Rationalizing Pricing Decisions Using Resource Consumption Accounting System Information

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Abstract:
The research seeks to demonstrate the role of the resource consumption accounting system in making pricing decisions by relying on accurate data and information.

As for the hypothesis of the research, it was represented that the proper application based on the scientific and practical foundations of accounting for resource consumption is reflected in the rationalization of costs and the statement of its impact on pricing decisions. The aim of the research is to demonstrate the possibility of resource consumption accounting system in measuring costs and its impact on rationalizing pricing decisions.

In the light of the study that was conducted in the research, a set of conclusions and recommendations were reached, the most important of which are:

1. The resource consumption accounting system provides appropriate information that helps the unit management in making operational decisions such as pricing decisions.
2. A group of factors and considerations that must be taken when making each type of these decisions affect the process of making pricing decisions, which represent determinants of accepting or rejecting the decision.
3. Pricing decisions are among the operational decisions of high importance that are taken by the economic units.

- Not taking into consideration competitors in the market and their goods.
- Failure to take into account the fulfillment and achievement of customer satisfaction.
- The pricing process is a routine process based on adding a profit margin percentage to the total cost calculated according to certain percentages, especially with regard to industrial, marketing and administrative expenses.
- There is no importance or consideration for the target prices at which the products can be sold compared to the prices of competing commodities.

The most important recommendations were as follows:
1. The need for the economic units to pay attention to the use of modern methods of product pricing, especially the use of resource consumption accounting
2. A set of conditions must be taken into account when making each operational decision. For example, when the decision is related to accepting or rejecting an order, it must be taken into account that there is idle energy available, and that the price does not affect the selling prices of the products of the economic unit in the market. The same is the case with manufacturing or manufacturing decisions. Purchasing, as it requires a real calculation of the costs appropriate to this type of decision. As for pricing decisions, they mainly require determining the target price, depending on the
study of the market and demand. The same is the case with other operational decisions. Whatever the type of decision, the rules and factors affecting it and the determinants must be studied. And according to a scientific and practical methodology suitable for each type.

3. The need to take into account a set of basic considerations represented by defining goals and general policies as well as developing a clear strategy and then determining the cost of the product from direct materials, direct wages, industrial, marketing and administrative costs as well as following a sound scientific and practical methodology starting from receiving the application to the end of the process Production and this is what was adopted in this research.

Keywords: rationalization of cost distribution, energy utilization, idle energy, resource consumption accounting, pricing decisions.

Introduction:
The contemporary business environment has witnessed, since the last decade until now, many rapid and continuous developments and changes, which included all political, economic and social fields, which was reflected in the increase in competition in the domestic and foreign industrial environment, rapid technological development and change in the cost structure of products, as well as providing inaccurate information and not taking into account To allocate resources and optimal utilization of resources and exploitation of idle energy, which resulted in an inaccurate determination of costs, which led to the emergence of a deficit in the outcome of the activity, which was reflected in the weakening of the competitive position of the economic unit.

It is necessary to search for modern cost technologies and to find appropriate solutions to the problems posed by traditional cost accounting systems and a desire to respond to these developments. Economic units have recently turned to other fields to keep pace with the development of economic life. in the surrounding industrial environment

Where pricing decisions are considered one of the most important decisions taken by the administration. Determining the selling price is not considered a mere marketing or financing decision only, but it extends to include all aspects of the activities of economic units. The final selling price is considered one of the most important factors in determining the quantity of demand for products and at the same time determining the amount of flow The income of the unit

Therefore, this research aims to use resource consumption accounting information to rationalize pricing decisions in economic units, through practical application in the General Company for Textile and Leather Industries / leather factories, according to a scientific methodology based on sound practical foundations for pricing decisions taken by the company.

The First Axis: - Research Methodology

Research problem:
The research problem lies in the following question: Does the use of resource consumption accounting information contribute to supporting and rationalizing the pricing decisions taken by the economic units?

Research goal:
Through the research, the researcher seeks to demonstrate the possibility of resource consumption accounting system in measuring costs and its impact on rationalizing pricing decisions.

Research Importance:
The research gains its importance from the importance of using modern methods, including accounting for resource consumption, in order to reach cost rationalization and control, and to provide useful information that has an impact on pricing decisions that must be taken in economic units.

Research community and sample:
Spatial limits: - The spatial limits of the search are represented in one of the industrial companies, which is (the General Company for Textile and Leather Industries / Leather Factories).
Temporal limits: The time period that the researcher relied on to apply resource consumption accounting was embodied in the company's data for the year 2021.

Research hypothesis:
The proper application based on the scientific and practical foundations of accounting for resource consumption is reflected in the rationalization of costs and an indication of its impact on pricing decisions.
The Second Axis: The Theoretical Aspect

First: definition of resource consumption accounting:
Accounting thought indicates that a comprehensive, integrated, agreed-upon definition of the concept of accounting for resource consumption has not been found, as the definitions and concepts contained in the accounting literature for this entry are numerous and varied, which can be presented as follows:

1. It is a distinguished accounting tool for cost management systems because it provides detailed information on the different levels of operation in the economic unit, as it combines interest in the short and long term, and this is useful in making strategic and operational decisions, and helps in detecting idle energy and its cost in resource pools and then Optimizing the use of available resources (Pedell & Kupper, 2015:57).

2. It is an accounting tool for cost management that provides appropriate information on the efficient utilization of available resources and the employment of idle / surplus energies in a way that contributes to increasing productivity and reducing the cost of production and thus increasing the profits of the establishment and supporting its competitive position (Al-Koumi, 2007: 182)

3. A cost measurement model designed to provide managers with the necessary information on all aspects of the unit in order to support the decision-making process so that they can make optimal use of the resources available to the unit in order to improve the competitive position of the economic unit. (White, 2009: 63)

4. It represents an entrance to management accounting that focuses on providing information that can be relied upon to reduce costs, increase revenues, and improve the productive capacity of economic units in light of the global competition market (Ahmed & Moosa, 2011: 755).

5. It is a comprehensive management accounting approach that provides managers with information to support managerial decisions to improve the performance of economic units (Inanlou, et al., 2014: 200)

6. It is considered an entry point for cost management through optimal utilization of unit resources and not charging products with the cost of unused resources, by applying the principle of causation in the cost process of allocating consumed resources to the purposes of the cost of products and services that benefited from them. And identifying unused resources in order to reduce and control their costs, which supports the competitive position of the unit (Abdul Dayem, 2014: 239)

Second: Objectives of resource consumption accounting:
The objectives of resource consumption accounting can be summarized as follows:

1. Distributing costs over the stages of the production process and its outputs in a more precise and clear manner, and with a greater understanding of how resources are consumed.
2. Allocate costs more accurately and the ability to plan resources using only appropriate costs.
3. Calculating the cost of the product by linking the cost of the product with the actual resources consumed by the establishment's activities and the energy of each of them, taking into account the causal relationship.
4. Through preventive control and by tracking the quantities of exploited and unexploited resources, various control concepts can be achieved.
5. The use of replacement cost eliminated the issue of unequal costs for similar products that consume similar activities and resources.
6. The correct identification of resource consumption based on the nature of materials, which led to improving the ability of managers to understand the interrelationships between materials and the use of information in supporting administrative decisions.

Third: Characteristics of resource consumption accounting:
Resource consumption accounting has the following characteristics:
Ease of understanding for managers and reduces waste of resources and provides them with the information they need in the process of making administrative decisions.

Helps to manage the untapped energies that by measuring the energies and non-accountants can manage the untapped resources that have already been purchased to better serve their companies.

Provide better control over costs through better treatment of fixed costs and variable costs and it eliminates distortions in fixed costs.

Focusing when determining the cost of sales on studying and explaining the internal connection between the various resources and their relationship to each other, and the degree of dependence on each other in a way that enables them to provide the necessary service.

It collects and builds a relationship between each of the actual data and the operational and financial data in an applied business model that is updated automatically with the relationship between resources, and helps to understand the relationship between changes in the volume of production and changes in accounting for resource consumption and costs.

In summary, it can be said that the resource consumption accounting approach has addressed the defects of the previous approaches by achieving the best added value for the customer and supporting the competitive position of the economic unit, as well as determining the available resources for the unit, their costs, and their relationship to each other, because some resources exist to serve other resources, which helps to rationalize their management from By providing appropriate information at the lowest possible cost to achieve the highest possible revenue.

Fourth: Difficulties facing resource consumption accounting system:

Despite the advantages achieved by the resource consumption accounting system, there are some difficulties facing the application process, the most important of which are the following:

1. The absence of measures to measure the efficiency and effectiveness of the performance of activities for the purpose of ascertaining efficiency and effectiveness.
2. Difficulty in collecting basic information for a finer level of detail about resource pools, for example, dividing cost topics into primary or secondary cost.

The Third Axis: - The Applied Side

First: an introductory overview of the (Textile and Leather Industries General Company / Leather Factories).

Introduction:

This research aims to identify the Textile and Leather Industries General Company / Leather Factories as one of the public sector companies in Iraq by identifying its establishment, objectives, organizational structure and the nature of its products as well as identifying the cost system applied in it.

Establishment of the company: -

The General Company for Leather Industries was established in 1945, which was known at the time as the Leather Company, as it consisted at that time of one factory for tanning large leather, and in 1966 the bags factory was established in cooperation with the Bata Company, which was established in 1932, as it contained at that time a factory for the manufacture of leather shoes. The Popular Shoes Factory was merged in Kufa in 1970. The General Establishment for Leather Industries is considered a public company for the purposes of General Companies Law No. (22) of 1997. This company is considered a self-financed economic production unit that is wholly owned by the government and enjoys moral personality and financial and administrative independence. It operates according to economic foundations and is linked to the Ministry of Industry. And minerals and its main center in the province of Baghdad. And based on Cabinet Resolution No. 360 of 2015, which includes the merger of public companies belonging to the Ministry of Industry and Minerals. Where each of the (State Company for Cotton Industries, State Company...
for Handmade Carpets, State Company for Textile Industries, State Company for Leather Industries, State Company for Ready-to-Wear Industries, State Company for Woolen Industries, Wasit State Company for Textile Industries, Dhi Qar Textile Factory) were merged. According to Cabinet Resolution No. 384 of 2016, the name of the company has become (Textile and Leather Industries General Company), as the company consists of several factories.

-Leather Factory / Baghdad: - There are a number of production plants in the Leather Factory, which are currently operating. The production plants in their three work locations are as follows:

1. Leather Shoes Factory.
2. Sports shoes factory in Kufa.
3. Tanning Factory.

Second: To implement the resource consumption accounting system, we follow the following steps:

The first step: - Counting and determining the items of direct costs (materials and wages) that were spent on each of the three products (leather clothing, leather shoes, bags) as shown in the table below:

Table (1) Salaries, wages and direct raw materials for products

<table>
<thead>
<tr>
<th>Statement</th>
<th>leather clothing</th>
<th>leather shoes</th>
<th>bags</th>
<th>Amount/Total Dinars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries And Wages</td>
<td>724151730</td>
<td>441506738</td>
<td>526504653</td>
<td>1692163121</td>
</tr>
<tr>
<td>Raw Materials And Raw Materials</td>
<td>8336827352</td>
<td>1456112663</td>
<td>3937036320</td>
<td>13729976335</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9060979082</strong></td>
<td><strong>1897619401</strong></td>
<td><strong>4463540973</strong></td>
<td><strong>15422139456</strong></td>
</tr>
</tbody>
</table>

Source: - prepared by the researcher based on the data and records of the Textile and Leather Industries General Company / Leather Factories for the year 2021

Table (1) included the raw materials used in production and the direct wages of the leather factory workers who produced the products, of which the share of each product was determined.

The second step: - Determine the resource pools for each department through the following:

1. The costs of each department are collected based on the information contained in the company's records.
2. Dividing costs into resource pools, as shown in Table (2), where each section contains one or more pools, depending on the type of costs it includes.
3. The process of identifying resource pools was done after conducting interviews with the management of each department in the light of the most important resources used for each department.
4. The process of determining the costs of each pool helps the management to take decisions related to each pool of costs for each activity, by taking decisions related to controlling costs and measuring the performance of each activity by dividing the activity into pools of resources and allocating the costs of each pool of these pools of these resources.

The third step: Determine the cost causes for each pool of resources in each of the departments, as shown in the table below:

Table (3) cost drivers for each resource pool

<table>
<thead>
<tr>
<th>The section collects</th>
<th>Resources</th>
<th>Causing the cost of resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Stores</td>
<td>Individuals complex</td>
</tr>
<tr>
<td>2</td>
<td>Maintenance</td>
<td>Individuals complex</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compound motive power</td>
</tr>
<tr>
<td>3</td>
<td>Marketing</td>
<td>Individuals complex</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Advertising Complex</td>
</tr>
</tbody>
</table>
The fourth step: After identifying the resource pools and the cost drivers for each of the resource pools, the share of each product in the costs is determined using the appropriate cost reason, as follows:

The fifth step: After you have identified the resource pools and the cost drivers for each resource pool, and the costs of each product have been determined from the resource costs, in this step the share of each of the production departments in the resource costs is determined using an appropriate cost reason. A (shoes) will be chosen.) to complete the remaining steps of the resource consumption accounting system.

Shoe producer's share of resource costs

In this step, the costs of each resource pool for each value stream of the shoe product are divided into its three production departments (separation department, sewing department, traction department) using the appropriate cost factor.

After applying the resource consumption accounting system, the results shown in the table below were reached

Table (20) department costs before and after applying resource consumption accounting for the shoe product

<table>
<thead>
<tr>
<th>Sections</th>
<th>Costs before using resource consumption accounting</th>
<th>Costs under resource consumption accounting</th>
<th>Idle energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores</td>
<td>Individuals complex</td>
<td>17043303,2</td>
<td>505736</td>
</tr>
<tr>
<td>Maintenance</td>
<td>Individuals complex</td>
<td>20420655</td>
<td>119136</td>
</tr>
<tr>
<td></td>
<td>Motive force complex</td>
<td>2231324,3</td>
<td>1015137,2</td>
</tr>
<tr>
<td>Services</td>
<td>Individuals complex</td>
<td>24347400</td>
<td>1432200</td>
</tr>
<tr>
<td>Marketing</td>
<td>Individuals complex</td>
<td>29321800,9</td>
<td>1912064</td>
</tr>
<tr>
<td></td>
<td>Advertising Complex</td>
<td>9774359,7</td>
<td>273672</td>
</tr>
<tr>
<td>Administrative</td>
<td>Individuals complex</td>
<td>36550714,7</td>
<td>2213851,2</td>
</tr>
</tbody>
</table>

Source: - Prepared by the researcher based on the data and records of the Textile and Leather Industries General Company / Leather Factories for the year 2021

Explanation of the previous table as follows: -

The idle energy costs were determined at the level of each resource complex and for each department, and these costs will not be charged to the product, because these costs are the costs of idle resources and were not used in production, so they appear in the income statement and are considered losses. Disclosing the presence of idle capacity in the resource pools helps the management in taking many decisions, including those related to determining the prices of products in a manner that helps competition in light of intense competition, as well as helps the company in determining the assortment of profitable products, and the possibility of adding a new production line in the presence of idle capacity. In most resource pools, these costs will be borne by the company whether it is produced or not, because it is a fixed cost. Therefore, the
A company can use these costs to introduce a new production line that helps the company to compete more and also helps to exploit idle energy.

Determining the costs of idle energy also helps the administration to control the costs of each of these sections in the light of the total costs, the costs of energy used, and the costs of idle energy, and at the level of each resource complex.

**Third: pricing decisions:**

Pricing decisions are of great importance in determining the success and survival of economic units because the selling price plays a major role in determining the success of marketing products. The mechanism used by the company and proposed by the researcher for the decision will be explained below:

1. **The mechanism used by the company:**

The pricing decision is one of the most important administrative decisions taken by the company’s management, as it is reflected in the volume of flows that the company obtains from selling its products at agreed prices, as well as being affected by many external factors, in addition to the cost factor, which is the main pillar on which all pricing decisions are built. It must cover the total production costs in addition to achieving a percentage of the profit. This decision requires the development of certain mechanisms for the purpose of pricing the commodities provided by the company in a manner that covers production costs as soon as possible.

Pricing decisions are taken within the company by a committee consisting of a chairman and two members, which is formed according to an administrative order, as it takes its decisions according to the following mechanism:

A. The product is designed by the Model Planning Department and a production plan is drawn up
B. The order is transferred to the commercial department to determine the prices of the materials involved in production and to prepare the technical equation form according to the materials required by the technical equation committee. The total production cost is determined, including the producer’s share of the industrial, marketing and administrative expenses through the preparation of the estimated cost table.
C. The Pricing Committee receives the estimated cost table and in light of the data recorded in the table, the Committee prepares the pricing card after adding the agreed profit margin percentage to the total cost.
D. After that, the order is transferred to the accounts/costs department to determine the final price after calculating costs and adding profits
E. The approval of the company's senior management is obtained on the proposed price
F. After approving the price, the order is transferred to production and then to marketing

In our opinion, this mechanism is insufficient for the following reasons:

- Competitors in the market, which are imported goods, were not taken into consideration.
- Failure to meet the wishes of customers.
- The process of determining the price is a routine process based on adding the percentage of the profit margin to the total estimated cost to extract the selling price.
- Failure to take into account the extent to which the unit alone produces a product with special specifications when setting prices
- Not taking into account the target price at which the product can be sold compared to similar competing goods.

2. **The mechanism suggested by the researcher:**

A. Basic considerations: - There is a set of considerations that the company must take into account when making this type of decision for the purpose of making appropriate decisions based on sound scientific and practical foundations, the most important of which are:
B. Determining the basic objectives of the pricing process, which are concentrated in maximizing sales and profits and increasing the market share in order to control the market and reduce costs.

C. Determining the general policies for pricing, which are within the policies of imposing reduced prices in order to increase the market share, which requires producing the largest quantity and achieving a market share in order to prevent the entry of competitors into the market.

D. Developing a clear strategy for the change process centered on taking into account the cost and flexibility of demand as well as competition

E. The cost of the product is determined from raw materials, direct wages, industrial, administrative and marketing costs

F. The ability of the product to meet the desires and satisfaction of customers.

As for the implementation process, it is as follows:

A. The order is received and transferred to the Model Planning Department for the purpose of developing a production plan according to the required materials involved in production, and thus transferring it to the commercial department to determine the prices of materials involved in production.

B. The order is transferred from the commercial department to the accounts / costs department of the pricing committee to determine the final price after calculating the costs, including the costs of materials, wages, administrative, industrial and marketing costs.

C. The pricing card is prepared by the pricing committee, and in light of the data contained in the estimated cost table, the committee prepares the pricing card after adding the agreed profit margin percentage to the total cost.

D. Obtaining the approval of the company's senior management on the proposed price

E. After approving the price, the concerned departments are instructed to work according to the specified price.

For the purpose of practical application, the product will be priced for men's leather shoes, model / 79128

1. The pricing card prepared by the Textile and Leather Industries General Company / Leather Factories

Textile and Leather Industries General Company / Leather Factories

<table>
<thead>
<tr>
<th>Table (21) pricing card for men's leather shoes, model / 79128</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Details</strong></td>
</tr>
<tr>
<td>Total costs</td>
</tr>
<tr>
<td>Price variables</td>
</tr>
<tr>
<td>Wages</td>
</tr>
<tr>
<td>M. Industrial 135%</td>
</tr>
<tr>
<td>M. Administrative 15%</td>
</tr>
<tr>
<td>M. Marketing 10%</td>
</tr>
<tr>
<td>Qualitative incentive</td>
</tr>
<tr>
<td>Total production costs</td>
</tr>
<tr>
<td>Profit margin 10%</td>
</tr>
<tr>
<td>Final selling price</td>
</tr>
</tbody>
</table>

Source: - Prepared by the researcher based on the data and records of the Textile and Leather Industries General Company / Leather Factories for the year 2021.

4. Testing methodology

The process of determining product selling prices requires:

Knowing the actual cost of the product: - A leather shoe model was taken from the production of the Textile and Leather Industries General Company / Leather Factory and relied on the company's data

A. The cost of raw materials
Table (22) The cost of raw materials for men's leather shoes

<table>
<thead>
<tr>
<th>Subject Name</th>
<th>measuring unit</th>
<th>Quantity</th>
<th>Unit price\ dinars</th>
<th>Value\ dinars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkish leather</td>
<td>decimeters²</td>
<td>16</td>
<td>431</td>
<td>6896</td>
</tr>
<tr>
<td>printed leather</td>
<td>decimeters²</td>
<td>8</td>
<td>431</td>
<td>3448</td>
</tr>
<tr>
<td>Linen face lining</td>
<td>cm²</td>
<td>800</td>
<td>0.156</td>
<td>125</td>
</tr>
<tr>
<td>The lining is faux leather</td>
<td>cm²</td>
<td>1150</td>
<td>0.29</td>
<td>334</td>
</tr>
<tr>
<td>Palm Texon 2 mm</td>
<td>cm²</td>
<td>600</td>
<td>0.449</td>
<td>269</td>
</tr>
<tr>
<td>Eva's palm text</td>
<td>cm²</td>
<td>300</td>
<td>0.2</td>
<td>60</td>
</tr>
<tr>
<td>1.1-1.2mm heat bulb</td>
<td>cm²</td>
<td>300</td>
<td>0.511</td>
<td>153</td>
</tr>
<tr>
<td>Fort 1.4 mm cellulose</td>
<td>cm²</td>
<td>350</td>
<td>0.7231</td>
<td>253</td>
</tr>
<tr>
<td>Full artificial palm lines</td>
<td>cm²</td>
<td>600</td>
<td>0.251</td>
<td>151</td>
</tr>
<tr>
<td>Thread size 3/60 or 3/40 nylon</td>
<td>longitudinal m</td>
<td>15</td>
<td>1,99</td>
<td>30</td>
</tr>
<tr>
<td>Metal pick</td>
<td>two</td>
<td>1</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>La steak 10 cm</td>
<td>Longitudinal cm</td>
<td>16,3</td>
<td>18,7</td>
<td>305</td>
</tr>
<tr>
<td>Spirito</td>
<td>mm</td>
<td>15</td>
<td>4,447</td>
<td>67</td>
</tr>
<tr>
<td>PU glue</td>
<td>milligrams</td>
<td>40</td>
<td>7</td>
<td>280</td>
</tr>
<tr>
<td>neoprene glue</td>
<td>milligrams</td>
<td>55</td>
<td>6,872</td>
<td>378</td>
</tr>
<tr>
<td>Latex</td>
<td>milligrams</td>
<td>15</td>
<td>7,368</td>
<td>111</td>
</tr>
<tr>
<td>Textile label</td>
<td>two</td>
<td>1</td>
<td>281</td>
<td>281</td>
</tr>
<tr>
<td>gambling</td>
<td>two</td>
<td>1</td>
<td>247</td>
<td>247</td>
</tr>
<tr>
<td>Sophisticated box</td>
<td>number</td>
<td>1</td>
<td>1236</td>
<td>1236</td>
</tr>
<tr>
<td>thinner</td>
<td>mm</td>
<td>15</td>
<td>3,988</td>
<td>60</td>
</tr>
<tr>
<td>will weigh</td>
<td>mm</td>
<td>15</td>
<td>11,497</td>
<td>117</td>
</tr>
<tr>
<td>insole 854</td>
<td>two</td>
<td>1</td>
<td>4200</td>
<td>4200</td>
</tr>
<tr>
<td>Soft nail</td>
<td>milligrams</td>
<td>3</td>
<td>8,259</td>
<td>25</td>
</tr>
<tr>
<td>jagged nail</td>
<td>milligrams</td>
<td>6</td>
<td>3,861</td>
<td>23</td>
</tr>
<tr>
<td>Total costs</td>
<td></td>
<td></td>
<td></td>
<td>19203</td>
</tr>
</tbody>
</table>

Source: - Prepared by the researcher based on the data and records of the Textile and Leather Industries General Company / Leather Factories for the year 2021.

B. The cost of direct wages

Table (23) Statement of the average hourly wage for workers

<table>
<thead>
<tr>
<th>Number of Workers</th>
<th>Daily Working Hours</th>
<th>Annual Working Days</th>
<th>The Annual Wage = 1 * 2 * 3</th>
<th>Total Salaries and Wages</th>
<th>The Hourly Rate of Pay = 5/4</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>8</td>
<td>240</td>
<td>192000</td>
<td>441506738</td>
<td>2299.5</td>
</tr>
</tbody>
</table>

Source: - Prepared by the researcher based on the data and records of Textile and Leather Industries General Company / Leather Factories for the year 2021.

2299.5 x 15 workers x 32 = 1,103,760 average wages for workers

1103760 ÷ 8400 = 131.4

C. Industrial costs

Table (24) Statement of the share of one unit in the industrial costs
The share of the cost per unit of the total costs of the production departments is extracted as follows:

\[
\frac{3072209.2}{8400} = 365.74 \text{ m. industrial}
\]

* Total production department costs / actual production quantity * Hourly wage rate

### D. Administrative and Marketing Costs

#### Table (25) Statement of the share of one unit in the costs of the administrative and marketing departments

<table>
<thead>
<tr>
<th>Department</th>
<th>Costs</th>
<th>The number of units produced</th>
<th>The cost per unit is 2÷3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>2213851.2</td>
<td>8400</td>
<td>263.55</td>
</tr>
<tr>
<td>Marketing</td>
<td>2185618.4</td>
<td>8400</td>
<td>260.2</td>
</tr>
</tbody>
</table>

Source: - Prepared by the researcher based on the data and records of the Textile and Leather Industries General Company / Leather Factories for the year 2021.

A comparison between the company's costs before using resource consumption accounting and the costs of the current study under the application of the resource consumption accounting system:

#### Table (26) Comparison between the company's costs and the current study of men's leather shoes

<table>
<thead>
<tr>
<th>Details</th>
<th>Before applying resource consumption accounting (company costs)</th>
<th>Under resource consumption accounting (current study)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total raw materials</td>
<td>19203</td>
<td>19203</td>
</tr>
<tr>
<td>Price variables</td>
<td>960</td>
<td>---</td>
</tr>
<tr>
<td>Wages</td>
<td>601</td>
<td>131.4</td>
</tr>
<tr>
<td>M. Industrial</td>
<td>1438</td>
<td>365.74</td>
</tr>
<tr>
<td>M. Administrative</td>
<td>1090</td>
<td>263.55</td>
</tr>
<tr>
<td>M. Marketing</td>
<td>1072</td>
<td>260.2</td>
</tr>
<tr>
<td>Qualitative incentive</td>
<td>2000</td>
<td>---</td>
</tr>
<tr>
<td>Total production costs</td>
<td>26364</td>
<td>20224</td>
</tr>
<tr>
<td>Profit margin 10%</td>
<td>2636</td>
<td>2022.4</td>
</tr>
<tr>
<td>Final selling price</td>
<td>29000</td>
<td>22246.4</td>
</tr>
</tbody>
</table>

Source: - prepared by the researcher based on the data and records of the Textile and Leather Industries General Company / Leather Factories for the year 2021.

Notes on the results of the pricing decision:

A. The cost of direct materials that was calculated by the company amounts to (19203), which is an amount equal to what was calculated by the researcher.
B. The cost of wages that was calculated by the company is more than the cost of wages that was calculated by the researcher at an amount of (469.6) dinars per unit.
C. The industrial expenses were calculated by the company more than those calculated in this study, as the difference amounts to (1072.26) dinars per unit.
D. Administrative expenses were calculated by the company more than those calculated in this study, as the difference amounts to (826.45) dinars per unit.
E. Marketing expenses were calculated by the company more than those calculated in this study, as the difference amounts to (811.8) dinars per unit.
F. The selling price was determined by the company at an amount of (29000) dinars per unit, and the selling price was determined by the researcher at an amount of (22246.4) dinars per unit.

The process of calculating the cost of the pricing decision proves the research hypothesis that the use of resource consumption accounting leads to cost reduction, and thus costs are correctly determined when making operational decisions. Through the foregoing, the researcher sees the necessity of using modern methods to measure costs and development from the traditional methods used, taking into account imported products and competition for the company's products, and excluding activities that do not add value to the product, in addition to that the process of calculating the cost of the product in the company is not accurate, and this affects the validity and accuracy. The data presented to the administration, and that the process of promoting the company's products in the media for the purpose of introducing customers to these products is not good, and this affects the company's sales of this product.

The Fourth Axis: Conclusions and Recommendations

1. The resource consumption accounting system provides appropriate information that helps the unit management in making operational decisions such as pricing decisions.
2. Resource consumption accounting is characterized by the fact that it aims to divide the costs into the stages of the production process and its outputs in a more accurate manner and a better understanding of how resources are consumed by linking the cost of the product and the actual resources consumed in a correct manner based on the nature of the resources as well as providing financial and non-financial information through an operational model with a future vision.
3. The resource consumption accounting system draws attention to the existence of idle resources in the context of the normal business of the economic unit, which are not fully independent, as it links resource costs to the units of those resources, and resource costs are distributed to cost pools when those resources are consumed by those pools only. As for the unutilized resources in the idle operations, they are not distributed among the cost aggregates.
4. A set of factors and considerations that must be taken when making each type of these decisions affect the process of making pricing decisions, which represent determinants of accepting or rejecting the decision.
5. Pricing decisions are among the operational decisions of high importance that are taken by the economic units. However, by studying the mechanism used by the company, we noticed that there are some deficiencies represented by:
   - Not taking into account competitors in the market and their goods.
   - Not taking into account the fulfillment and achievement of customer satisfaction.
   - The pricing process is a routine process based on adding a profit margin percentage to the total cost calculated according to certain percentages, especially with regard to industrial, marketing and administrative expenses.
   - There is no importance or consideration for the target prices at which the products can be sold compared to the prices of competing commodities.

Second: Recommendations

1. It necessary to pay attention to the economic units by using of modern methods of product pricing, especially the use of resource consumption accounting.
2. It is necessary that the methodology adopted for the purpose of operational decision-making proceeds from limiting the resources available for the operational decision and identifying them within homogeneous complexes that are classified into primary and secondary resource complexes, taking into account that the number of these complexes depends on the size of the economic unit and the degree of multiplicity of resources and activities as well as the classification of costs. Within the complex, in light of defining the interrelationships, and then distributing resources and determining the amount of resources used for each decision taken.
3. When applying the resource consumption accounting system, a set of principles and basic elements must be taken into account, as represented by:
- Homogeneity of energy metrics in each resource pool.
- Interactive management of useful and wasted energy.
- The interrelationships between resource pools.
- The primary nature of costing, resource management and management decision support.

4. A set of conditions that must be met when making each operational decision should be taken into account. For example, when the decision is related to accepting or rejecting an order, it must be taken into account that there is idle energy available, and that the price does not affect the selling prices of the economic unit’s products in the market. The same is the case with manufacturing or manufacturing decisions. Purchasing, as it requires a real calculation of the costs appropriate to this type of decision. As for pricing decisions, they mainly require determining the target price, depending on the study of the market and demand. The same is the case with other operational decisions. Whatever the type of decision, the rules and factors affecting it and the determinants must be studied. And according to a scientific and practical methodology suitable for each type.

5. The need to take into account a set of basic considerations represented by defining goals and general policies as well as developing a clear strategy and then determining the cost of the product from direct materials, direct wages, and industrial, marketing and administrative costs, as well as following a sound scientific and practical methodology that starts from receiving the request to the end of the production process. This is what was adopted in this research.

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