IMPACT OF STANDARD COST WORKERS ON CONTROL OF COST ELEMENTS

Ali Karim Musleh, Al-Turath University College

ABSTRACT

The aim of the research is to highlight the standard cost system and its contribution to providing the necessary information for the practice of senior management of the planning and control functions of the cost elements properly, as well as to determine the extent to which Iraqi industrial companies use standard costs in planning and control of their products, and to achieve the goal of research, the General Company for Electrical and Electronic Industries, one of the formations of the Ministry of Industry and Minerals, has been selected because it is operating and has qualified technical staff of engineers as well as implementing many From contracts with various ministries and providing them with high efficiency products, among the most prominent products converted distribution different capacities, a price offer has been analyzed in a tender for the order to operate 1500 units of a converted product distribution different capacities for the Ministry of Electricity, the research has reached a set of results the most important: the results of deviation in the standard system are low and low in the circumstances of inflation and do not give the real cost of deviation such as the adoption of the historical cost of raw materials entering production and the adoption of historical cost When fixed assets are lost, some fundamental deviations do not attract the attention and control of management, as does the standard cost system on cost (reverse or feedback control), which often comes late and wastes the opportunity for management to make a timely corrective decision.

Keywords: Standard Costs, Cost Component Control

INTRODUCTION

Modern industrial enterprises face many problems as a result of the large size of their production units and the diversity of their products, which has complicated the control process, which has increased the importance of cost accounting as a management control tool that provides diverse data and information to all administrative levels in a timely manner, and cost accounting has become particularly important in our economy after the great industrial expansion and the administrative and economic revolution taking place in the world and Iraq today and in order to improve the reality of Iraqi companies and make them accountable for their responsibility to achieve The highest levels of production in light of the human and material resources available.

As a result of the inability of actual costs to meet the need for modern management to provide the information and data needed for use in planning, oversight and decision-making and management's desire in this area to measure actual performance achieved on a predetermined scale that reflects the amount of costs that must be a means of identifying the causes of any cost increase as a result of the misuse of available resources and capabilities, the standard cost system has emerged to provide management with all the required information to perform its functions best before production begins.

Citation Information: Musleh, A.K. (2022). Impact of standard cost workers on control of cost elements. *Academy of Entrepreneurship Journal, 28*(S2), 1-13.

RESEARCH METHODOLOGY

Search Problem

The development of management accounting has led to the proliferation of various management and supervisory concepts, including standard costs, which have imposed themselves on the reality of cost systems in most industrial companies, as traditional systems no longer provide senior management with the means to ensure that effective planning and control functions are achieved on the cost elements involved in the production process.

The Importance of Research

The importance of research is highlighted by the benefits and benefits of the standard cost system for managing management in the areas of planning and control, with the aim of reducing costs, reducing waste, loss and damage and making the best use of the resources available to the company.

The Goal of the Search

The research aims primarily to highlight the standard cost system and contribute to providing the necessary information for the proper management of the planning and control functions of the cost elements, as well as to determine the extent to which Iraqi industrial companies use standard costs in planning and controlling their products.

The Research Hypothesis

The research seeks to prove the following hypothesis:

The numbers of an effective and integrated standard cost system ensure that effective planning and control functions are achieved on the cost elements involved in the production process.

Search Sample

The General Company for Electrical and Electronic Industries, one of the formations of the Ministry of Industry and Minerals, was chosen because it is practicing its work and has qualified technical cadres of engineers as well as carrying out many contracts with various ministries and providing them with high efficiency products, among its most prominent products converted distribution of different capacities.

A CONCEPTUAL INTRODUCTION TO THE STANDARD COST

First: A History of Standard Costs

The standard cost method emerged in the 1920's in the United States of America, initially focused on labour. It gradually began to include all other burdens, such as raw materials, energy and other manufacturing expenses. Interest in standard costs has increased since the Great Depression of the industrialized countries in the 1930's, for the purpose of reducing costs and

Citation Information: Musleh, A.K. (2022). Impact of standard cost workers on control of cost elements. *Academy of Entrepreneurship Journal, 28*(S2), 1-13.

raising productivity efficiency. Standard costs also serve other purposes such as inventory control, planning budgeting, product control, and performance evaluation (Al-Dharawi, 2009).

Second: Defining Standard Costs

Standard costs are estimated costs calculated on the basis of economic and technical criteria for a normal activity. The standards are determined by specialized experts on scientific grounds, with the aim of using them to achieve control over the costs of products and services (Hilal, 2005).

The standard or criteria can be seen as a set of measures necessary to determine the progress of actual performance. Standard costs can be defined as predetermined costs on a scientific and laboratory basis, which are a means of control and control, *i.e.* they represent the costs that must be provided that the performance is performed as adequately as possible (Fayoumi, 2008).

They can also be defined as estimates set in advance for either the cost of a single unit or a number of production units or services for use as a measure of comparing the actual costs of performance (Ibrahim, 2016).

It was also defined as the cost set in advance based on administrative criteria for efficient operation and associated necessary expenses and is used on the basis of price fixing and cost control through the analysis of deviations (Al-Rahbi, 2014).

It was defined as "estimating production costs under ideal operating conditions, *i.e.* representing standard costs in estimates set in advance, whether for a single single cost or for a number of production units or services for reliance as a measure compared to the actual costs of performance (Attia, 2016).

It has also been defined as standard costs as a predetermined cost calculated on a precise technical and scientific basis for what the cost of a product, process or service unit should be in the coming period in the light of certain production conditions and facilities (Abdul Rahim, 2018).

The above can be summed up in a single definition of standard costs: "The cost is due under the normal and familiar conditions of the facility, which do not contain any kind of extravagance or loss that is not inevitable or not allowed."

It is clear from previous definitions that there is a consensus that standard costs are considered predetermined but differ from those that must occur in a future period and are in all of this placed on the conditions expected to apply in that period to the possibility of achieving them under the expected operating efficiency.

Standard costs can be considered pre-prepared and allow for the following: (Rizk, 2008)

- A tribal assessment of the final costs of the products.
- A remote comparison with the costs achieved in order to analyze deviations.

Third: The Importance of Standard Costs

Standard costs include two functions of great importance: (Hilal, 2005)

1. Identify the elements that must be involved in the production or performance of the activity.
2. Includes holding people accountable and holding them accountable for the cost elements within their responsibility.

The importance of standard costs is shown in Morelli, 2002)

Citation Information: Musleh, A.K. (2022). Impact of standard cost workers on control of cost elements. *Academy of Entrepreneurship Journal, 28*(S2), 1-13.

1. The field of pricing: Where the standard costs are concerned with achieving justice and not loading the customer with any mistakes or extravagance in the operations of the establishment by studying the costs that must be charged to the production or sale units in order for the price to be appropriate from the point of view of the customer and achieve profit for the establishment, which achieves this effective control and provide excellent services at the acceptable price, which satisfies customers.
2. Numbers of planning budgets: Where the preparation of budgets using standard costs leads to the increase and effectiveness of budgets where they are prepared on the basis of scientific basis characterized by accuracy and objectivity, which is the reality of budgets and the possibility of applying them.

Fourth: The Method of Calculating Standard Costs

Standard costs are calculated in the same way as real costs. In practice, however, the problem may appear in how estimates are prepared that preconceived and may include the risk of making mistakes, especially if the task of thinking about preparing standards is assigned to those who are not competent (Shady, 2008).

Standard costs include all variable direct burdens of raw materials and direct or fixed labour, such as the acquisition of custom equipment, as well as indirect burdens, collected in analysis centres before being charged to various costs through work units. The calculation of deviations can only be done in detail if standard costs are calculated in the same way as real costs. In order for the organization to benefit from differences, particularly negative ones, short account stages such as the month must be used (Hilal, 2005).

The basic stages of calculating standard costs can be summarized in the following points: (Chiu, 2010)

Calculating direct variable burdens: As long as it comes to changing burdens, it is simpler to think primarily about the cost of a full product. If necessary, the total cost can be obtained by multiplying this cost in the number of units that the enterprise is seeking to complete.

A. With regard to raw materials: there are two types of estimates that the organization must make: (Sami, 2007)
   - The quantitative standard calculated through a list developed by the Curriculum Office. Depending on the nature of the applicable standard (theoretical or normal standard), acceptable proportions of the damaged are incorporated.
   - As for the price of materials, it is subject to conditions outside the enterprise. The price criterion is usually based either on a historical analysis of the costs previously incurred by the Enterprise, or on a negotiated target purchase price.
B. For direct labour, there are two types of estimates:
   - The average time standard necessary for each stage of manufacture to complete a complete product by making assumptions on the expected return, taking into account the productive but paid time (such as permitted rest times, machine control...)
   - The courier cost standard, taking into account the cost of potential overtime. (Hilal, 2005)
C. Calculating direct fixed burdens: The total amount is first assessed to find the cost of a single product by dividing it by the number of products to be completed, which requires production estimates.
D. Calculating indirect burdens: The estimated burdens of each analysis center are determined by their type either fixed or variable. The secondary distribution is then performed to reach the cost of the work unit, and then load to various products by passing through the main centers (Abu Zeid, 2008).

Fifth: The General Foundations for the Development of the Standard Cost System

There are conditions that must be respected before standards can be prepared, and there are varieties of reliable sources for standard cost numbers.

Citation Information: Musleh, A.K. (2022). Impact of standard cost workers on control of cost elements. *Academy of Entrepreneurship Journal, 28*(S2), 1-13.

Conditions to be respected when preparing standards: (Hilal, 2005)

A. Motivation: Ruler targets must be achievable, so that workers are encouraged to achieve them.

- Each standard, prepared on a very high basis, will frustrate the resolve of the workers of the enterprise, because they believe that it is impossible to exceed the threshold. As a consequence, productivity will decrease compared to the period when the criteria have not been set.
- Each standard fits a low level of effectiveness, often achieved but rarely exceeded. The effort of the workers will be adjusted to the level of productivity prescribed by the Directorate, for fear of being reviewed and raised to a higher level.

If the organization wants to increase productivity, it must provide incentives in the form of bonuses for horngren, et al., 2016).

B. Acceptance: Here is a question to ask whether an enterprise member is more willing to contribute to the application of a specific standard in an authoritarian or contributive manner. Al-Jubouri, 2016.

The answer is that acceptance is usually better when criteria are determined by consultation, in which case the standard for the official becomes his or her standard, thus achieving a kind of conformity between the target to be achieved and the person.

C. Sources for Standard Cost Preparation: There are several reliable sources for setting standards outlined below: (Sami, 2016).

D. Historical Cost: The standard is determined on the basis of the cost recorded for the previous period.

E. Current Historical Cost: Thanks to historical cost adjustments, this reference is better usable than the first, taking into account the expected changes in the prices of factors of production.

F. Theoretical Standard Cost or Full Standard: relates to the cost obtained in optimal conditions of production (operating time and higher returns for equipment and workers) and distribution (high turnover of stocks, respect for time limits, customer solvency...). The use of this reference may lead to frustration in the resolve of workers, which is not in line with the requirements for setting standards.

G. Normal or Easy-To-Reach Standard Cost: Based on theoretical standard cost, reducing the average time of rest, disruption this reference represents the most commonly used standard, and allows for the combination of monitoring and motivating workers.

H. Competitive Price: Is the price applied in the market and used in the absence of previous sources in the organization. (Al-Dharawi, 2009).

The Third Topic: The Advantages of Standard Costs and the Limits of their use

Standard-setting is the basis for monitoring and evaluating actual activities and allows for the achievement of several objectives for the economic institution. However, technological development, which has reduced the use of direct labour on the one hand, and the traditional distinction between fixed and changing burdens, as well as the emergence of research and development bodies in enterprises, have all led to the fact that reliance on this method of cost-setting has become as ineffective as previously seen. (Abdul Rahman, 2009)

First: The Advantages of the Standard Cost Method

1. **Cost Control:** The primary objective of setting standards is the possibility of taking corrective action after analysing and translating deviations between standard and real costs. Reducing the amount of materials consumed may be caused by an extraordinary increase in the time required to control quality and take care of handling between workers in the same workshop, which is reflected in production time and therefore on the quantity of products. Control includes both excessive quantities of materials, production time, unitary prices of purchased materials and actual quantities of production. Also includes control over indirect costs, fixed and variable; (Attia, 2008)
2. The possibility of urging cost reductions, especially if the method is coordinated with staff policy and a vital system that drives all members of the organization to raise productivity;

Citation Information: Musleh, A.K. (2022). Impact of standard cost workers on control of cost elements. *Academy of Entrepreneurship Journal, 28*(S2), 1-13.

3. **The Method is a Mechanism for Controlling Management**: Since the costs specified on the basis of them represent criteria, they serve as references, or objectives, and on the basis of comparing the actual activity and costs of these references, the enterprise can make management decisions, especially if the costs are analyses to fixed and variable standard costs;
4. Very quickly holding accounts, since standard costs are set for a certain period, the organization can conduct accounting restrictions as soon as the quantities are known, without waiting for the real costs to be calculated; (Hilal, 2005)
5. **Management with the Exception:** If one of the objectives of the method is to control costs, this goal is even more important when examining negative deviations that reflect a poor achievement than estimated. Since the head of the enterprise cannot carry out a detailed review of the work of his employees, especially where there are a large number of workers and a large variety of consumable supplies necessary for the production process, it is therefore necessary to draw attention to exceptional (unusual) matters, which relate to important deviations, both in absolute terms and in relative terms.
6. Standard costs, finally, represent a basis for price fixing.

Standard Cost Method usage Limits

The accounting tools currently available were developed in the 1920's and were intended to plan and control large institutions, particularly The Debone Dunmore's and General Motors. They were characterized by a large production of standardized products and at a variable cost directly from the lab our force, which was very high at the time. Thus, the accounting methods, including the standard cost method, responded to the requirements of production patterns and at the same time served as a solution to the problems that were emerging that seemed clear and defined by each of the organization's bodies. (Al-Ghaban, 2016)

However, changes in the organization since then and changes in the organization's environment, both internal and external, needed to be accompanied by a change in the content of the accounting information system in general and the analytical accounting information system in particular. The roads discovered in the 1920's became unusable as they were originally and their contents had to be reviewed to adapt from the new environment of the current institution.

P. MEVELLEC stated, "The evolution of the analytical accounting environment relates at the same time to the processing methods used to operate analytical accounting systems and production systems that require analytical accounting for reporting"; Mevellec, 2008).

7. The traditional distinction between fixed and variable burdens has faded dramatically and has been replaced by near-changing burdens, whether energy, tyre wages and even production and supply personnel. As for the changing burdens, they concern only consumed raw materials and supplies, but for traditional fixed burdens (abuses and management workers), they began to know a kind of flexibility, as enterprises, in order to reduce costs, preferred to resort to subcontracting, so that they could maintain some degree of proportionality between the level of activity and the amount of investments; (Hilal, 2005).
8. The standard cost method is no longer a system of production control, as 70 to 90% of the total expenditures incurred by the product throughout its life cycle (from primary studies to the end of the market) are determined at the end of the scenario phase, meaning that all efforts in the production stages allow only marginal profits compared to the profits and costs that cause the visualization phase (manufacturing and profiling of pieces, simplifying and modelling the structure of the product). (Zarkani, 2013).

What is noticeable, however, is the near-total lack of control at the tribal level for studies from an economic point of view. It can be estimated that approximately 10% of the manufacturing control effort is dedicated to the visualization phase, 45% is dedicated to the production phase and 45% to the commercial phase, although the importance of economic betting

Citation Information: Musleh, A.K. (2022). Impact of standard cost workers on control of cost elements. *Academy of Entrepreneurship Journal, 28*(S2), 1-13.

is distributed according to the opposite logic (80% of costs are determined at the stage of perception, 10% in the production phase and 10% in the commercial phase.

The Fourth Topic: The Applied Aspect

Control of costs using standard costs and identification of cost deviations in The General Company for Electrical and Electronic Industries

First: Apply the Basic Deviations in the Company Search Sample which is as follows:

1. Deviations in the cost of direct materials (quantitative and price) and direct wages (time and rate of pay) by calibrating the variable direct cost of the product unit or production order and analysing the different deviations of cost elements.
2. Indirect cost deviations through budget control are done at the beginning of the financial cycle by balancing fixed and variable indirect items and determining their standard loading rate and during the cycle carrying actual production according to standard loading rates. Then, at the end of the cycle, deviations are calculated and analysed by comparing actual indirect costs with standard indirect costs.

Based on the company's control cycle, the research sample, which will apply the following steps, the cost control process is carried out by establishing realistic and verifiable standards in the conditions of marginal and efficient production of all elements of production of industrial materials, wages and costs at the beginning of the production period or when a price offer is made (on how to calculate the prior cost of entering into this purpose). This is the first phase of the oversight cycle to "establish realistic cost planning standards."

In the second phase "implementation of the plan according to the cost plan" where the plan is implemented based on the feasibility of production and cost steps prepared in the first phase and during implementation and often after the completion of the implementation of the production order comes the third phase, which is the essence of cost control.

In the third stage of "comparison", this is the stage of showing results by comparing the actual cost with the standard (planned) cost of analyzing deviations and studying the causes of their creation.

Then comes the fourth phase "evaluates the actual performance “through performance reports submitted by the administration and the report on the results, which are submitted to the competent supervisory departments and in the light of the resulting deviations and the reasons for their emergence, comes the fifth stage "decision-making" either by modifying the criteria and plan developed if they are unrealistic or require external circumstances to consider them or focus on phenomena Waste, waste and inefficiency in production processes to exclude inappropriate deviations and it is clear from the stages of the control cycle in the standard system that the timing of control is often done after the completion of the production process (manufacturing or operation) *i.e.* the method of control is the method of subsequent control or reverse feeding and that at best this is rare to be monitored during implementation or simultaneous control with implementation The (previous) front control method, also called preventive control, is essentially excluded from standard control.

Citation Information: Musleh, A.K. (2022). Impact of standard cost workers on control of cost elements. *Academy of Entrepreneurship Journal, 28*(S2), 1-13.

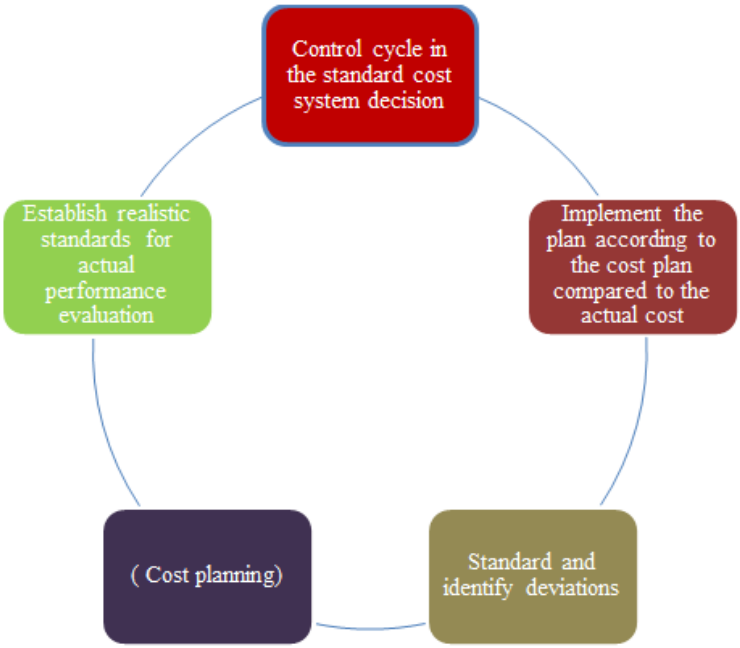

FIGURE 1
IMPLEMENT THE PLAN ACCORDING TO THE COST PLAN COMPARED TO THE ACTUAL COST STANDARD AND IDENTIFY DEVIATIONS

Second: Apply Cost Control in Accordance with the Standard System

Below is a list of standard costs for submitting a bid for an order to operate 1,500 units of a converted product of different capacities.

(First stage)
Bid for 1,500 units
Direct materials standard quantity price standard value (standard cost)
Raw Materials 3600 10.5 37800
Ready parts 1500 35 52500
Total purchased items 90,300

Direct wages standard hours prepared for standard wage standard cost
Manufacturing workers 525 25 13125
Assembly workers 900 16.5 14850
Total direct wages 27,975

Indirect Costs:

540 hours of machine operation at a rate of 25 d/h 13500
1320 hours direct at 18 d/h 23760
37260
Total production costs as a whole (155,535)
Profit margin 20% 155535 x 20%=31107
Total nudity offer is=155535+31107=186652

Citation Information: Musleh, A.K. (2022). Impact of standard cost workers on control of cost elements. *Academy of Entrepreneurship Journal, 28*(S2), 1-13.

Cost per unit=155,535/1500=103.69
Unit price=186642/1500=124.428

(Phase II): Actual Implementation

The tender was awarded to the company at the specified price and the order must be executed and delivered in two equal payments.

The company manufactured the first batch of 1,500/2=750 units and delivered it on time.

The actual costs spent in the production of the first batch (750 units) are followed.

Table 1
THE ACTUAL COSTS SPENT IN THE PRODUCTION OF THE FIRST BATCH (750 UNITS)

Direct materials	Actual amount	Actual price	Actual cost
Raw Materials	1845	10.75	19833.75
Ready-made parts	750	36	27000
M Direct Materials			46833.75
Direct wages	Actual time	Average actual wage	Actual cost
Manufacturing workers	240	26	6240
Assembly workers	493	17.25	8504.25
Direct wages			14744.25

Indirect Industrial Costs:

275 hours of machine operation at a rate of 25 LS per hour 6875
695 direct hours at l.s. 18 per hour 12510
Total indirect industrial costs 19385
Thus total actual costs=14744.25+46833.75+19385=80963
Actual cost per unit=80963/750=107.95066
Standard cost per unit=103.69

Deviation of the unit=103.69-107.95066=4.26066 which is a negative deviation in the disadvantage of the establishment.

(Stage 3):Identify deviations to produce (750) units of order and this is done by comparing the standard cost to the actual cost, and here a statement must be prepared at the standard cost of (750) units based on the standard detection of 1500 units.

Tabel 2
DETECTION TO COMPARE THE STANDARD WITH THE ACTUAL

Direct materials	Standard T	Actual	Total deviation	Unity deviation
Raw Materials	18900	19833.75	-933.75	-1.245
Ready-made parts	26250	27000	-750	-1
Total	45150	46833.75	-1683.75	-2.245
Direct wages	**Standard cost**	**Actual cost**	**Total deviation**	**Unity deviation**
Manufacturing workers	6562.5	6240	322.5	0.43

Citation Information: Musleh, A.K. (2022). Impact of standard cost workers on control of cost elements. *Academy of Entrepreneurship Journal, 28*(S2), 1-13.

Assembly workers	7425	8504.25	-1079.25	-1.439
Total	139875	14744.25	-756.75	-1.009
Indirect T	**T standard**	**Actual cost**	**Total deviation**	**Unity deviation**
Machine operating hours	6750	6875	-125	-0.1667
Live working hours	11880	12510	-630	-0.84
Total	18630	19385	-755	-1.00667
Total	77767.5	80963	-3195.5	-4.26067

In order to explain the causes of deviations for each cost item, the total deviation of its component elements must be analyzed.

A. Analysis of the deviation of the material of the adult (1683.75) inappropriate and analyzed to:

1- Quantum deviation=SM (KM-KP)

Raw materials=10.5 (1800 -1845)=(472.5)

For ready-made parts=35 (750-750)=0

2- Price deviation=KP (SS-SP)

Raw materials=1845 (10.5-10.75)=(461.25)

For ready-made parts=750 (35-36)=(750)

(1211.25) Header

Total material deviation=quantitative deviation + price deviation

=(472.5) + (1211.25)=(1683.75) invalid waste of the establishment.

B. Analysis of the wage deviation of (756.75) inappropriate and analyzed to:

1- Time deviation (efficiency)=standard wage rate (GS-GP)

For manufacturing workers=25 (262.5-240)=562.5 save

Assembly workers=16.5 (450-493)=(709.5) waste

2- Deviation of the rate of wage=G.P. (rate of pay p-standard rate of wage)

For manufacturing workers=240 (25-26)=(24)

Assembly workers=493 (16.5-17.25)=(369.75)

Gross wage deviation=time deviation + deviation of the wage rate=(765.75) wasted in the disadvantage of the establishment.

C. Analysis of the deviation of indirect industrial costs of (755) inappropriate and analysed to:

It is unnecessary to calculate it because the standard loading rate is adopted in both the actual detection and the standard detection, as the actual loading rate is set at the end of the year in order to ensure the accuracy and validity of the standard loading rate and adjust it if necessary, yet the administrative accountant has drawn attention to the deviation in the basis of the loading rate as there is an deviation in the automated working hours of (5) inappropriate hours and a deviation in direct working hours of (630) is also inappropriate.

Citation Information: Musleh, A.K. (2022). Impact of standard cost workers on control of cost elements. *Academy of Entrepreneurship Journal, 28*(S2), 1-13.

(Phase IV): This is the stage of assessing actual performance and identifying the causes of deviations to use that information in correction and decision-making, which represents the fifth phase.

Reporting Mechanism

How to use deviation analysis results (administratively):

A preliminary analysis of the results of half-order manufacturing deviations shows that the total deviation volume that is not appropriate for all cost items is 3,195.5, which is equivalent to a 4.1094% increase in the actual cost of the standard cost (3195.5/77767.5).

The ratio of increasing the actual unit cost to the unit offer price to the unit offer price is equivalent.

(4.26066/ 124.248=3.42419%) This is an important proportion that requires analysis and investigation to find out its causes and exclude it in the future.

The actual cost increase has eroded part of the planned profit when accepting the order, and the profit of half of the order has decreased by:

Standard chart profit 15553.5 *i.e.* 31107/2=15553.5

Actual profit (16192.6-3195.5) *i.e.* 80,963×20%=16,192.6

=12997.1

Profit deviation=15553.5-12997.1= (2556.4)

The details of the analysis of the total total deviation of cost items show that there are two points:

- A decline in the efficiency of the use of raw material and in the efficiency of assembly workers while the efficiency of manufacturing workers has improved.
- There is a rise in the prices of raw material and in the prices of ready-made parts.
- There is a rise in the wage rate of manufacturing workers and a rise in the rate of wages of assembly workers.

These results provide reverse feeding control that allows management to look for reasons and make correction decisions to start over (a new cycle) in an effort to raise efficiency and control cost.

Accordingly, the research hypothesis has been established that the numbers of an effective and integrated standard cost system ensure that effective planning and control functions are achieved on the cost elements involved in the production process."

CONCLUSION AND RECOMMENDATIONS

Conclusion

1. Both the actual and standard cost system adopts the same concept in controlling the cost of damaged and scrap and the costs of correcting defective units, which is the concept of natural allows, which are an inherent part of the production process and therefore enter the components of the product in the commodity inventory (complete inventory, half factory and cost of sales) and what exceeds normal allows is an operating loss that enters the components of the cost of the period and closes in the income list and prefers to be displayed in an item independent.
2. Control in the actual cost system is partially controlled limited to the natural allowables of the production process, while control in the standard cost system is comprehensive for all cost items from variable direct materials, variable direct wages and variable and fixed indirect industrial expenses.

Citation Information: Musleh, A.K. (2022). Impact of standard cost workers on control of cost elements. *Academy of Entrepreneurship Journal, 28*(S2), 1-13.

3. The standard system adopts verifiable criteria, *i.e.* realistic criteria that pre-contain natural allows, so any inappropriate deviation is an operating loss whose causes must be investigated and excluded.
4. The results of deviation in the standard system are low and low in inflationary conditions and do not give the real cost of deviation such as the adoption of the historical cost of raw materials involved in production and the adoption of historical cost when the acquisition of fixed assets, so some fundamental deviations do not attract the attention and control of management.
5. The standard cost system depends on cost (reverse or feedback control), which often comes late and wastes the opportunity for management to make a timely corrective decision.
6. In the standard system, the supervisor or production engineer sets the criteria according to the results of his observations and tests.

RECOMMENDATIONS

1. Processing data by conducting a practical and scientific study to modify the criteria to keep pace with the conditions and capabilities available for the facility taking into account the circumstances that are expected to prevail during the operating period so that the standard is realistic and appropriate to those circumstances.
2. The accounting method of measuring and analysing cost deviations assumes the integrity of the criteria set in advance in addition to ignoring random fluctuations in the development of standards, so it focuses on measuring and analysing deviations due to the third reason, i.*e.* considering that the deviations detected from the standards are due to the efficiency of the performance of the work element.
3. Calibration of cost elements using the laboratory method: This method is based on a laboratory study of the cost element to be calibrated through a set of observations by a group of professionals specialized within the production centers while performing a course in the completion of the process.
4. The need to identify the positions of responsibility for the various areas of activity that are subject to the control of the administration so that the responsibility for deviations of actual performance results from the standards can be known, a successful program of standard costs must depend on a clear determination of the responsibilities on which the responsibility is accounted for and may require administrative organization in which the responsibilities of departments and departments are separated and the authorities and competences of the employees of the organization are clearly defined.
5. The need to follow the scientific and practical foundations for determining standards in such a way that objective foundations can be found that can be used for planning and control purposes to reduce costs.
6. Study deviations from the standards set and find the necessary treatments and solutions to avoid them by the administration, especially, that most of the deviations visible are the result of the actual low level of energy from the planned natural level.

REFERENCES

Abraham, A. (2016). *Low costs as an important way to enhance the competitiveness of the economic institution: The case study of the cement foundation and its derivatives in the file*. Academic for Social and Humanitarian Studies.

Abu, Z., & Kamal, K. (2008). *Studies in management accounting.* University House, 2008.

Al J., Nassif, M.S., & Mushtaq, K. (2016). *Administrative accounting.* Al Jazeera Printing and Publishing, Baghdad.

Hayani, H. (2005). *Cost theory.* Aleppo University, Accounting Department, Damascus.

Al, D., Ali, A.A.H., & Kamal al-Din, M. (2009). *Cost accounting for planning and oversight.* University House, Egypt.

Al R., & Mohammed, T. (2014). Administrative accounting (3rd Edition). Wael Publishing and Distribution House, Amman University.

Rizk, K.Z. (2008). Industrial cost accounting (*3rd Edition*). University Press, Cairo.

Sami Mohammed, Q.J. (2007). General theory of accounting in relation to behavioral sciences. Cairo University, 2077.

Abdel Rahman, M.A. (2009). *Cost accounting systems (3rd Edition).* Arab Renaissance Press, Cairo.

Abdul Rahim, A., Al-Adly, Y., & Al-Azma, M. (2018). Cost basics and management accounting, chain. Kuwait.

Attia, A.S. (2016). *Activity cost accounting for administrative uses.* Integration Library for Publishing and Printing.

Citation Information: Musleh, A.K. (2022). Impact of standard cost workers on control of cost elements. *Academy of Entrepreneurship Journal, 28*(S2), 1-13.

Fayoumi, M.M. (2008). *Cost accounting assets.* Renaissance Arab Printing and Publishing House.

Hilal, D. (2005). *Analytical accounting: Information system for management and decision-Making assistance in the economic institution-Comparative study-Doctoral Thesis in Economics.* Youssef Ben Khada University-Algeria Faculty of Economics and Management Sciences.

Shadi, A.M., Abdel Fattah, Z.F. (2008). *Standard costs, oversight tool.* Library Ain Shams-Cairo.

Thaer Sabri, M., Jalila Aidan, M., Al-Ghaban, F.I.M. (2016). Management accounting and strategic techniques between theory and application, association of accountants and auditors, (1st Edition). MPG International, London.

Zirkini, M., Touma, J. (2013). *The role of standard costs and target costs in reducing costs.* Baghdad University, Faculty of Management and Economics, Baghdad.

Chiu-Wei, C.C. (2010). Economic of cost of quality for green manufacturing life assessment approach. Doctorate's Thesis of Philosophy in Accounting, Texas Teach University.

Horngren, C.T., Datar Strikant M., & Rajan, Madhav V. (2016). Cost Accounting, (14th Edition). United States of America, courier/ Kendall Ville.

Morelli, B., & Wiberg, C.J. (2002). The standard costing system at SKF, a case study of a swedish manufacturing company. Master Thesis No 2002:4- Graduate Business School, School of Economics and Commercial Law, Göteborg University.

Received: 29-Dec-2021, Manuscript No. aej-21-8965; **Editor assigned**: 02-Jan-2022, PreQC No. aej-21-8965 (PQ); **Reviewed**: 12-Jan-2022, QC No. aej-21-8965; **Revised**: 21-Jan-2022, Manuscript No. aej-21-8965 (R); **Published**: 29-Jan-2022

Citation Information: Musleh, A.K. (2022). Impact of standard cost workers on control of cost elements. *Academy of Entrepreneurship Journal, 28*(S2), 1-13.