



مجلة جامعة الملك خالد

للعلوم الإنسانية

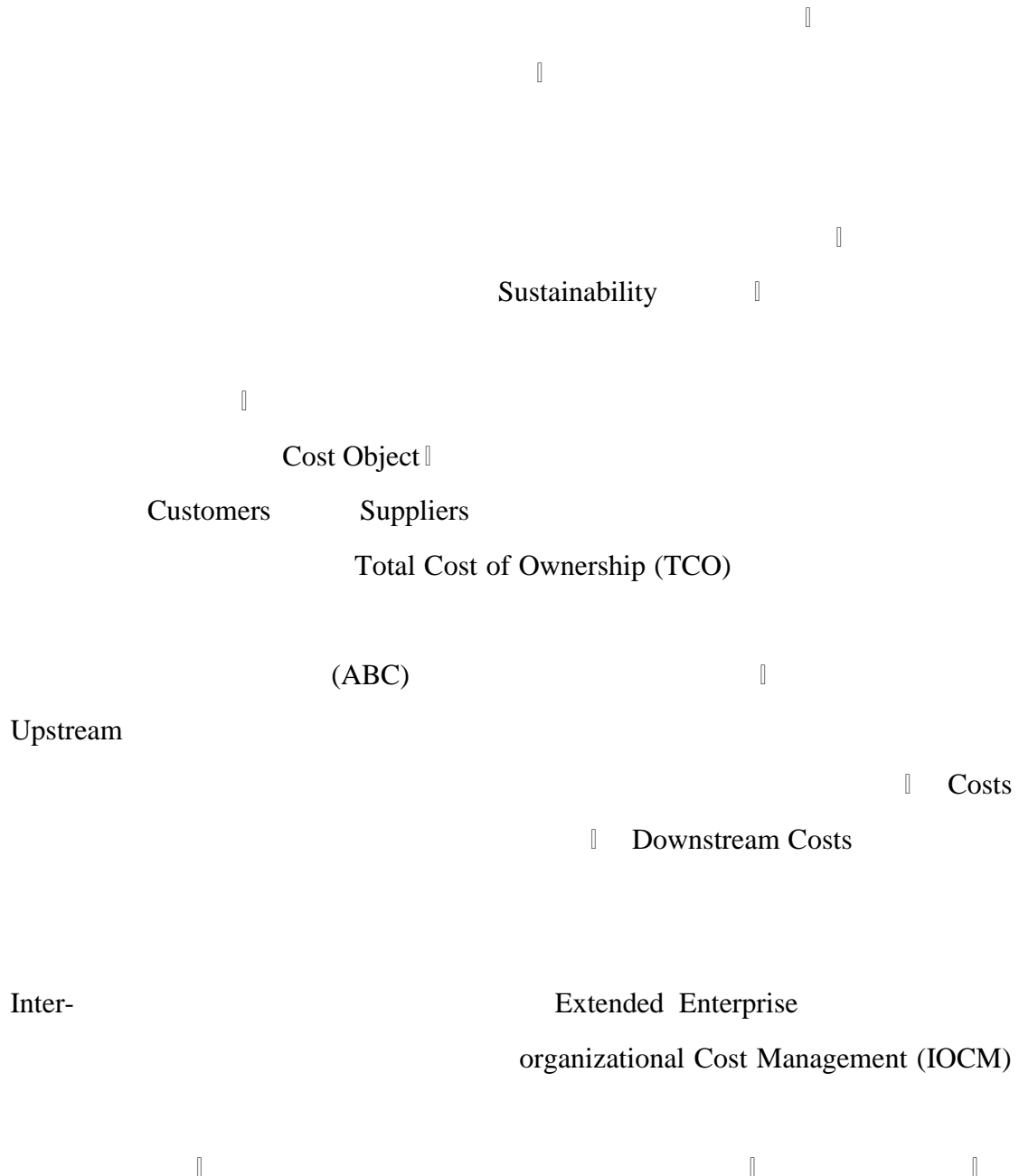
The Future Vision of the Strategic Cost Role in Cost Management in Industrial Firms

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Abstract



The Future Vision of the Strategic Cost Role for Cost Management in Industrial Firms Abstract

The study examines the future vision of the strategic cost role in cost management in industrial firms, identifying the dimensions that might affect the strategic cost concept and its role in cost management. The researcher concludes that there are two main dimensions that affect the concept of strategic cost, namely a) the current and expected developments in business environment, and the factors and variables of the contingency theory that affect the tools and techniques of cost and management accounting, and b) the expected changes of the expansion of the strategic dimension of sustainability and its great impact on the accounting tools and techniques of planning, control and decision-making. This necessitates a re-consideration of the strategic cost management and an enhancement of the ability of management of the industrial firms to manage their cost more efficiently and to increase their competitiveness

The researcher further explains that the industrial firms' adoption of strategic cost requires a re-consideration of the cost object concept that is no longer limited to products, departments, activities or processes, but it includes suppliers and customers. This highlights the important role of the concept of total cost of ownership (TCO) that emphasizes the current acquisition costs and the required costs of asset operation in the future. Indeed, the traditional stance towards costs adopted by the activity-based costing system (ABC) of the first generation implies the reduction of cost management within the manufacturing stage. However, the modern trend stresses the expansion of cost management beyond the walls of the factory. Here, the aim is to investigate the upstream costs that occur before production (R&D costs, design costs and requirements costs) and downstream costs after production (sales, distribution and after-sales service costs). Furthermore, in order to receive the maximum possible benefit of the strategic cost of cost management, the industrial firms should be concerned with the costs of the activities of the total value chain and the impact on the costs outside the boundaries of the firm. This shows the significance of the extended enterprise concept in managing the Inter-organizational cost management (IOCM). This extension enhances supply chain.

The researcher also asserts the dire need to cope with the common strategy of the firm to develop the strategic cost concept and cost management tools. Moreover, he avers the importance of the accurate tracking of the activity costs within the total value chain. In doing so, managers can determine the optimal mix strategies that can be used to enhance competitiveness and identify the reasons of cost-benefit analysis to improve such tracking

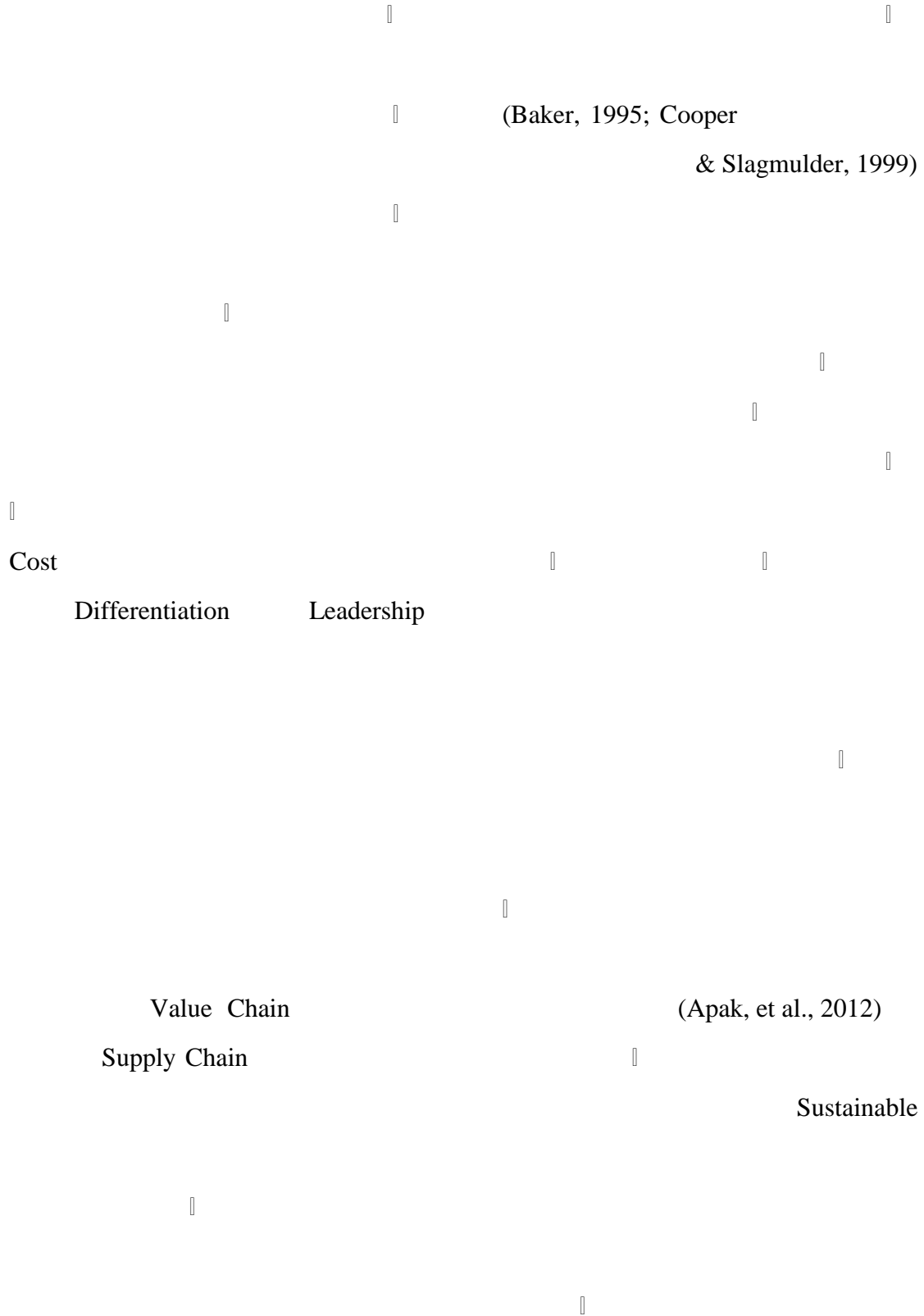
Critical Success

Factors (CSFs)

Price

Quality

Functionality



Extended

Enterprise

∩

Inter-organizational Cost

∩

∩

∩

∩

∩

Analytical Deductive

∩

Approach

∩

∩

∩

∩

∩

Sustainability

Cost ∩

Object

Total Cost

of Ownership (TCO)



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(2017) Feng , et al.,

(2016) Henri, et al.,

Complex Proportion Assessment
L-COPRAS (COPRAS)

Strategic Cost

Management (SCM)

Executorial

Cost Management
Structural Cost Management

(SCM)

Environmental Costs



(ABC)

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Gliubicasa &

(2019) Wegmann

(2015) Kanapickien

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Interactive

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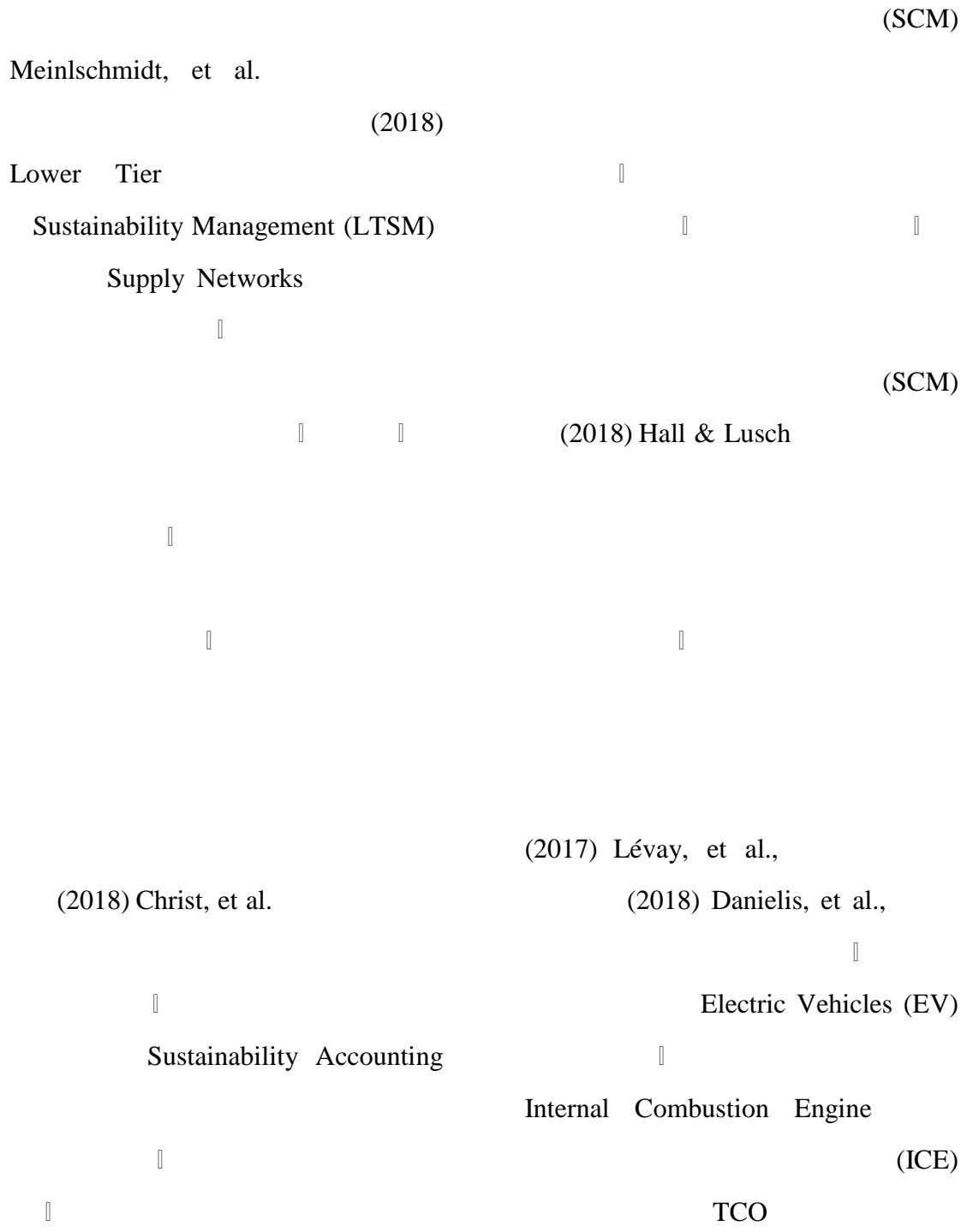
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Cost Objects ||

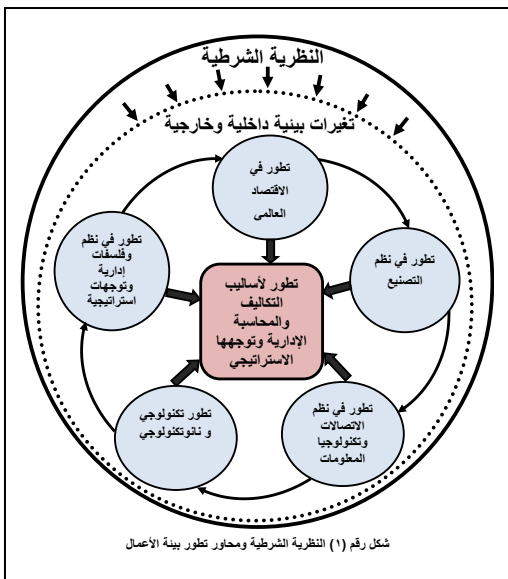
Cost Analysis

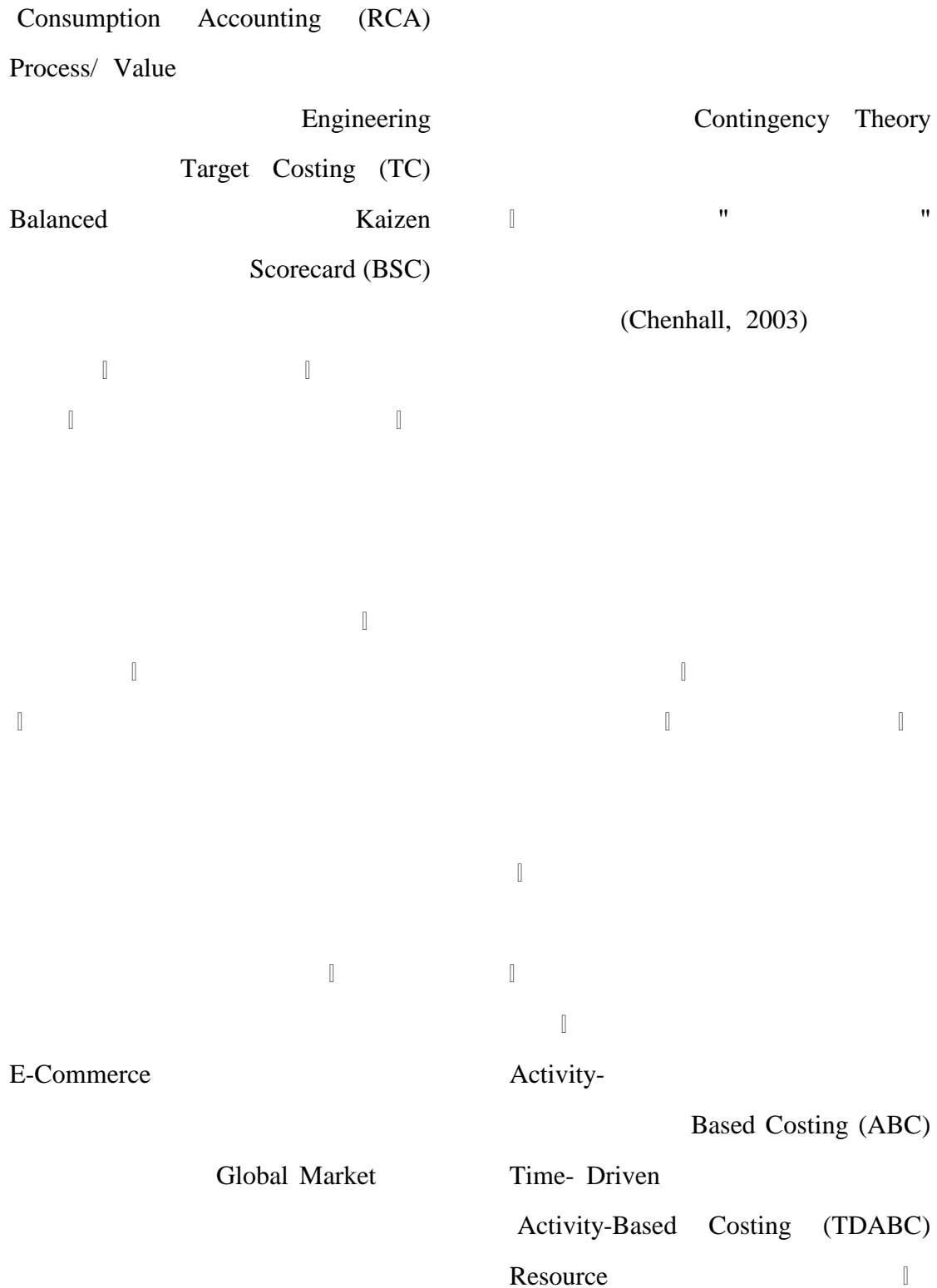
(2018) Pavlatos

complexity



Contingency Theory





Manufacturing Excellence (Feng , et al., 2017)

Computer Aided Design

(CAD)

Computer Aided Manufacturing

Robotic

(CAM)

Flexible Manufacturing

Systems (FMS)

Computer Integrated

Manufacturing (CIM)

Lean Manufacturing (LM)

Value Stream Costing (VSC)

Lean

Accounting (LA)

Nanotechnology

Electronic Data

Interchange (EDI)

(Rababah, 2017)

(IT)

(Anderson &

Lanen, 2002)

Inter-

organizational Cost Management
(IOCM)

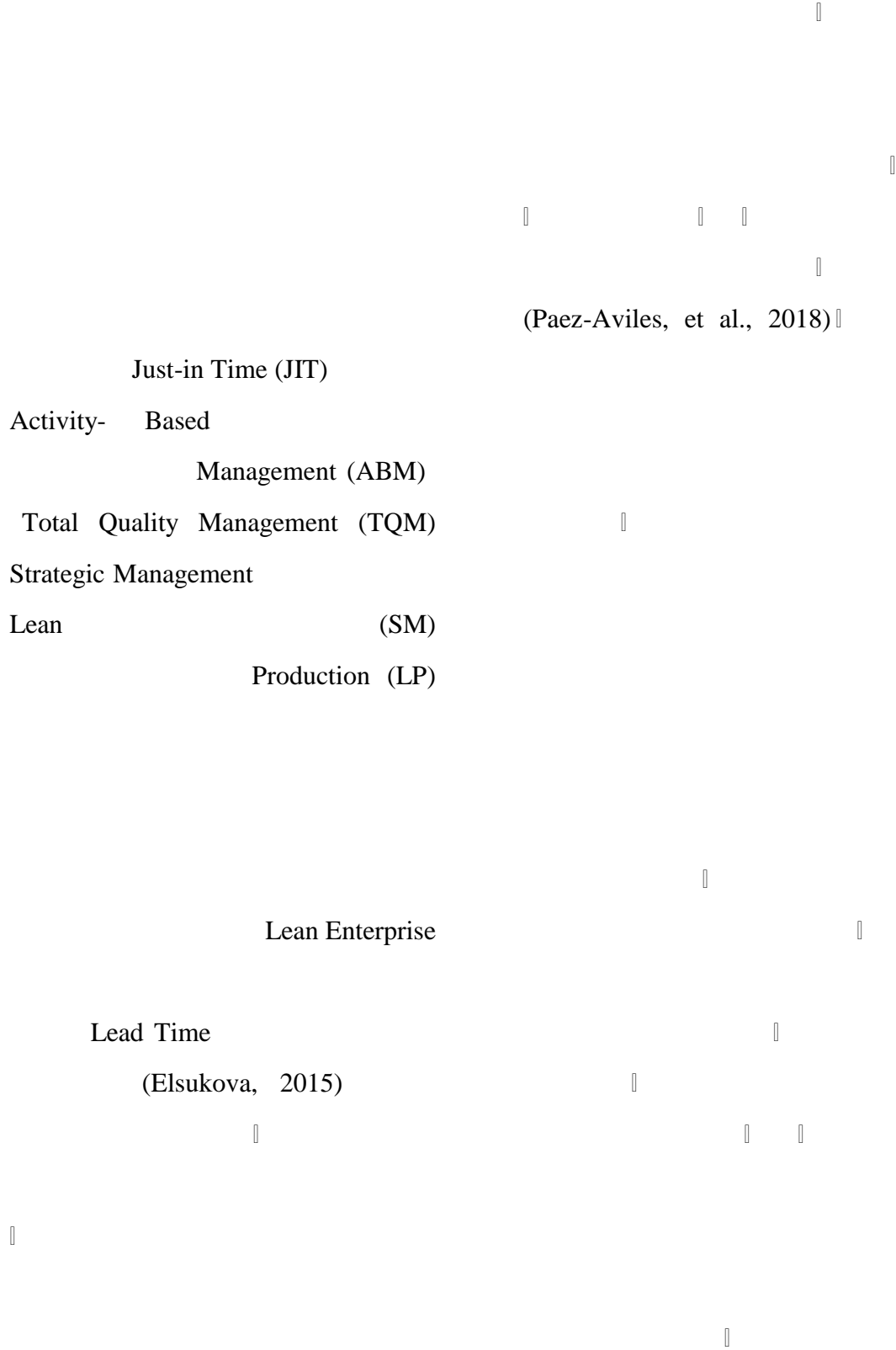
Technology

Nanotechnology

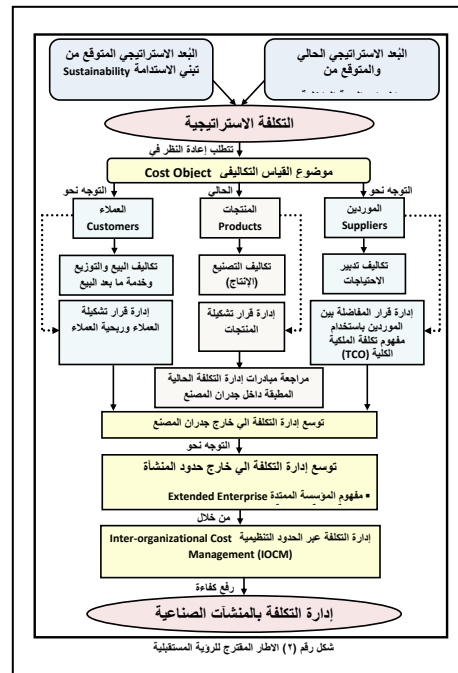
Cells Molecules Science

Micro's Science Science

(Rababah, 2017)

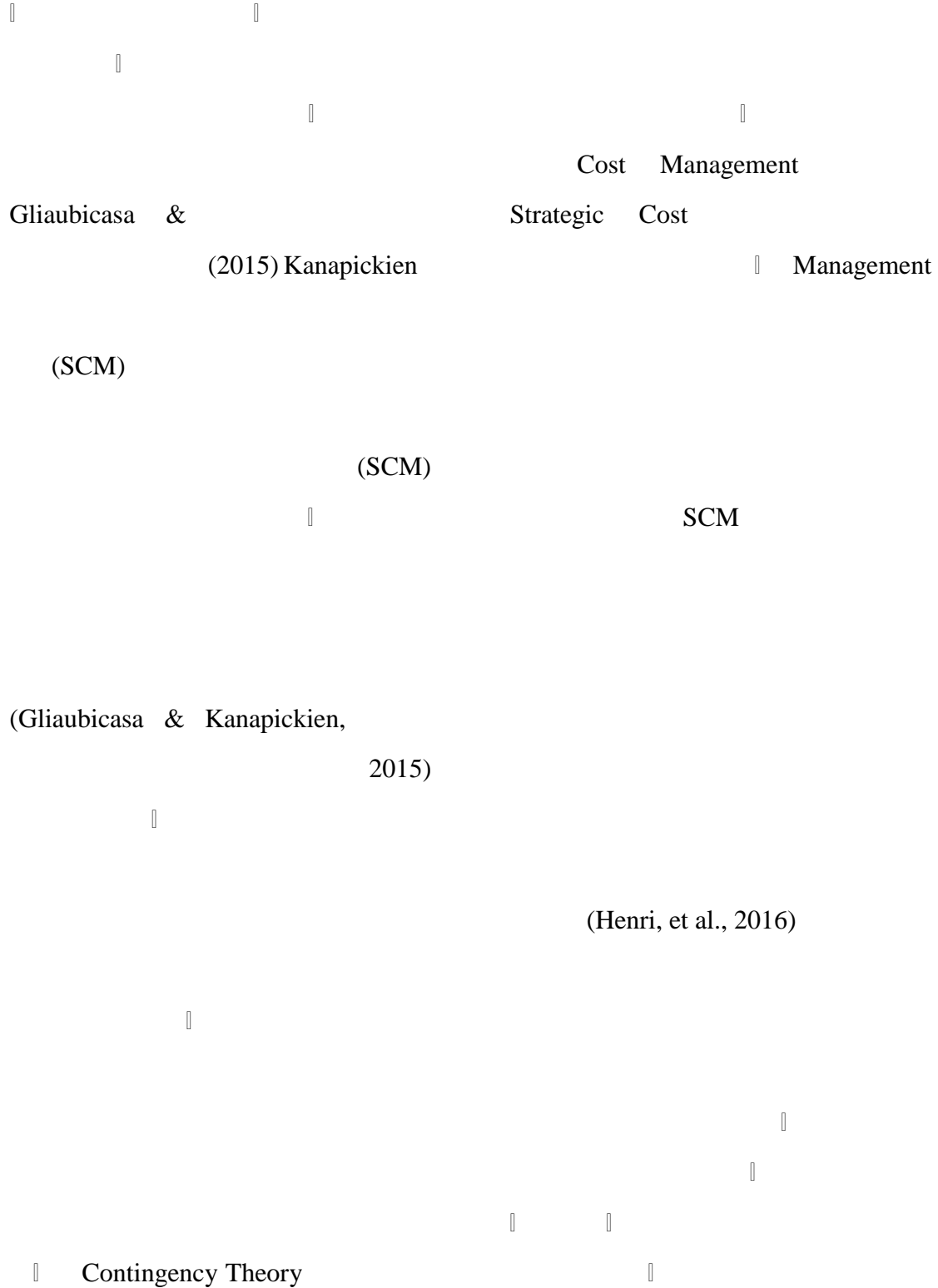


Strategic Planning



(2006) Horngren

Strategic Cost



Sustainability

(Maas,

et al., 2016)

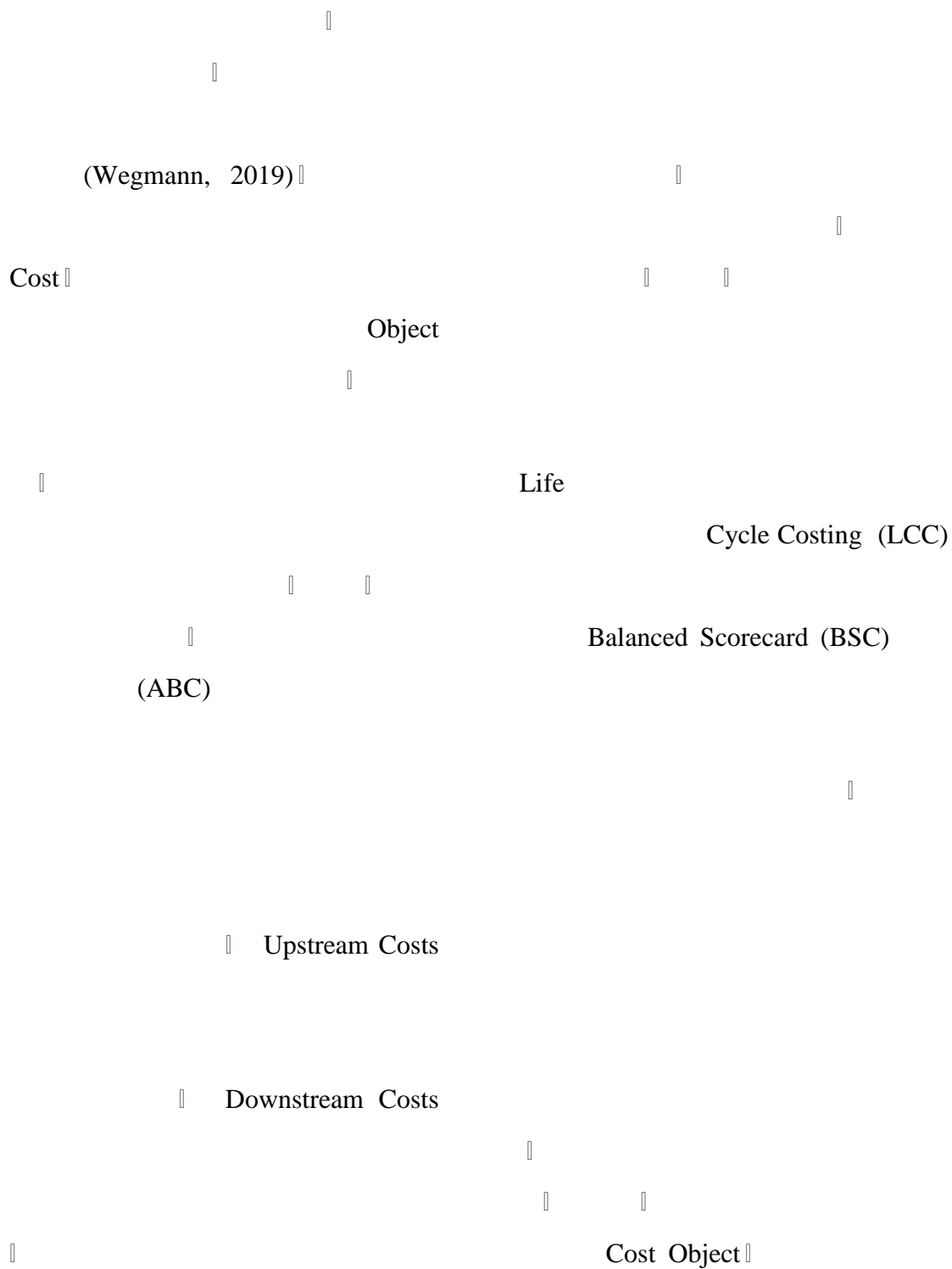
(Hayward et al., 2013)

(Patten & Shin, 2019)

Enterprise

Sustainability (ES)

(Blocher, et al., 2010)



Time-

Consuming Activity-Based Costing

(ABC)

(TCO)

Gartner Group

Suppliers

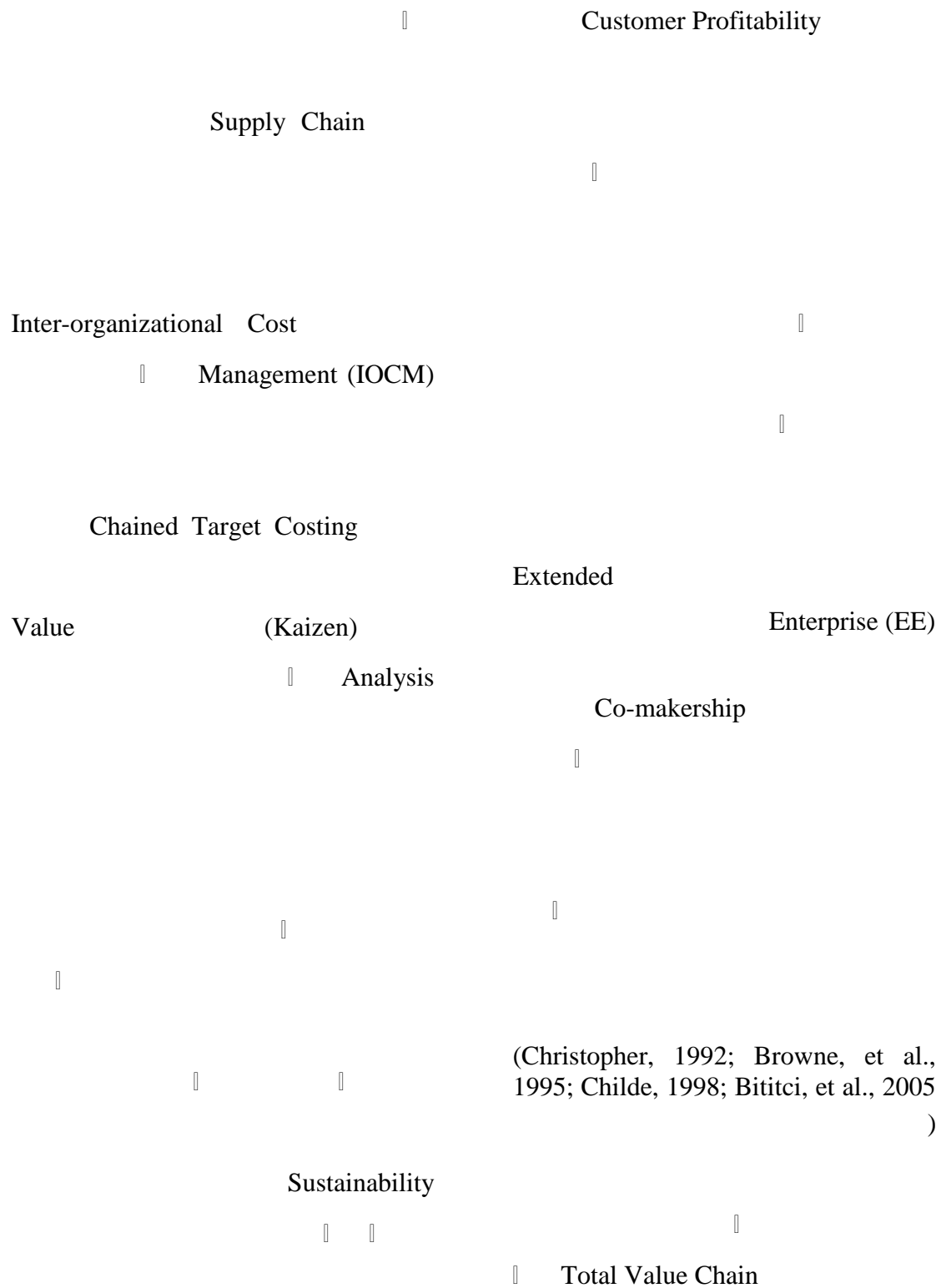
Customers

(Shabani, et al., 2018)

(TCO)

Total Cost of

Ownership (TCO)



Executorial Cost

Management

Sustainable

(Anderson & Dekker,

2009, Part 1, 2)

(ABM)

(ABC)

(SCM)

Value Chain Analysis

Cost Driver Analysis

Strategic Position Analysis

(Shank & Govindarajan, 1992, 1993)

Strategic Cost

Management

Structural Cost Management



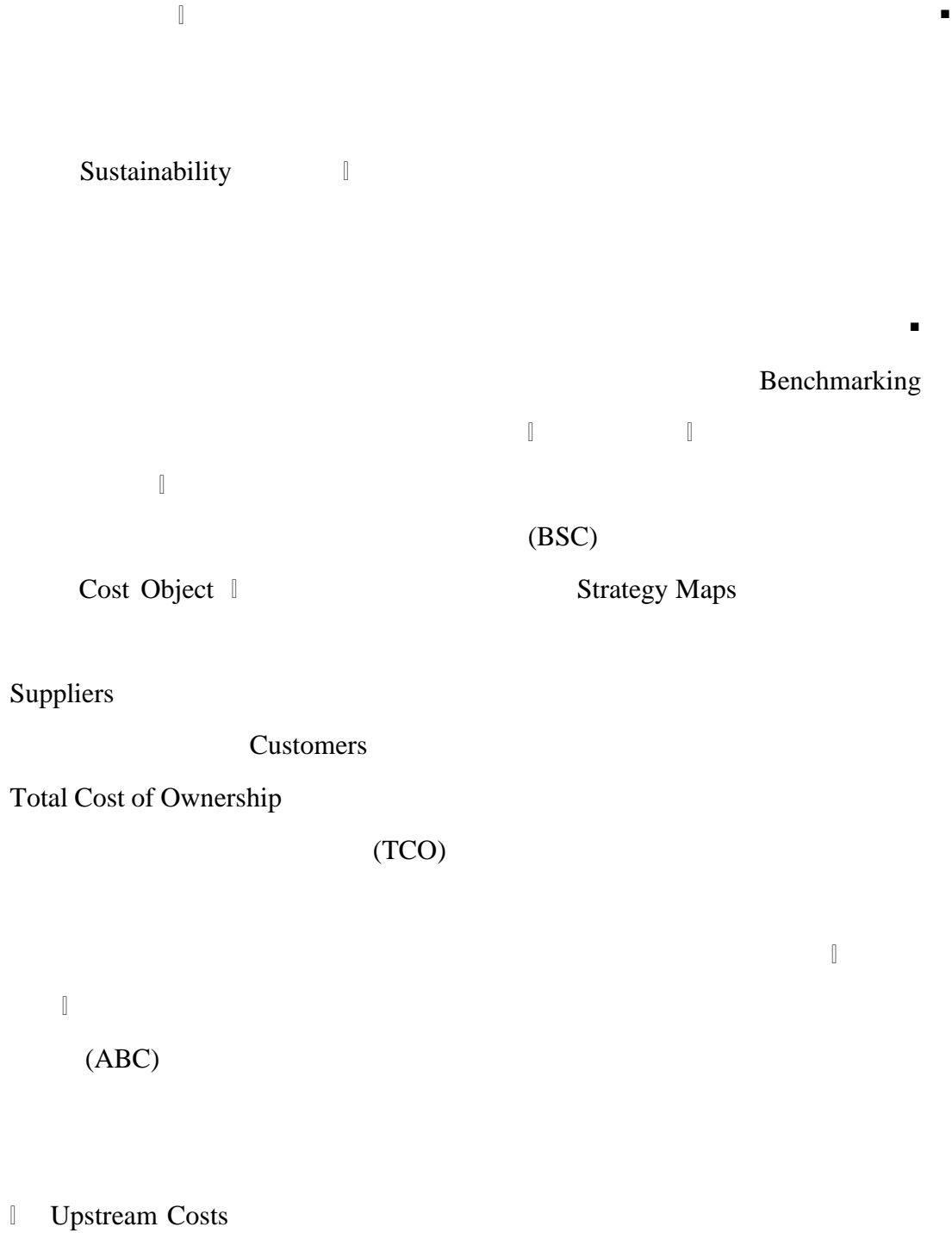
Throughput Cost

Kaizen

(RCA)

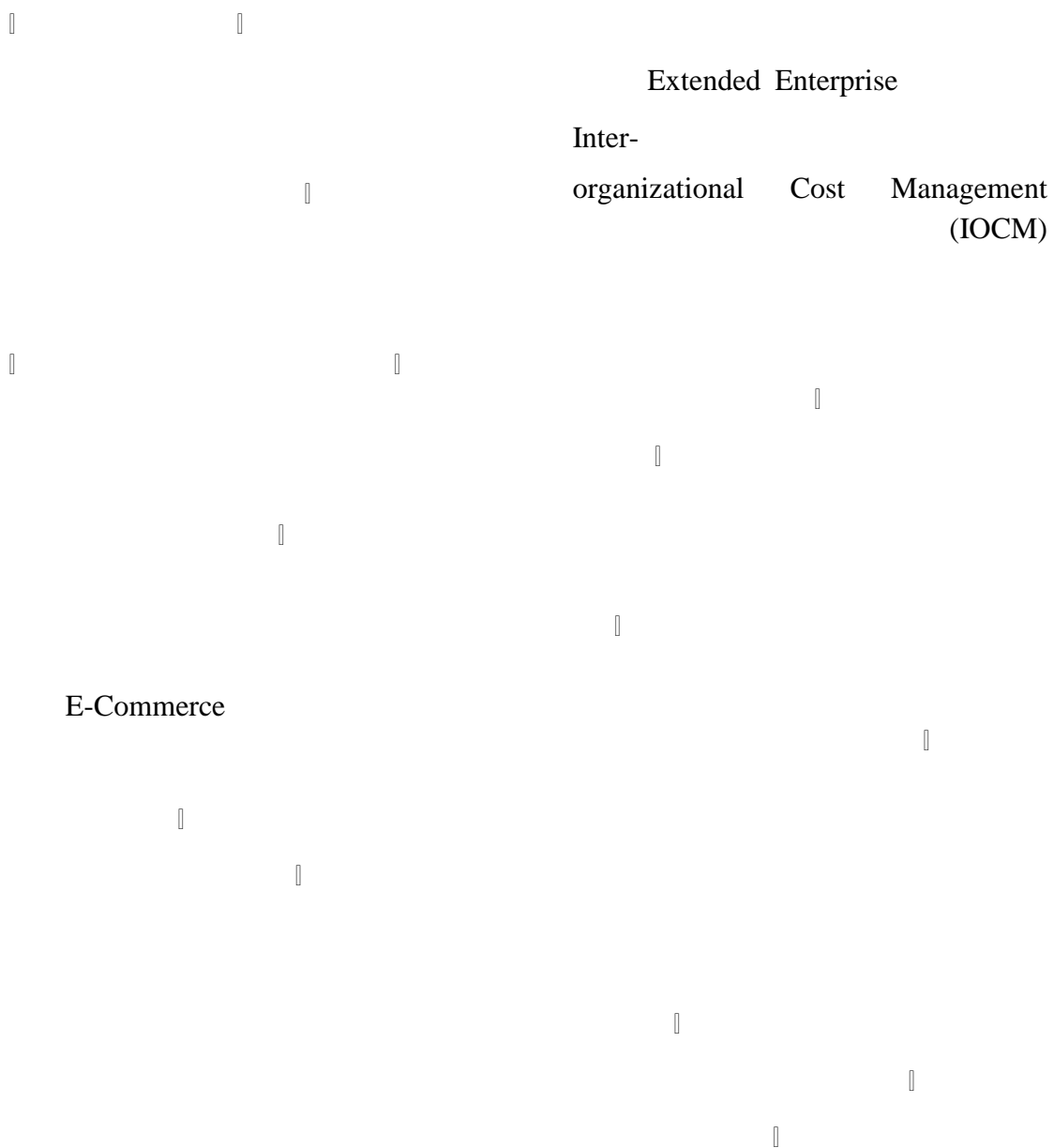
(ABC)

(TDABC)





Downstream Costs



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