productive and service) or use the number of workers as a cost guide for all the plants. The application of the ABC method has led to greater accuracy in the fair distribution of indirect costs.

Step Seven: Calculate the cost of one unit of the skin cuticle using the ABC and RCA method and compare it with the traditional method:First: The cost of one consignment of direct materials is calculated as in Table (8)

Table (8):Calculate the cost of direct materials per unit (M / 759 and M / 753)

Cost of direct materials	The quantity of direct raw materials received for the production of the single capsule	Name of the model
63000 2020 259 1 46 520 145 431 1349 292 108 117 60 550 10 1559 2000 63 150 50 311 **73041**	Sheepskin leather 42 feet (390 dsm 2) _ 1500 d / feet - Fabric lining (2 m 2) _ 1010 d / m 2 - sponge wrap (1 pair) _ 259 AED / pair - Oxygen iron scaffold number (1) _ 1 Dr. / Sahab - Cloud iron (18-22) cm number (2) _ 23 Dr. / Sahab - Nylon thread 60/3 (500 m) _ 1.04 d - Nylon thread 42/3 (175 m.) _ 0.8 d - Latex gum (75 g) _ 5.7 d / g - Newborn gum (175 g) _ 7.7 d / g - .Manufacturing marks number (1) _ 292 d - .LIBEL Measurement (1) _ 108 d - Sisen Vinc dye (20 g) _ 5.85 d / g - .Packing bag number (1) _ 60 d - .Clothing Accessories (1) _ 550 d - The position of the Sahab number (2) _ 5 d / position - Fabric reinforcement (1 m 2) _ 1559 d / m 2 - Non-woven lining (1.5 m 2) _ 1396 d / m 2 - .Niven Box (1/20) _ 1250 d - .Waste bag (1/20) 3008 d - .Reference pen (1/20) 1000 d - .Company Mark (1) _ 311 d -	**Men's Embroidery M / 759**

48600	Sheepskin skin (300dm 2) _ 162 d / dm 2 -	(A youthful cloneM/753)
1515	Fabric lining (1.5 m 2) _ 1010 d / m 2 -	
259	sponge wrap (1 pair) _ 259 AED / pair -	
1	Oxygen iron scaffold number (1) _ 1 Dr. / Sahab -	
46	Cloud iron (18-22) cm number (2) _ 23 Dr. / Sahab -	
208	Nylon thread 60/3 (200 m) _ 1.04 d -	
88	Nylon thread 42/3 (100 m.) _ 0.8 d / m -	
288	Latex gum (50 g) _ 5.7 d / g -	
964	Newborn gum (125 g) _ 7.7 d / g -	
108	.LIBEL Measurement (1) _ 108 d -	
88	Sisen Vinch dye (15 g) _ 0.17 d / g -	
60	.Packing bag number (1) _ 60 d -	
550	.Clothing Accessories (1) _ 550 d -	
10	The position of the Sahab number (2) _ 5 d / position -	
780	Fabric reinforcement (0.5 m 2) _ 1559 d / m 2 -	
349	Non-textile lining (1/4 m 2) _ 1396 d / m 2 -	
63	.Niven Box (1/20) _ 1250 d -	
150	.Waste bag (1/25) 3008 d -	
40	.Reference pen (1/25) 1000 d -	
311	.Company Mark (1) _ 311 d -	
54478		

(Based on product price lists)

Second: The direct wages amounting to (647560000) dinars depending on the schedules of the salaries and salaries of employees of the leather clothing factory will be calculated according to the RCA system to go to the individual resource complexes for each activity in order to calculate the costs of idle energy and excluded from the costs of the product agencies:
1 - Complex of individuals for the activity of separation: -
A - The number of employees in the activity of separation (12) workers and the number of theoretical work hours per year per worker 1883 hours (7 hours x 269 days) and therefore the number of annual hours (22596) hours.
B - The theoretical hours of work on the products are divided on the basis of the number of clamps which are separated, where the number of clasps that have been separated (2667) and thus the number of theoretical hours to separate the single summit is 8.47 hours (22596/2667): -
(Number of theoretical hours / total actual units separated) × number of actual units (operation) per product
Product (M / 759) = 8.47 × 150 units = 1270 hours.
Producer (M / 753) = 8.47 × 225 units = 1905 hours.
C) The share of each product is derived from the cost of the individual resource by dividing the total costs of the individuals group for the activity of

separation, amounting to (67655522) based on the number of theoretical hours, amounting to (2994) JD /
(The sum of the theoretical hours of the product)
Product (M / 759) = (67655522/22576) × 1270 = 3802380 d / h
Product (M / 753) = (67655522/22576) × 1905 = 5703570 d / h
(D) The actual hours of the individual compound are calculated in the decomposition activity of each product and compared to the theoretical costs:
Actual cost (operation) = Actual hours * The cost of one theoretical hour
Actual Cost Product (M / 759) = 75 hours x 2994 = 224550 d / h
Actual Cost Product (M / 753) = 75 hours x 2994 = 224550 d / h
Table (9) shows the idle energy of the individual compound for decomposition activity. The idle energy costs of the product (M / 759) and the product (M / 753) were 3577830 and 5479020, respectively.

Table (9): Calculating the idle energy of the individuals complex in the separation activity.

(M/753) Producer	(M/759) Producer	the details
5703570	3802380	The theoretical energy costs of the complex of individuals
224550	224550	The practical energy costs of the complex of individuals
5479020	**3577830**	**The idle energy costs of the individuals complex**

2 - Complex of individuals for sewing activity: -
A - The number of workers in sewing activity (52) workers and the number of theoretical work hours per year per worker 1883 hours (7 hours x 269 days) and therefore the number of annual hours (97916) hours worked.
B - The theoretical hours of work on the products are divided according to the number of cones that are sewed, where the number of clasps that are sewed (2667) and thus the number of theoretical hours to sew the single dome is 36.71 hours (97916/2667)
(Number of theoretical hours / total actual sutures sewn) x Number of actual units per product
Product (M / 759) = 36.71 × 150 units = 5506 hours.
Product (M / 753) = 36.71 × 225 units = 8260 hours.
C) The share of each product is derived from the cost of the individual resource by dividing the total costs of the group of individuals for the sewing activity amounting to (329778568) dinars according to the table

(25) based on the number of theoretical hours and 3368 dinars / hour (329778568/97916)
(The number of theoretical hours for the sewing activity)
Product (M / 759) = 3368 × 5506 = 18544208 d / h
Product (M / 753) = 3368 × 8260 = 27819680 d / h
(D) The actual hours of the assembly of individuals are calculated in the sewing activity of each product and compared to the theoretical costs:
Actual cost (operation) = Actual hours * The cost of one theoretical hour
Actual Cost Product (M / 759) = 450 hours x 3368 = 1515600 d / h
Actual Cost Product (M / 753) = 562.5 hours x 3368 = 1894500 d / h
Table (10) shows the idle capacity of the individual pool for sewing activity. The idle energy costs of M / 759 and M / 753 are 17028608 and 25925180 respectively.

Table (10): Extraction of the idle energy costs of the individuals complex in the sewing activity.

(M/753) Producer	(M/759) Producer	the details
27819680	18544208	The theoretical energy costs of the complex of individuals
1894500	1515600	The practical energy costs of the complex of individuals
25925180	**17028608**	**The idle energy costs of the individuals complex**

3 - Complex of individuals for the activity of Alcoi: -

A - The number of employees in the activity of Alcoi (4) factor and the number of theoretical work hours per year per worker 1883 hours (7 hours x 269 days) and therefore the number of annual hours (7532) hours of work.
B - The theoretical hours of work on the products are divided on the basis of the number of cones that are moistened by steam, where the number of softeners that are moistened with steam (2667) and thus the theoretical hours of the cup of the single dome is 2.82 hours (7532/2667)
(Number of theoretical hours / total actual couplers to be quantified) x Number of actual units per product
Product (M / 759) = 2.82 × 150 units = 423 hours.
Product (M / 753) = 2.82 × 225 units = 634 hours.
C) The share of each product is derived from the cost of the individual resource by dividing the total costs of the group of individuals for the activity of the kiwi amounting to (22476848) JD based on the number of theoretical hours and is 2984 JD / h (22476848/7532)

(The number of theoretical hours for the activity of koi). * The theoretical hours of the product
Product (M / 759) = 2984 × 423 = 1262232 d / h
Product (M / 753) = 2984 × 634 = 1891856 d / h
D) We calculate the actual hours of the pool of individuals in the activity of the producer for each product) and compare them with theoretical costs:
Actual cost (operation) = Actual hours * The cost of one theoretical hour
Actual Cost Product (M / 759) = 37.5 hours x 2984 = 111900 d / h
Actual Cost Product (M / 753) = 37.5 hours x 2984 = 111900 d / h
Table (11) shows the idle energy of the individual complex of the koi activity. The idle energy costs of the product (M / 759) and the product (M / 753) were 1150332 and 1779956, respectively.

Table (11): Calculate the idle energy of the individuals complex in the activity of the koi

(M/753) Producer	(M/759) Producer	the details
1891856	1262232	The theoretical energy costs of the complex of individuals
111900	111900	The practical energy costs of the complex of individuals
1779956	1150332	**The idle energy costs of the individuals complex**

4 - Complex of individuals for the examination activity: -

A- The number of employees in the examination activity is 5 and the number of theoretical work hours per year per worker is 1883 hours (7 hours x 269 days). Therefore, the number of annual hours is 9415 hours.
B - The theoretical hours of work on the products are divided on the basis of the number of cones that are examined, where the number of colliers examined (2667) and therefore the number of theoretical hours for the examination of the single kiss is 3.5 hours (9415/2667): -
(Number of theoretical hours / total actual collaterals examined) x Number of actual units per product
Product (M / 759) = 3.5 x 150 units = 525 hours.
Product (M / 753) = 3.5 x 225 units = 787 hours.
C) The share of each product of the individual resource costs is divided by dividing the total costs of the group of individuals for the inspection activ-

ity amounting to (64102060) JD based on theoretical hours of 6808 JD / h (64102060/9415)
(The sum of the theoretical hours of the product)
Product (M / 759) = 6808 × 525 = 3574200 d / h
Product (M / 753) = 6808 × 787 = 5357896 d / h
(D) The actual hours of the assembly of individuals are calculated in the examination activity for each product and compared to the theoretical costs:
Actual cost (operation) = Actual hours * The cost of one theoretical hour
Actual Cost Product (M / 759) = 12.5 hours x 6808 = 85100 d / h
Actual cost Product (M / 753) = 19 hours × 6808 = 129352 d / h
Table (12) shows the idle power of the individuals pool for the examination activity. The idle energy costs of the product (M / 759) and the product (M / 753) were 3489100 and 5228544 dinars respectively.

Table (12): Calculate the idle energy of the individuals complex in the examination activity

(M/753) Producer	(M/759) Producer	the details
5357896	3574200	The theoretical energy costs of the complex of individuals
129352	85100	The practical energy costs of the complex of individuals
5228544	3489100	**The idle energy costs of the individuals complex**

5 - Complex of individuals to complete the product and packaging: -
A - The number of workers in the activity of completing the product and packaging (6) worker and the number of theoretical work hours per year per worker 1883 hours (7 hours x 269 days) and therefore the number of annual hours (11298) hours worked.
B - The theoretical hours of work on the products are divided on the basis of the number of cones that are completed and packaged, where the number of cones that have been completed and packaged (2667) clutches and thus the number of theoretical hours to complete and packaging the single capsule is 4 hours (11298/2667)
(Number of theoretical hours / total number of actual units completed and packaged) x Number of actual units per product
Product (M / 759) = 4 x 150 units = 600 hours.

Product (M / 753) = 4 × 225 units = 900 hours.
C) The share of each product of the cost of the individual resource is divided by dividing the total costs of the compound of individuals for the activity of completing the product and its packaging amounting to (80512075) dinars based on the number of theoretical hours and 7126 dinars / hour (80512075/11298)
(The sum of the theoretical hours of the product)
Product (M / 759) = 7126 × 600 = 4275600 d / h
Product (M / 753) = 7126 × 900 = 6413400 d / h
(D) The actual hours of the collection of individuals for the activity of completing the product and its packaging and comparing it with the theoretical hours for the extraction of idle energy,
Actual cost (operation) = Actual hours * The cost of one theoretical hour
Actual Cost Product (M / 759) = (10 * 150 units) / 60 × 7126 = 178150 d / h
Actual cost Product (M / 753) = = (10 * 225 units) / 60 × 7126 = 267225 d / h
Table (13) shows the idle capacity of the individual complex for the product completion activity. The idle energy costs of M / 759 and M / 753 were 4097450 and 6146175 respectively.

Table (13): Calculating the idle energy of the individuals complex in the activity of completing the product and its packaging:

(M/753) Producer	(M/759) Producer	the details
6413400	4275600	The theoretical energy costs of the complex of individuals
267225	178150	The practical energy costs of the complex of individuals
6146175	4097450	**The idle energy costs of the individuals complex**

- Complex of individuals for design activity: -
The number of employees in the design activity is 9 workers and the number of theoretical work hours per year per worker is 1883 hours (7 hours x 269 days). Therefore, the number of annual hours is (16947) working hours.
B - The theoretical hours of work on the products are divided on the basis of the number of models of kaasul which are designed, where the number of knots that were designed (27) couplers and thus the number of theoreti-

cal hours for the design of the single capsule is 628 hours (16947/27 model)
(Number of theoretical hours / total number of models designed) x Number of models designed
Product (M / 759) and (M / 753) = 628 × 1 Model = 628 hours.
C) The share of each product is derived from the cost of the individual resource by dividing the total costs of the complex of individuals for the design activity amounting to (83034927) JD based on the number of theoretical hours amounting to 4900 JD / h (83034927/16947)
(The sum of the theoretical hours of the product)
Product (M / 759) and (M / 753) = 4900 × 628 hours = 3077200
As per the deliberations with the production manager in the laboratory, the single capsule needs a design time of one week to complete the administrative procedures and take the fundamental approvals for design work. The number of design hours for the model is 49 hours:
Actual cost (operation) = Actual hours * The cost of one theoretical hour
Product (M / 759) and (M / 753) = 49 × 4900 = 240100
Table (14) shows the idle energy of the individuals complex for the design activity. The idle energy costs of the product (M / 759) and the product (M / 753) amounted to JD 2837100.

Table (14): Calculate the idle energy of the individuals complex in the design activity

(M/759) produced (M/753) produced	the details
3077200	The theoretical energy costs of the complex of individuals
240100	The practical energy costs of the complex of individuals
2837100	The idle energy costs of the individuals complex

Table 15 presents the costs of the individual compound, which includes the direct wages of the producers of the dermal catheter, based on the tables, as well as the extraction of the direct cost of wages per unit by dividing them into the production units for each agency product:

Table (15): The cost of a single call from a RCA-based individual resource complex

Producer (M/753)	**(M/759) Producer**	the details
224550	224550	Individual compound costs for separation activity
1894500	1515600	Individual compound costs for sewing activity
111900	111900	The costs of the individual compound for the activity of Alkwi
129352	85100	Individual compound costs for inspection activity
267225	178150	Individual compound costs for product completion and packaging
240100	240100	Individual compound costs for design activity
2867627	**2355400**	Total actual compound costs of individuals
225	**150**	Number of conduits produced per عدد model
12745	**15703**	The cost of the single call from the wage supplier

Based on the previous tables.

The previous results show that there are idle working hours for the employees of the production activities in the lab. The cost of (32180420) for the product (M / 759) is due to the decrease in actual production, which leads to loading the product with the cost of idle energy and thus lead to higher production costs. In order to avoid products being damaged due to storage, and from the results obtained by the researcher, the resource consumption accounting system helped determine the idle energy which will be excluded from the cost of the product and appear as a separate paragraph within the income statement, which requires management to find appropriate solutions for To take advantage of these energies.

Third: The cost of the single package of indirect costs is calculated by dividing the cost of each activity per model by the number of units producing

the model. Table (33) shows the cost of one of the two models (M / 753 and M / 759) Activity and resource consumption accounting.

Table (16); The cost of each product is according to the method of ABC, RCA

Calculate the cost of one unit of the men's wear product using the ABC method	
(M/753)Calculate the cost of one module	Calculate the cost of one module per (M/759) model
67566Initial Cost * 54478Direct materials ** Packing materials 343 ** 343 *** 12745Direct wages ****109717 Indirect Industrial Costs 5632 Activity of separation 46695Tailoring and sewing activity 6130Kuwait activity 2775 Test activity 4890design activity 1534 Material preparation activity 13194 Storage activity Product completion and packaging 5198activities 17488 Transport activity 3740 Lap activity 2441 Marketing Activity	Initial Cost 89087 * Direct materials 73041 ** Packing materials 343 *** Direct wages 15703 **** 130269 Indirect Industrial Costs 8447 Activity of separation Tailoring and sewing activity 56033 Kuwait activity 9195 Test activity 2775 7335design activity 3452Material preparation activity 17691 Storage activity Product completion and packaging 5198activities 13116Transport activity 4341 Lap activity 2686Marketing Activity
The total cost of construction is 177283 dinars	The total cost of construction is 219356 dinars

* The cost of raw materials based on the company's data tables.
** Packaging material = 915000/2667 productive unit
= 343 d / unit
*** Direct wages using the RCA method
**** TSC was calculated by dividing the cost of the activity of each model on the number of units produced by the model up to the cost of each unit of activity based on the method of ABC.
(Prepared by the researchers)
From table (17) we conclude that the costs incurred by each model is dif-

ferent from the other because the products produced by the laboratory are typical products and differ in terms of their utilization of production, marketing and administrative activities and it is wrong to be loaded at fixed rates where the company to download products men, (1103,000) dinars. When comparing the cost of a single ring according to the results of the system (ABC) and (RCA) with the traditional note that there are difference in the amount of (883644) and (925717) for models M / 759 and M / 753) To where it fell by 80% and 83% for producers, this refers to the ABC system accuracy in the allocation of indirect costs and the ability of RCA to identify idle power and excluded from the cost of production.

Step 8: Reduce Cost Using Target Cost Method:

The lower cost strategy is based on the application of the target cost method to achieve market competitive advantage by implementing six basic phases in the early stages of product design Agencies:

First: - Determination of the selling price of the product of the leather capsule: The sale price is determined after the field view on the prices of the products of the sheepskin leather suit in the market, where this product is seasonal as the price rises at the beginning of September and starts to decline at the end of February of each year and ranges The prices in the winter season (110,000, 125000, 140,000) dinars between the importer (Turkish origin) and the origin of the private sector and when studying the ability of the customer to pay note that the Iraqi individual has the purchasing power and therefore we will take the average price of (125000) in determining the selling price.

Second: - Determination of the target profit: the amount of profit that the company wishes to obtain and after reviewing the product price lists, we noted the adoption of the highest profit margin of 13% for leather products of 2017 and will depend on this margin to reach the target cost.

Profit margin = 125000 * 13% = 16250 dinars

Third: The cost to be targeted by the company can be extracted by subtracting the target profit margin from the selling price Agencies:

Target Cost = 125000 - 16250 = 108750 JD

Fourth: Determine the cost of the product model (m / 759), which was costed according to activities) amounted to (219356) dinars.

Fifth: The gap between the target cost and the actual cost of action is determined by reducing agencies:

Cost gap = Target cost per unit - Actual cost per unit

= 108750 - 219356

= 110606 dinars

We note that there is a significant increase in the actual cost of producing leather capsules compared to the market and therefore the company must decide to reduce costs, improve its financial position, increase its sales and return as a strong competitor in the markets.

Sixth: - Reduction procedures to reach the target cost using the method of continuous improvement:

After determining the target cost that accompanies the initial stages of the design of the product, the process of reducing the production stages begins to bridge the cost gap and thus the paragraphs that will be subject to reduction will be determined without affecting the quality of the product and its specifications and quality:

First: Reductions in the prices of the raw materials of the product: Through the inspection of the quantities of raw materials of sheep and goat skins as 86% of the components of the product we noticed a rise in prices compared to products of leather in the market and when looking for reasons we noticed the absence of organized market For the leather trade in our markets, it is not subject to the policy of supply and demand, so controlled by a number of speculators and also the high prices of livestock led to an increase in prices of raw materials of leather, where the company bears the cost of (162) dinars per 2 kg of leather used in production, Read more and inquire about the prices of leather in some leather tanning factories of the private sector. We found that there are sellers selling the suede leather with a pump of 90 dd / 2 with the same level of quality. This will save the cost by 72 d / d. For the raw materials of the product unit as follows:

Cost of skin used = 390 cream 2 × 90 d. = 28000

Cost of supplementary materials = 10041 d.

Total cost of raw materials after reduction = 38041 dinars

Second: - Possible reductions in production time:

A - The separation activity: The shift from the manual system to work in the machines located in the laboratory and the process of separation can reduce the time required to separate the unit produced and according to the deliberations with the workers in the laboratory and with the production manager, the maximum separation, which is (30) minutes model unit will become (10) minutes and therefore will provide savings for the time of separation by (20) minutes per unit once the rehabilitation of the machines and training staff to start work on, and can be calculated costs after the reduction as follows:

The cost of manual detachment per unit (M / 759) = 281.5 d / min * 30 min = 8445 d / clump

The cost of automatic detachment per unit (M / 759) = 281.5 * 10 minutes = 2815 d / clump

Thus, the cost of the separation of the single summit, which takes 10 minutes separation will be (2815) dinars after it was (8445) dinars.

B - sewing activity: activation of the other productive lines of three lines located in the laboratory and the same number of existing workers, which number (25) for sewing and (25) folds and thus will be produced 4 units of Qasasl in 3 hours sewing, according to deliberations with workers, 6) workers can complete the sewing activity by three hours maximum and the existence of surplus capacity of the plant by a large percentage can achieve the production in a short time, which means that the number of hours of operation of machines to produce one unit will be 3/4 hours (45 minutes) instead of (3) Working with 4 production lines (3 hours / 4 production lines) will be re-emulated B product costs as follows:

45 minutes * 150 units producing model (M / 759) = 6750 minutes equivalent to 112.5 hours of operation

Costs of stitching activity Model = 18678 d / h Run (depending on the table) × 112.5 hours

= 2101275 dinars

The cost of producing one unit of the model = 2101275 150 150 units = 14009 dinars / unit

C) Reduction of indirect wages for both transport and storage activities by reducing the number of workers to accommodate large numbers. Their work is not entirely related to the lab, ie, the utilization rate of the lab is very small compared to their wages. Employees and managers are not covered by transportation and do not benefit from this activity. Employees are excluded by transportation or recycling. This will reduce the costs of both activities. A percentage of salaries will be taken depending on the utilization rate of only 7%:

Table (36): Reduction of indirect wages for transport and storage activities

Cost per unit +6)=(7) 150 unit	Share of the model of costs according to the cost steering approved in the table (6)	Costs of activities after reduction)+(2)=(5) (4	Salary reduction (4)%93 by	Total activity (3) cost (2+1)=3	Service requirem (2) ents	Salary before discount (1)	activi ty
4616	692426 of 0.109 material value	6352537	528027	13367760	5824510	7543250	stora ge
4563	684564 37/1) material (handling	1848323 1	2606940	53118291	1587629 1	3724200 0	Tran sport ation

Of the two researchers

As for the administrative and marketing activities, they are significantly affected by the number of units produced. When the volume of production of the dermal catheter is increased, the share of the motor will decrease one of these costs. Since the production of the skin collagen reached (2667) units is considered low for the planned production of 3600 units, Proposals that would increase production, such as contracting with the Ministry of Interior and Defense to equip the military mattresses with leather collars, which represent official uniforms of the military ranks in them.

Results of cost reduction and type of gap: -

From the above, the results obtained from the reduction procedures can be described as agencies:

Table (18): The amount of reduction in the gap after the reduction procedure

The amount of reduction in cost-effectiveness	**Costs after reduction of product unit (m / (759**	**Actual Product (Costs (m / 759**	Reduction paragraphs
35000	38041	73041	Direct materials
5632	2815	8447	Separation costs
42024	14009	56033	Sewing costs
13075	4616	17691	Storage costs
8553	4563	13116	transportation fees
104284	**64044**	**168328**	Total

The amount of reduction, cost after reduction and type of gap can be indicated by:

Type gap	Cost after reduction	Amount of reduction	Gap	Actual cost	Target Cost
(Negative)	115072	104284	110606	219356	108750

- Conclusions

1. There is a separation between the concepts of rationalization of costs and cost reduction. If there is an increasing cost that the Organization can abandon and avoid through the establishment of programs dedicated to reduction, which avoids wasteful and waste, it can be said that rationalization of costs is the same reduction of costs and if we can avoid these costs to link In the interest of the Organization, here comes the role of rationalization as a different concept of the concept of reduction.

2. ABC's approach is both accounting and administrative. It focuses on equitable distribution of indirect costs and provides information to management to rationalize costs on the basis of activities.

3. The RCA provides an information base to help the administration in exploiting its idle capacity. The account of salary expenses constitutes the largest proportion of the total cost of the leather clothing factory due to the large number of workers associated with the factory. There is no consistent relationship between the workers and the annual production. Low production

4 - There is a complementary complementary relationship between the method (ABC) and (RCA), aiming at one goal, which is to rationalize the costs of activities after calculation, management and analysis, and to serve

the customer and the strategy of the Organization.
5- After applying the target cost method based on the actual costs of the activities reached by the researcher through the application of the ABC method, there was a gap between the actual cost and the target amounted to (110606) dinars per unit.
- Recommendations:
1- The necessity of the company's attention to the concepts of rationalization, reduction and separation between them in order for the company to obtain the proper application of strategic cost management methods instead of relying on traditional systems that do not reflect the reality of the cost data of the company's laboratories accurately and distort the real cost of the products.
2 - Apply the cost - based method of activities, which is the first step to rationalize costs by restructuring the costs of the company to the entrance of activities as it is proven through the application side that this system increases the ability of the company to exploit its resources and distribute its costs fairly.
3 - The necessity of the company's attention to available resources and exploitation of the best exploitation by determining the energies of each resource and the amount of consumption of activities from resources to determine the energy of the unemployed and to identify the causes and exploitation of efficiency.
4 - The company should focus on achieving optimal results in all its activities and operations through work on The use of more than one of the methods of strategic cost management, when the company was able to choose a suitable combination of methods and techniques and to serve their systems and activities and potential whenever it could achieve its strategic goals and access to competitive advantage in the market.
5. Replace the company's traditional pricing system with a cost-based target based on market price to compete with similar products and keep the company in the leather market.
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Revista de Ciencias Humanas y Sociales

Año 35, Especial N° 21, (2019)

Esta revista fue editada en formato digital por el personal de la Oficina de Publicaciones Científicas de la Facultad Experimental de Ciencias, Universidad del Zulia.
Maracaibo - Venezuela

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