

RESEARCH ARTICLE

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COSTS BASED ON SPECIFICATIONS AND COSTS BASED ON ACTIVITIES (COMPARABLE STUDY)

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Abstract

In light of the competitive environment, traditional systems for measuring costs have become unable to provide the necessary information to decision-makers, and do not give accurate and clear numbers. This is also the case about the value and quality of these products. The importance of research is evident by showing the role of both the method of measuring costs based on specifications and their role in making decisions. Pricing, and the role of the activity-based costing method in providing the information necessary to make the necessary decisions to improve products. This research aims to demonstrate the role of the costing approach based on specifications in providing the information necessary to reduce product costs, highlighting the concept of activity-based costing and its role in setting prices. Products.

Keywords Production Costs, Activity-Based Costs, ABC, ABCII.

INTRODUCTION

With the global opening up of trade, our markets today are experiencing intense and strong competition, and industry producers are seeking to maintain the market and ensure their survival by trying to market their products and ensuring a market share that will provide them with such survival and continuity. This objective is achieved through the provision of customized products that meet the client's requirements and expectations,

and to achieve this, modern accounting and management techniques and techniques that contribute to providing management with information to assist decision-making to meet clients ' requirements must be used.

The introduction to cost measurement based on ATC II and cost management techniques, including the targeted cost, is one of the most important ways for the company to provide appropriate information for appropriate decision-making that

helps the firm increase its competitiveness by providing products that meet the client's needs and competitive prices.

Cost accounting provides relevant information on the cost of products that is useful in determining prices for the sale of products. To obtain more accurate information regarding the measurement of the costs of products for use in determining prices for the sale of their products, some companies have sought to develop their system of used costs or to use the activity-based costing method to identify and track activities and the costing of their products for use in making pricing decisions for these products.

2. RESEARCH METHODOLOGY

2.1 the problem of research

In a competitive environment, traditional cost measurement systems are unable to provide the necessary information to decision-makers and do not provide precise and clear figures. Similarly, about the value and quality of these products, this study discusses the following questions:

Economic units that do not use the activity-based cost system are hampered in making product pricing decisions.

2. Failure to use a standard-based cost measurement method results in a lack of information to improve the value of products.

2.2 The importance of research

The importance of research is illustrated by the role of both standard-based costing methods and pricing decisions and the role of activity-based costing in providing information for decision-making to improve products.

2.3 Search objectives

This research aims at the following:--

1. Indicate the role of the standard-based costing input in providing the information needed to

reduce product costs.

2. Indicate the reasons, reasons, and justifications for using the standard-based costing input to measure product costs.

3. To highlight the concept of activities-based costs and their role in product pricing.

2.4 The theory of research

The use of cost methods based on specifications and activities enables the management of the economic unit to provide the necessary information that contributes to improving the value of products, reducing costs, and tracking the costs of products for use in pricing decisions.

3. Cost concept based on specifications (ABC II)

3.1 THE CONCEPT AND EXPORT OF COSTS ON PROVISIONS (ABC II):-

3.1.1 The concept of specifications:

Views on the definition of specifications have varied and are generally defined in marketing research books as the tangible and intangible characteristics or characteristics of the product that provide self-satisfaction and meet the personal needs of customers. The specifications are also defined as the set of characteristics or characteristics that are provided to customers. These specifications are the goods or services that customers are attracted to purchase (Abdulhalim, 2000:3).

Here, the researcher believes that a definition of the specifications can be found as a set of tangible and intangible characteristics or characteristics of the product, which are the primary motivation for the customer to choose a particular product and which are the value of the customer's self-satisfaction.

Bromwich breaks down the specifications to: (Abed Halim, 2000: 3)

1. Quantitative specifications are those that require manufacturing and technical processes such as the implementation of the product structure of size, length, weight...etc., safety guarantees, packaging, and aesthetic form.

2. Service specifications: These are those that do not require manufacturing operations to be implemented but rather the choice of the appropriate alternative, such as product delivery and distribution methods, delivery schedules, product price, and post-sales services.

3.1.2 Cost concept based on specifications

A group of researchers has developed some definitions to clarify (ABCII) and some of them will be summarized below:

Abdul Sadiq defined it as an accounting method based on the measurement of costs in light of the product specifications and the levels of achievement of each product specification (Abd al-Sadiq, 2005: 213).

Muhammad defined it as a system through which the product is divided into a set of characteristics and specifications and the cost of producing each is determined and aggregated to determine the total cost of production (Mohammed, 2007: 91).

Lawson defined it as a cost measurement method based on the use of product specifications by directly linking costs and specifications and by seeing earlier definitions, the researcher found that they focused on the following points:

The cost of the product is equal to the total cost of the specifications.

Each description may have several levels of achievement and each level of achievement has a range of activities. For example, to clarify the levels of achievement of the description, one product specification is volume, the product may be produced by more than one volume (large - medium - small) and the costs of each level of

achievement in the matrix will vary depending on the costs of the activities required for it.

The costs of labeling are the total costs of the activities for which they are required.

Any modification or addition to the product will determine its impact on the specifications, their cost, and the value of such modification.

It is a method of controlling the cost elements of product specifications.

Thus (ABCII) can be defined as an input to measure the costs of the product by analyzing it to its basic specifications and linking all the resources exhausted to those that are the cost objective).

3.1.3 The costs arise based on specifications

Although the notion of specifications has emerged in many marketing literature since the late 1960s, many marketing scientists have pointed to the need to build a marketing strategy based on market studies that determine the wishes and preferences of customers and the specifications and characteristics that they prefer in products. However, the idea of analyzing the specifications as an input to cost management is one of the new areas and directions that have not received the appropriate level of attention from cost accounting researchers, where the literature (foreign and Arabic) on this subject is scarce, both at the theoretical level and at the applied level (Abd al-Rahman, 2003:108).

The first beginnings of interest in the cost input based on accounting thinking were in the early 1990s when Bromwich aimed at upgrading strategic management accounting and developed this entry, which is an attempt to determine the cost of the benefits that products provide to the customer. Bromwich believes that those benefits are the real cause of the cost. Any product can be seen as a set of specifications produced by the economic unit and provided to its customers. Such specifications must be desirable and attractive to

customers, creating a demand for the products of the economic unit on the market.

The cost based on the specifications is represented by the term " ABCII " for the words " Attributes Based Costing ". " (II) means the number (two) in the Latin language and is distinguished by the term " ABC " for the term " Activity Based Costing ".

4. Relevance and cost objectives based on specifications

4.1 The importance of using ABC II

The ABCII portal is one of the proposed entry points for measuring the costs of products (goods or services). It is an attempt to identify and measure the costs of products in a way that provides information to rationalize the decision-making process and thus relies on product specifications, and prepares them as a basis for determining and measuring costs.

1. Assists in product cost planning: This can be achieved incrementally by determining the cost of the levels of delivery of each product specification and then the cost of all specifications, the total cost of which represents the total cost of the product at each level of delivery.

2. It is consistent with the marketing orientation policy: the beginning of the identification of customer needs and wishes is translated into product specifications and is consistent with those needs and desires.

Compatible with the target cost philosophy (TC) /Target Cost: The focus is on the target cost of each product specification in pursuit of the target profits. In the design and design of the product, the target cost is taken into account to control the product specifications and the levels of achievement of each characteristic. This is not limited to the design stage but extends to all stages during the product's life cycle.

4. The economic unit's position is strengthened

competitively: the existence of many levels of achievement for each product's specifications, each of which represents a different product from the client's point of view, can thus satisfy the needs and wishes of the customers as a result of the existence of several alternatives (completion levels) for each of the specifications.

5. This helps to increase the product's share of the market: this is achieved as a natural return because there are several achievement levels with different specifications that are wide, giving the client the greatest purchasing flexibility through greater saturation and greater benefits for the economic unit at the same time, thereby increasing the product's share in the market.

6. Helps to avoid deficiencies in traditional cost measurement systems: ABCII helps to avoid many of the criticisms and shortcomings of traditional cost measurement systems that have resulted in these systems being unable to provide the data and information that decision-makers aspire to or require.

7. Helps to avoid criticism of the cost method based on ABC: Although ABC is one of the entry points that has largely helped to avoid many of the criticisms of traditional cost measurement systems, many of the shortcomings of these systems have been addressed, many of the criticisms have been highlighted by the internal view of the product and focus on activities within the economic unit without paying attention to the customer's need (outside view of the product) as a priority of the input (ABCII) to define the product specifications that are the cost objective.

According to Abdul Alim, the importance of ABCII is to provide useful information on several matters, such as Abdul Alim, 1994:17:

1. Focus on specifications that achieve the greatest possible benefit.

2. The possibility of determining significant levels

of achievement that affect the performance of each transaction, which contributes to effective cost control.

3. Determination of the relative importance of each product specification.

4.2 Use targets (ABC II)

Muhammad, 2007:92, believes that the objectives of the ABCII portal can be summarized in two basic objectives, as follows:

Equitable measurement of the cost of production through the provision of cost information on the specifications and characteristics required for the production of those products.

2. Identify the locations for determining the competitive advantage of products, by clearly identifying the characteristics and characteristics of the product and balancing the cost and value of their production from the client's point of view.

In the view of Abdurrahman, 2003:126, the objectives of the ABCII entrance are:

1. To build an accounting information system that is efficiently integrated with other information systems of the economic unit, that has the components of information systems that contain the possibility of application without hindrance or additional burdens and that provides adequate information on cost at different stages and from the perspective of specifications through:

Studying the planning or development of a product that achieves maximum efficiency in linking the needs of clients to the optimal exploitation of the potential and resources of an economic unit, thus planning the cost in a manner that is justified from the client's perspective and thus planning profitability to achieve the best possible return.

b. Product cost analysis by identifying and measuring the cost of the specifications that it consists of (as cost targets) rather than at the product unit level as a whole, providing more

detailed and accurate cost information to management and thus assisting management in rationalizing strategic decisions.

I am informing through cost reports of continuing developments in both the productive and market environment and of the ability of the economic unit to achieve quality standards, speed and flexibility in responding to changes in customer tastes, and the effectiveness and efficiency of exploiting internal capacities and resources, as well as of the results of the analysis of activities, processes, and value-added from the perspective of specifications.

Effective control of the cost elements of product specifications, where precise criteria are established for the different cost elements used in the execution of each specification (technical or service) to rationalize the cost and avoid loss, waste, waste, citizen, or cause of deviation from those standards.

2. Cost analysis from a strategic perspective, which is called strategic cost management, i.e., dealing with cost elements and analyzing them for competitive advantage purposes, through the input of product specification analysis using other entry points such as:

- Value chain analysis
- Analysis of competitive advantage
- Cost engine analysis

Provide appropriate information to assist management in selecting its strategy and achieving the competitive advantage it desires, whether those associated with product excellence or those associated with cost-effectiveness through strategic production and cost planning, where the ABCII portal links quality development and cost reduction through product specifications.

4.3 Cost implications and advantages based on specifications

1. ABC II benefits:

The analysis of the product to its specifications links several important variables, namely, both customer wishes and expectations, factors of competition, economic unit potentials, and the management strategy to balance economic unit objectives with those of its clients, while maximizing the total value of the economic unit. Thus, analysis of product specifications can achieve the following benefits (Abdur Rahman, 2003: 114):

1. Flexibility in product planning:

Each product specification can be carried out at more than a level of achievement for the technical specifications, or more than an alternative for the service specifications. These levels are determined based on the economic unit's potential and available resources, as well as market studies that identify the different client sectors and the needs of each sector. Thus, the precise specification of the product's specifications and levels, the precise identification of the needs of each sector of the customer, and the study of the costs of each feature at each level or its alternatives help the management to achieve the profitable product strategies, the specifications of which correspond to the expectations of the client sectors.

4.3 Implementation of cost rationalization programs

Cost rationalization programs from the perspective of product analysis to product specifications can be implemented through the Atti (Abdulrahman, 2003:114):

Studying the costs and benefits of each level or alternative to specifications can reduce the level of achievement of specifications of lower relative importance to the target client sector, where a reduction in the level of verification can result in a significant reduction in cost while not affecting the product's benefit to the customer.

b. For product improvement and development

projects, product analysis to its specifications and determination of the levels of each specification enables the knowledge and identification of possible areas of development and the possibility of adding new product specifications, study, and analysis of the costs required to develop those specifications and the expected return from such development and enable management to make appropriate decisions about the feasibility of such development and the best areas available for it.

Analysis of the product to its specifications highlights negative specifications that reduce the overall benefit of the customer to eliminate it, which has the effect of reducing the cost of the product and distinguishing it from competitors.

The analysis of the product to its specifications and the designation of each product as a stand-alone product provides management with greater flexibility and the possibility of change or modification in production plans and programs, which may reduce the cost of one of the specifications while maintaining the same level of performance, efficiency, and quality. Activities or functions that do not add value to the specifications can also be detected and excluded, with the possibility of modeling some parts or components that can be used in more than one specification.

4.3.1 USE COMPONENTS (ABC II)

The ABCII portal is based on the idea that the product is only a set of specifications and characteristics. Each description may have several levels of achievement or one level of achievement, and each level of achievement represents a description. To add those specifications to the product, a set of activities is required and the implementation of those activities results in costs. Therefore, the input of the specifications attempts to link costs, operating information, technical and financial information on the one hand, and the characteristics and specifications of the product on

the other hand, where activities are accounted for and determined to limit the resources exhausted to the performance of those activities. The costs of these activities are then followed by the value specifications achieved from the perspective of the customers rather than the product as in other entries. The cost of each description and then the cost of the product as a whole is determined by the total cost of its specifications.

To achieve the content of the ABCII portal, it requires a set of components: (Abdur Rahman, 2003: 128)

1. The use of the ABCII portal as a basis for cost management is consistent with the modern orientation of the marketing philosophy (customer-oriented), which depends on the interest in defining the tangible and intangible characteristics and specifications that produce value from the client's perspective, i.e., that the product characteristics and specifications are considered as the fundamental variable in product planning and design, taking into account the circumstances and potential of the available economic unit resources, the prevailing competitive environment and the areas of excellence of competitors to reconcile those considerations with the choice of the combination of the targeted specifications.

2. The performance levels of the specifications are one of the fundamental variables to be analyzed and studied since the cost of the product is determined by the cost of each of its specifications. The cost of each specification is determined by the cost of each of its performance levels. This requires the compilation of data on the specifications required to satisfy the client, the study and analysis of those specifications, and the alternatives to their implementation. The choice is made among those alternatives in light of the cost and benefit of each alternative. The benefit of each specification is determined by the degree of satisfaction it

achieves for the client. This requires the use of scientific methods in measuring and determining specifications such as the common method of analysis (from the client's perspective) and the method of value engineering (from the economic unit's perspective).

3. The technical study of the specifications is one of the most important inputs required by the ABCII. It identifies activities that are involved in the implementation of the product. It then identifies the product's needs for different resources and quality. If the product is analyzed into a set of specifications and considers each of the characteristics to be a combined cost, it will be necessary to conduct a technical study at the level of each description to determine its needs for different resources. It will be necessary to take into account the possibility of multiple levels of delivery of the specifications. Thus, the technical study of the specifications can provide data on the activities that contribute to the implementation of the specifications and the resources required by each activity. The analysis of the activities from the perspective of the specifications will achieve the value chain concept since the value chain is the activity required by the implementation of the specifications. The streamlining of the activities between the specifications and the resources will help to solve the problem of charging indirect costs, as the drivers of cost-effectiveness are tracked through the specifications and their performance levels as the real cost drivers. On the other hand, the technical study of the specifications and their relationship to the activities and resources will contribute to the implementation of the cost-reduction programs without compromising the quality of the specifications and thus achieving a cost-leading strategy.

4. The introduction to the specifications costs is consistent with the traditional cost systems in the

functional analysis of the cost components. However, this analysis is required at a deeper level than the product unit, which is the level of partial specifications. The established functional centers are analyzed into activities. The activities are then linked to the specifications so that the activities are assigned to the specifications to limit the resources spent in the implementation of the activities to the specifications they cause. The cost analysis is therefore carried out based on the activities and the activities are linked to the specifications and the cost of each description. The cost of the product unit is determined by the total cost of its specifications. This enables cost planning to be based on the specifications through a pyramid model showing the costs and benefits of each level of achievement and each description and by the product unit.

The relationship between costs and benefits is analyzed in several settings and for multiple alternatives so that several levels of unit cost and benefit of the product can be identified by pooling the costs and benefits of the levels of achievement of each of the target specifications. The lower and upper limits of unit cost and benefit of product unit can be determined, enabling the preparation of several strategic plans for a future period.

5. Activities-based costs (ABC)

5.1 concept and origin

The activity-based method of costing (ABC) emerged at the beginning of the 1980s by some academic researchers, including Robin Cooper and Robert Kaplan. They began looking for an alternative to allocating indirect costs traditionally, after they had raised several criticisms of this method and pointed out that this method did not have a sufficient and appropriate level of cost in the rapidly evolving industrial environment. Robin Cooper was able to develop a new method of allocating indirect costs based on the idea of activities rather than centers.

The concept of this method is based on the fact that the production of products in any economic unit needs to carry out activities that require costs or resources. The concept of the new method is based on the fact that the costs (which cannot be allocated directly to the product) are allocated to the activities caused by them. The cost of each activity is thus easily allocated to the product or products depending on the degree to which they are expected to benefit from those activities.

Researchers have addressed several definitions of activity-based costing. Horngren considered that this method is a specific approach to improving the cost system by focusing on activities as primary cost purposes and using the cost of these activities as a basis for allocating costs to end-cost objectives such as products, services, and clients. This method is not a costing system but rather an alternative to the traditional method of allocating indirect costs, because cost systems are orders and stages, and this approach is not a substitute for these systems but is applied under them.

ABC can thus be defined as a method in which costs are initially allocated to activities that consume resources (these costs) and then the costs of such activities are allocated to products that consume activities to the extent that the product benefits from these activities.

This method is thus based on two methods of costing:

Step one: The costs are allocated to activity centers:--

After the costs are recorded in the general professor's or subsidiary records, the cost under this method is assembled in the activity center, which is a cost pool. The activity center is any type or segment of the production or service process that the management wishes to prepare a separate report on its realized costs (Jubori 2015: 269).

To determine these activities, management must

take into account the nature of the equipment and machinery, the management responsibility centers, the cost structure, cost and utility, and the centers with similar cost orientations... Blah, blah, blah, blah.

High-cost accuracy can be obtained in the division of activities into four levels and then redistributed into specific activity centers. These levels are:

1. Activities at the unit level: they are performed only when a unit is produced.

Activities at the batch level: These are performed each time a batch of products is produced.

Activities at the product level: These are carried out to support the production of each product.

Activities at the level of equipment or plant: these provide facilities for the production process and are general assistance to the plant, such as administrative, financial, and insurance activities.

Step two: Allocation of the costs of activities to the objectives or purposes of the cost:--

Once the costs are grouped into activity center complexes, the costs of the activities are reassigned or allocated to cost purposes using cost vectors, so that the cost-purpose cost is the sum of the costs that they consume from the activities (Juburi 2015: 270).

5.2 Basic concepts used in the activity-based costing method (ABC)

5.2.1 Activities

The activity is defined as a work unit or task for a specific purpose, and the set of processes or procedures is the essence of the work done within the economic unit.

The concept of activity differs from the concept of cost centers in the traditional way, as the cost center consists of a set of activities. In calculating the cost of studying the student, the accounting department is a cost center under the traditional

method, which is a single cost pool. While under the method of determining cost based on activities, the accounting department consists of a range of activities such as primary education activity, master's education activity, doctoral education activity, research activity, information activity ... etc. Activities are determined by a list of all different types of work within the economic unit and by a flow map of activities. These activities are then reclassified into homogeneous groups, which are treated as independent activity centers and use filters that reduce the number of activities to a homogeneous cost complex, thereby reducing the number of cost vectors used in the loading process. (Cobore 2015: 273).

5.2.2 Cost pools

To apply a cost-based method, the homogeneous activities are grouped into one group called a vessel or a pool. The complex is defined as the lowest level of detail at which costs are collected and distributed. This complex may relate to one activity or a homogeneous group of activities. The sum of indirect costs is represented by each group of homogeneous activities, as these groups create a cost-assembly center that will, in turn, facilitate the allocation of costs for final cost purposes using the selected cost vectors.

5.2.3 Cost vectors

The cost vector is defined as a measure that reflects the underlying reason for the cost element within each cost pool, which is the cost factor in the increase or decrease and represents the coefficient used to measure costs or as a basis for better charging to activities or end-cost purposes, and divides the cost vectors:

a. The first step or stage of allocation directions are those used in allocating and pooling costs between the activities consumed.

b. Step or second-stage allocation directions that charge the cost of activities for cost purposes.

5.3 Importance of the activity-based costing system (ABC)

The value of ABC is not limited to providing more accurate information on the cost of products or services but extends to supporting and improving decision-making, management policies, control, cost management, and profitability analyses, particularly through its integration with other methods and techniques such as activity-based management.

The importance of ABC lies in various aspects, as follows:

The importance of ABC systems in the area of cost measurement: ABC systems make a significant contribution to improving the accuracy of product or service costs by using multiple cost vectors to cost activities for products or services associated with activities that consume the organization's resources. ABC systems can reflect many indirect costs to direct costs by allocating costs to specific cost targets. The appropriate choice of activities and cost vectors allows for tracking many indirect costs of cost objectives as if they were direct materials or work. ABC systems classify many indirect costs as direct costs. Managers are more confident in the accuracy of information resulting from the use of systems. ABC systems, sometimes called cost systems based on procedure, try to improve the accuracy of the cost of the product or service by recognizing or distinguishing that some activities are more appropriately allocated on grounds that are not linked to the volume of production. The result is that ABC systems focus on the causes of cost rather than cost objectives.

2. The importance of ABC cost management, decision-making, and management policy systems lies in the following aspects:

a. Cost reduction and process improvement: ABC systems provide the information needed to understand cost behavior better, enabling

continuous improvement to be made possible by reducing activities that do not add value to the product or service and developing those that add value, thereby rationalizing resource utilization and reducing the cost of product production or service delivery as a result of raising the level of efficiency of performance of those activities that add value. An in-depth analysis of the cost of activities (combinations of cost of activities) and the factors that cause such costs (cost vectors) reveal opportunities for improving efficiency.

b. In the area of cost control: ABC is a vision and cost control phase. ABC systems focus on the relationship between cost orientations and activities during project operations, enabling managers to understand and influence cost drivers rather than their purposes. ABC systems provide detailed information on the activities and resources required to implement them, helping managers to identify which activities require further work and thus identify which products or services are more expensive. ABC systems also encourage project managers to evaluate and improve activities.

In making product mix and pricing decisions: ABC provides the management of the organization with the information necessary to understand the structure of its products or services, and thus the management can make pricing decisions and product mix. The exact cost information provided by ABC systems enables the management to determine the competitive price and maintain a reasonable profit. Precise information also provides a clear vision for the management of the organization on the more expensive products and the less expensive products or services, which will support management decisions or directions in identifying optimal mix products.

d. In the area of planning and management of activities: Many companies use ABC systems to plan and manage their activities. The planned cost

of activities is then used to determine the cost of products or services. The planned cost of activities is then compared with their actual cost when achieved to provide feedback on how the activities will be managed. The objective of implementing the systems has shifted from simply obtaining more accurate cost information to managing activities and operations. This shift in application has produced what is called activity-based management (ABM) which links cost to activity-based ABC with many other techniques, such as process re-engineering, operations management, and performance evaluation. Project operations are usually linked to a range of activities that are often accomplished sequentially. It should be noted that the application of ABC systems to improve the operations of the project requires both cost and performance data associated with any activity, where activity data are collected for use in cost, efficiency, quality, and performance evaluation.

According to a 1995 Mitchell and Innes study on ABC applications, their use for cost-management purposes is almost overwhelming to obtain the cost of a precise product, which is the first basis for the development of ABC systems. Knowledge of cost behavior through cost-oriented analyses assists in the development and preparation of budgets and cost-orientation models.

e. In the area of product and process design decisions: through the information provided by ABC systems, the Department can assess how

product and process designs affect activities and costs and thus identify new designs and perform X and can work with the Organization's clients to estimate the cost and prices of alternative design options.

6. Costs based on specifications and costs based on activities (Comparison study)

6.1 Comparison of costs based on activities and costs based on specifications

According to the researcher, the cost entry based on specifications is a cost measure entry starting from the customer to determine what specifications the customer wishes, i.e., from outside the economic unit. The cost entry based on activities starts from within the economic unit to identify the activities required for the production of the product. After all the literature found by the researcher, the following points can be found in the comparison between ABCII and ABC:

6.2 Comparison of costs based on activities and costs based on specifications

According to the researcher, the cost entry based on specifications is a cost measure entry starting from the customer to determine what specifications the customer wishes, i.e., from outside the economic unit. The cost entry based on activities starts from within the economic unit to identify the activities required for the production of the product. After all the literature found by the researcher, the following points can be found in the comparison between ABCII and ABC:

Form (1)ABCII/ABC comparison

ABC	ABCII
The cost objective according to this approach is activities	The cost objective according to this approach is the product specifications
It is based on the idea that the product requires a set of activities and these activities consume resources	It is based on the idea that specifications require activities and activities consume resources

The product is viewed as a single-unit	The product is viewed as a package of specifications, and each specification is a product
It does not take into account customer preferences because activities are cost drivers	It takes into account customers' preferences in terms of the specifications and characteristics they desire in the product
It focuses on the activities consumed to produce the product, which means it focuses on the internal environment only	It focuses on the benefits of the specifications for the products that are supplied to the customer and considers that these specifications are the cost objective. Thus, it takes into account the external environment represented by the customer's preferences in addition to the internal environment
The cost of the product is determined by summing up the costs of the activities that contributed to its construction	The cost of the product is determined by collecting the costs of the specifications that make up the product
It does not fit with the idea of producing what can be sold because it does not take into account customer preferences	It fits with the idea of producing what can be sold rather than selling what has been produced
It does not provide direct metrics on quality	It can provide measures of quality
It is considered part of the ABCII entry	This entrance is wider than the ABC entrance
Pool costs into an activity cost pool	Pool costs into the specification cost pool

6.3 The need to use both costs by specifications and costs by activities:

1. The need to use a cost-by-activity system

Many key points can be outlined in the following to illustrate the most important shortcomings of traditional cost systems and the factors that make ABC-based cost systems more suitable to operate in the modern productive environment.

1. The increasing complexity of the business and the wide variation in the types of products and services, as well as the diversity of clients, would result in a significant variation in the consumption of the organization's resources, requiring careful tracking of the consumption of the various

activities of those resources.

Most management consider that cost management should be through the control of activities rather than products, since cost pooling through activities provides information that may help managers better plan and control costs through the value chain, from research and development to consumer service.

Many of the activities associated with product production or service delivery are not related to the size of the units produced or the services provided and therefore the allocation of their cost based on measures associated with the volume of production will distort the cost of the product or service.

4. The pressure of intense competition reduces the marginal profits of the organizations. Although the organizations know their overall marginal gain, they do not know their marginal profit accurately at the product or service level. Some of their products or services may be profitable while others result in a loss. The Organization can only know which of these products or services is profitable and which will result in a loss by obtaining a precise and separate cost.

5. Modern production techniques have changed the cost structure of the product or service so that indirect costs are more important in today's productive environment. The replacement of direct work with automatic equipment has led to an increase in the indirect cost of more than 50% of the total cost in many organizations, which requires careful measurement and allocation of those costs.

6. Decision-making based on a breadwinner, inaccurate and undetailed death may result in decisions being wrong, costly, and costly, and thus it can be said that the exact cost gives the Organization an advantage and avoids many losses.

Computer technology has reduced the cost of developing and operating cost systems that track (track) many activities.

The modern manufacturing environment requires a three-tiered measurement (costs, performance, quality) based on contemporary techniques derived from the highly automatic nature of this environment, which requires accurate measurement of the tri-specifics of this triangulation.

According to the researcher, the real need for an activity-based costing system was generated by the increasing volume of indirect industrial costs. In contrast, the volume of direct costs was reduced. In this situation, it is difficult for traditional cost

systems to accurately measure the costs of products and services.

2. The need to use the cost system by specifications

There are many reasons for using the ABC II system, including: (small, 2011: 82)

The application of the ABCII input to the measurement of costs results in good cost planning by determining the levels of achievement of each product specification and then costing all specifications as a total cost.

b. ABCII achieves a market-oriented philosophy that focuses on the production of what can be sold and not what is produced through the manufacture of products that value the customer.

The ABCII portal is consistent with many modern cost-related techniques such as JIT. Production is carried out according to the customer's needs without keeping inventory, as well as the target cost. Emphasis is placed on the target cost of each product's product's achievement levels in pursuit of the desired objectives.

The application of the ABCII portal helps to establish alternative balances for the implementation of optional costs and each represents estimated costs for one level of delivery from which management can choose the balance appropriate to its financial circumstances.

Practical aspect

6. I.D. on the pond cement plant

On the practical side, a search sample is required, through which the most important use, internal control system, and internal audit are identified, and their effectiveness in reducing risk is explained by financial performance. Of course, the search can reflect and reflect other samples of economic unity in general, so the sample of the plumbing cement plant has been selected.

7. Meta-statistics of study variables

The results of the study have been shown and explained in this research through the use of the questionnaire form obtained from the economic unit in question, which includes the managers of the unit, other staff members of the unit, and heads of divisions, as well as the staff of the Internal Oversight Section and the Internal Audit and Human Resources Section. Sixty forms have been distributed. Fifty-five valid forms have been retrieved, using a five-year scale (Likert).

1. Measurement of consistency and sincerity of the resolution form

In a form commensurate with the nature of the work of a cement plant and the risks it is likely to be exposed to, several tests have been carried out on the identification form to ascertain its stability and authenticity, including:

1.8 Measurement of prima facie truth

The prima facie truth is one of the most important tests to ensure that the form is capable of measuring what it was designed for. The form was submitted to a different group of experts by the appropriate terms of reference after it was designed, to give their opinion on the validity of the expression of the activities in the paragraphs being measured and the appropriate level of the response measure.

2.8 Measurement of persistence (self-harmonization)

In this study, the alpha constant (Cronbach...is Alpha) was used to measure the internal consistency of the form's activities, with the alpha value ranging from 0-1 to the acceptable statistical value of the alpha coefficient (0.5) and above, to be a good constant, as this coefficient was calculated for other enabling and guiding actions of the form.

Statistical analysis and hypothesis testing

This research examines the statistical analysis of the data of the research sample and the test of the statistical hypothesis of the data, which was developed to determine the impact of artificial intelligence (autonomous variable) on the quality of external (sub-variant) scrutiny tested through the use of SPSS using: regression coefficient, variance analysis, transaction analysis.

To find out the final decision on the hypothesis that: using the activity-based cost method can provide the economic unit with information that can contribute to cost reduction and product upgrading. Through the results of Table 2, we note that the magnitude of the correlation between the independent variable (costs based on activities) and the dependent variable (cost reduction) is (%9), an indication of their strong correlation as weak, and in the same table it is noted that the determining factor was (%.8), meaning that the ratio of cost interpretation based on activities to reduce costs and upgrade products is rather weak and the remaining ratio is attributable to other factors.

Table (2) Summary of model

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.090 ^a	.008	-.001-	.27585
a. Predictors: (Constant), Y				

Research data have been tested through the analysis of the variation tool. As shown in Table 3, the hypothesis is accepted because the value (Sig>0.05), i.e., there is a morally significant cost-effective relationship based on activities to reduce costs and upgrade products to the economic unit.

Table (3) Analysis of variances

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.067	1	.067	.878	.351 ^b
	Residual	8.218	108	.076		
	Total	8.285	109			
a. Dependent Variable: W						
b. Predictors: (Constant), Y						

The results of analyzing the coefficients shown in Table (4) for the independent variable, which is financial reports, can be explained by the dependent variable, investor decisions, as follows:

Table (4) Transaction analysis

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.414	.531		6.425	.000
	Y	.120	.128	.090	.937	.351
a. Dependent Variable: W						

CONCLUSIONS

1 - The ABC II accounting system depends on measuring costs in light of the specifications upon which the product is designed and on the levels of completion of each product specification.

2- The ABC II method provides the necessary information by measuring the cost based on the specifications desired by the customer, which helps the management of economic units to improve the value of the products.

3- The ABCII approach helps determine the cost of products more fairly and without distortion.

4- Collecting costs by activities provides information that may help managers plan and control costs better through the value chain, starting with research and development and ending with consumer service.

5- The researcher believes that the real need for a costing system based on activities was generated by the increasing volume of indirect industrial costs.

RECOMMENDATIONS

1- The necessity of adopting modern methods in cost management, including the ABCII approach, because of its important role in taking into account meeting the customer's requirements and desired specifications at the lowest possible cost. Because of the importance this approach represents in keeping pace with developments in the modern environment.

2- The researcher recommends working to improve the academic qualification and practical capabilities of cost accountants by involving them in training courses, developing senior management's awareness of the importance of the cost system, and working to have workers with specialization in cost accounting undertake the process of operating the cost system.

3- The researcher recommends the necessity of adopting the activities basis as an alternative to the basis used in the economic unit in managing all its costs, as it contributes effectively to reducing costs.

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