

The effect of applying cost accounting systems on pricing decisions in Yemeni industrial companies

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Abstract: *The study aimed to clarify the impact of the application of cost accounting systems on providing data that helps in pricing decisions. It relied on the descriptive analytical approach to achieve its goals. A questionnaire was distributed to five industrial companies located in the Yemeni capital, Sana'a. Statistical analysis software (SPSS) was used to analyse the data, discuss the result and test hypotheses. The results showed The cost accounting system determines pricing decisions through the using the cost accounting system in the pricing of products, using cost data in reviewing and evaluating product prices from one period to the next, by helping the costing system provide data that helps in making a decision to add a new produce. Study recommended industrial companies to apply cost accounting systems, the study recommended the Yemeni industrial companies administrations to rely on the data of cost accounting systems in making pricing decisions, the study recommended conducting a research on the impact of the application of costing systems in Yemeni industrial companies on determining the cost of products.*

Key Words: *Cost Accounting, Cost Accounting System, System of cost accounting biased activities, Yemeni industrial companies.*

1. INTRODUCTION:

Accounting generally aims (as an information system) to provide the appropriate data and information for decision-making, and to communicate this information to its users in the appropriate and desired manner.

Where accounting is considered as a central information system that gathers nerves in the project, because of the importance of the information provided by accounting to the management, without which the project management cannot take its decisions in a sound scientific manner.

Cost accounting is considered a sub-system of accounting information systems in the establishment and an important branch of accounting as it is considered the main provider of cost information that guides the administration in performing its various supervisory and planning functions and taking various administrative decisions. Inside production units.

Hence the importance of cost accounting systems in Yemeni industrial companies and the extent of their ability to provide information that helps in pricing products.

The problem of the study lies in knowing the impact of cost accounting systems on providing data and information that helps the management of Yemeni industrial companies in making product pricing decisions.

The importance of the study lies in clarifying the importance of cost accounting systems in the accuracy of product pricing decisions in order to maintain market share.

The study aimed to • Recognize the role of cost accounting systems in providing cost data necessary for pricing decisions.

The most important feature of the study is that it is one of the few studies that dealt with the issue of cost accounting systems and their impact on determining pricing decisions in industrial companies in the city of Sana'a, while some previous studies focused on the appropriateness of the outputs of the cost system for management purposes in general without focusing on the aspects of determining and reducing the cost of products Make pricing decisions.

2. LITERATURE REVIEW:

Raj khan (2002) the role of target costs in reducing costs and developing products, a field study on industrial projects in the city of Jeddah. The study aimed to study the extent to which the target costing system is applied to Saudi industrial projects in Jeddah, by highlighting the role of target costs in the leading Japanese projects in particular, and in some developed countries in general. The results of the study showed that the target costing system is not applied in Saudi industrial projects, but rather there is a possibility to use it as a method to confront competition and impose survival in

the markets, as these projects follow many of the principles of this system, such as studying the market and satisfying customers' desires for products in terms of quality. The required specifications and prices, and as it also appeared from the research results, that this system can be applied in the future if all the obstacles that prevent it are overcome.

Hells (2006) aimed at studying the system of costs of activities as a basis for measuring the cost of educational services in universities by measuring the cost of educational services, providing the necessary information in the rationalization of administrative decisions, and determining the prices of these services in universities on a precise objective basis. The study concluded that the problems associated with the use of traditional methods of allocating and distributing indirect costs could be overcome. Pricing based on ABC data benefited both the university administration and its clients, thereby increasing cost-effectiveness awareness, optimal utilization of available resources and pricing of educational services.

Abu Shanab (2008) entitled Study and evaluation of accounting systems for cost accounting systems in industrial companies in the Gaza Strip. This study aimed to identify the reality of cost accounting systems in industrial companies operating in the Gaza Strip, evaluate these systems and their development, and clarify the role of cost accounting system data in determining the cost and pricing of products, and the extent to which the company's management depends on the outputs of the cost system in decision-making. The results of the study showed that the majority of companies use the computerized costing system and that setting product prices and measuring the cost of production is the main objective of applying the cost system from the point of view of management. Changes in the modern manufacturing environment. The study recommended the need to increase attention to the cost accounting system through the continuous improvement and development of the system in terms of its components, foundations and theories, as well as the development of the accounting cadres working in the company to keep pace with the latest rapid developments related to changes in the modern manufacturing environment, and working on the application of the cost approach based on activity in the loading.

Al-Farra (2012) measuring the effectiveness of the cost accounting system - a field study on Saudi industrial projects. This study aimed to measure the efficiency and effectiveness of the cost accounting system used in Saudi industrial companies and to explore the opinions of specialists and professionals, The study reached the following results: Companies use the total costs method to calculate the cost of production due to its ease of application and suitability to working conditions. Take advantage of the high power of computer processing.

Muhairiq (2014) requirements for the application of the cost system based on activities - a case study of the state of the valley as a model. This study aimed to identify the availability of the requirements for the application of the cost system based on activities in economic institutions. The study relied on a questionnaire distributed to the study community. The study concluded: The requirements for the application of the ABC system are available to economic institutions, which means that these requirements are real and actually exist in practice, which represent an infrastructure for the application of the cost system based on activities for institutions. The study concluded several results, including: Establishing independent cost accounting departments in economic institutions and supporting them with scientifically qualified human cadres, adopting the application of the (ABC) system because it provides more accurate data that helps in the field of planning, control and decision-making.

Roztocki & Needy (1998) integrated Cost of Activities System and Economic Value Added System in Engineering Department of Industrialists. This study has shown that the integrated activities cost system with the economic value added system is a measure and tool that helps engineering management in managing cost and capital.

The study showed that the activities-based costing system, and the economic value added system, that the costing activities do not include the rate of resource consumption, and the traditional comparison between activity costs and the activities cost system with the economic value added system by examining the cost of each activity in the first stage. After that, a settlement is made for the income statement and the proposed statement of financial position to use the added economic value, and this information later turns into clear rates of capital using a modern, sophisticated method called (analytical activity or independent capital). One of the most important results of this study is the possibility of changing the strategy of joint stock companies. Completion of work when it is proposed to apply the activity-based costing system with the economic value-added system.

Roztocki (1999) this study concluded that the application of ABC is a time and money investment that is more suitable for small businesses because it does not require investment in the data collection system. It does not also require a serious organizational structure. Therefore, the study proved that the proposed method can be used as a step-by-step gradual implementation of the full scope.

3. METHODS:

The study will rely on descriptive approach and analytical approach to test the hypotheses and statement the results and recommendations of the study. The questionnaire, interview and statistical analysis were designed by SPSS, Secondary sources include relevant data, books, periodicals, scientific journals, master's and doctoral dissertations, seminars, internet, and conference. The study sample consisted of (33) of the study population of (200) of a number of

(5) industrial companies in Sana'a - Yemen and factories located in the capital Sana'a, where the number of distributed questionnaires reached (33) were fully retrieved and all of them are valid for analysis. For the purpose of achieving the objectives of the research and testing hypotheses, the following statistical methods were used (Alpha-Cronbach test, frequencies, percentages, arithmetic mean and standard deviations, One-sample T-Test, Analysis of variance F (One - Way Anova).

4. ANALYSIS AND DISCUSSION:

In order to achieve the objectives of the study, a questionnaire was developed and constructed using previous similar studies, the theoretical framework of the study and the consultation of experts. To illustrate the views of the sample, the questionnaire sections were designed on the five-point Likert scale. In order to determine the The impact of the application of cost accounting systems on pricing decisions in Yemeni industrial companies, the results of the field study were analyzed by answering the questionnaire items that reflect their views in each of the statements of the questionnaire. The results of the study sample on "The effect of applying costing systems on pricing decisions in Yemeni industrial companies".

Table (1): Indicators of the impact of the application of cost accounting systems on pricing decisions in Yemeni industrial companies Universities.

Direction	standard deviation	SMA	Paragraph	Rank	Paragraph number
agree	1.12	4.03	Cost data is used in pricing the company's products	2	1
agree	1.15	4.09	Cost data is used to review and evaluate product prices from one period to another	1	2
agree	1.02	3.63	The costing system applied in your company provides data that helps in making a decision to purchase raw materials or manufacture them within the company	5	3
agree	1.03	3.66	The costing system applied in your company provides data that helps in deciding to delete a new product or production line	4	4
agree	1.05	3.75	The cost system applied in your company provides data that helps in making a decision to add a new product	3	5
agree	1.00	3.57	The cost system applied in your company provides data that helps in deciding to enter into new markets	6	6
agree	1.00	3.57	The costing system implemented in your company provides data that helps in making the decision to change the design of the product	6	7
agree	1.05	3.75	General Mean		

The arithmetic average is statistically significant at a significance level of $\alpha=0.05$. It is noted from the previous table that the arithmetic means of the paragraphs related to the third axis ranged between (4.09 - 3.57), where paragraph no. (2) came in the first place with an arithmetic mean (4.09), and paragraph no. (6 and 7) came in the last rank with an arithmetic mean (3.57), that is, the arithmetic means for all paragraphs were of a high degree.

This means that the members of the research sample see that there is a role for cost accounting systems in determining pricing decisions for the product.

Through the previous table, it is noted that the general arithmetic average for all paragraphs has reached (3.75) and this confirms the existence of a role for cost accounting systems in determining pricing decisions for the product.

Hypotheses test:

To verify the acceptance or rejection of study hypotheses, the arithmetical averages, standard deviations, percentages, and T test of the sample and the significance level were used as follows:

Test the hypothesis

To test this hypothesis, the arithmetical averages, standard deviations, percentages, T value, and statistical significance were calculated so as to prove or negate this hypothesis. The results are as shown in the following table.

Table (2): Results of the hypothesis test

Hypothesis	Mean	Standard Deviation	Mean Ratio	T Value	Significance at 0.05	Rule
There is an impact of the application of cost accounting systems in determining pricing decisions for products	3.75	1.05	75%	51.963	0.000	Accept the hypothesis

It is clear from the previous table that the results of the statistical analysis showed that there is a statistically significant effect of the application of cost accounting systems in determining pricing decisions for products, where the arithmetic mean was (3.75) out of three degrees, which is a value higher than the value of the measurement assumed in this research (3) degrees, and the calculated T value (51.963) is positive and is statistically significant at the significance level $\alpha \leq 0.05$. Accordingly, the alternative hypothesis is accepted and the null hypothesis is rejected

5- FINDINGS:

Based on the data collected by the study questionnaire and its analysis, the following results were reached:

- By testing the degree of data reliability for the answers of the study sample, it was found that there was great consistency for the questionnaire questions, which was revealed by the result of the Alpha Cronbach coefficient, which amounted to (80.8).
- The credibility of the sample responses was (89.4). This indicates that the degree of credibility of the answers is high so that the result can be generalized to the study population.
- It turns out that the index and related to Cost data is used to review and evaluate product prices from one period to another came in the first place with an arithmetic mean (4.09), The direction of the response of the study sample to this indicator was in agreement and.
- Regarding the indicators The cost system applied in your company provides data that helps in deciding to enter into new markets, The costing system implemented in your company provides data that helps in making the decision to change the design of the product came in the last rank with an arithmetic mean (3.57) , that is, the arithmetic means for all paragraphs were of a high degree.
- It was found through the general average of the answers of all members of the study sample that, it is noted that the general arithmetic average for all paragraphs has reached (3.75) and this confirms the existence of a role for cost accounting systems in determining pricing decisions for the product.

6- RECOMMENDATIONS:

- The study recommended industrial companies to apply cost accounting systems.
- The study recommended the Yemeni industrial companies administrations to rely on the data of cost accounting systems in making pricing decisions.
- The study recommended conducting a research on the impact of the application of costing systems in Yemeni industrial companies on determining the cost of products.

7- CONCLUSION:

The study aimed to recognize the role of cost accounting systems in providing cost data necessary for pricing decisions, Coming up with results and recommendations that may contribute to studying the phenomenon with other variables, Relying on the primary data collected from industrial companies in Sana'a, Yemen, the questionnaire was distributed to employees of companies in the accounts department, which shows the number of employees of 200 employees in industrial companies in Sana'a, Yemen, to obtain the size of the study sample 16.5% of employees were selected and calculated in the formula ($200 * 16.5/100 = 33$). It was found through the results of the study. Using the cost accounting system in the pricing of products, Using cost data in reviewing and evaluating product prices from one period to the next, By helping the costing system provide data that helps in making a decision to add a new product.

The study has the following limitations:

- The subject of the study is the effect of cost systems on pricing decisions in industrial companies.

- The study is limited to industrial companies in the capital city - which is located in the Beit Adran area. The reason for limitation is due to war crises in Yemen.
- This study will be limited to a period of time during the year 2019.

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