OPEN ACCESS
Global Journal of Research in Business Management
ISSN: 2583-6218 (Online)
Volume 05 | Issue 06 | Nov.-Dec. | 2025
Journal homepage: https://gjrpublication.com/gjrbm/
Research Article

Advanced Cost Accounting Techniques for Performance Evaluation and Outcome Assessment

*Ali Mohsin Abbas [1], Fayez Lateef Joudh [2] and Amer Lateef [3]

[1,2] College of Engineering, Al-Muthanna University, Iraq
[3] College of Education for humanity Sciences, Al-Muthanna University, Iraq
DOI: 10.5281/zenodo.17592658 Submission Date: 30 Sept. 2025 | Published Date: 12 Nov. 2025

***Corresponding author:** *Ali Mohsin Abbas*
College of Engineering, Al-Muthanna University, Iraq

Abstract
As a result of some industrial and commercial establishments being exposed to losses due to not measuring the correct cost in calculating the costs of the units produced or related within these establishments, which negatively affects the performance of these establishments as a result of them not obtaining sufficient profits to meet their needs and the reason for this is the inaccuracy in the use of time by the accountants of these establishments, so aim for Calculating the cost of production within industrial and commercial establishments, accuracy of comparing production costs with the actual reality within industrial and commercial establishments, the process of monitoring and evaluating performance based on modern methods using the (ABC, JUSTTIME) method is more accurate and objective than the old methods and techniques by adopting Build a monthly (or bi-weekly in fast cycles) cadence to compare actuals with budgets/standards and Use driver reports to pinpoint steps with heavy machine time and Embed cost information in strategic and budget decisions and investment in training for accounting and administrative staff.

Keywords: *Cost, industrial and commercial establishments, assessment.*

1. Introduction
Cost accounting is a branch of accounting that aims to shed light on the phenomenon of industrial and commercial companies using modern methods (ABC,JUSTTIME) in calculating the cost of the product and the extent of the accuracy of the cost information extracted from the companies statements as well as the extent of the supervisory role over these products , the aim of which is to calculate the cost of production within industrial and commercial institutions and comparing it with practical reality and the extent of the impact of the supervisory role in the negative and positive on the work of these institutions and then supervising them and that most industrial and commercial companies still rely on old methods in calculating the cost of production , so we shed light on the phenomenon of production in these institutions in order to benefit from it in the future.

2. Research Methodology
2.1 Research Problem
As a result of some industrial and commercial establishments being exposed to losses due to not measuring the correct cost in calculating the costs of the units produced or related within these establishments, which negatively affects the performance of these establishments as a result of them not obtaining sufficient profits to meet their needs and the reason for this is the inaccuracy in the use of time by the accountants of these establishments.

2.2 Research Significance
The research topic is one of the important topics that must be taken into consideration, especially in industrial establishments, due to the importance of calculating the costs of goods and units produced within these and the extent to which other marketing and administrative expenses affect the profit of these establishments.

2.3 Research Objectives

1. Calculating the cost of production within industrial and commercial establishments.
2. Industrial and commercial establishments often suffer losses due to not relying on cost accounting in calculating costs.
3. Accuracy of comparing production costs with the actual reality within industrial and commercial establishments.
4. Calculating inventory costs in industrial and commercial establishments.

2.4 Research Hypothesis

1. Industrial companies do not use the concept of costs and apply it correctly in calculating the cost of the product.
2. Most industrial companies have a product control process, including materials, wages and manufacturing cost that does not follow correct cost-effective methods.
3. In some companies, the deviation in costs does not reflect the true deviation in those companies.

3. Theoretical Framework

3.1 Concept of Cost Accounting

Is branch of accounting that deals with reporting and collecting and recording distributing and analyzing and interpreting data related to materials and labor and indirect manufacturing costs related to the production of goods and services with the aim of measuring the cost of activities and imposing control over them and rationalizing administrative decisions.

3.2 Objectives of Cost Accounting

The aims are straightforward but far-reaching: compute unit costs with precision; control production and service expenditures; support day to day operating and financial decisions; assess economic and financial performance; and furnish dependable input for evaluating whether plans and strategies are working as intended.

3.3 Why Cost Accounting Matters for Performance

Cost accounting matters because it makes performance measurable. Organizations use it to compare actual spending with standards, surface favorable and unfavorable variances, and trace strengths and weaknesses back to specific activities. The same data underpins strategic choices what to price, expand, or discontinue and strengthens planning and control over people, money, and capacity.

3.4 Cost Accounting Methods

Different settings call for different methods, but four families dominate practice:

1. Traditional (absorption) costing. Expenses are separated into direct (materials, labor) and indirect (e.g., administrative and logistics), then spread across output to obtain unit costs.
2. Activity cost (ABC)
   Allocate costs based on specific activities (such as machine usage and customer service).
3. Stander costing
   Actual costs are compared to predetermined standard performance and identify deviations.

3.5 Cost accounting methods in performance evaluation

Quantitative and qualitative assessment. Pair hard metrics with indicators of quality and customer satisfaction to complete the picture when outcomes depend on service or user experience.

Technology-enabled evaluation. Modern systems automate data capture and reporting so decision-makers see timely, comprehensive summaries rather than delayed snapshots.

Summary. The theoretical baseline is clear: cost accounting identifies what it really costs to deliver value, and through methods such as ABC, standards, and flexible costing turns that knowledge into sharper performance signals and better decisions.

4. Practical Framework

4.1 How cost accounting supports performance analysis

Cost accounting helps managers turn raw spending data into performance insight on three fronts.

Actual vs. standard comparisons. Comparing realized costs with pre-set standards highlights favorable and unfavorable variances and triggers corrective action where needed.

Activity-based views. Using activity-based costing (ABC) reallocates overhead according to the activities that consume resources, revealing costly or inefficient steps and guiding process streamlining and waste reduction.

Profitability by line. With truer product or service costs, management can evaluate the profitability of each line and make informed pricing, redesign, continuation, or discontinuation decisions.

4.2 Applying cost accounting to improve performance

In practice, cost information supports tangible improvements across operations and management:
Operating-cost control. Teams can cut waste and use resources more efficiently for example, by rescheduling labor, streamlining purchasing, or renegotiating supplier terms.

Human and material productivity. Performance appraisal based on cost data helps identify high-performing units or staff and target rewards, training, or task reassignment to raise output.

Better managerial decisions. More accurate cost reports inform pricing moves, product-line extensions or discontinuations, and improvements in distribution or production methods.

4.3 Case illustration: Juice production line

A food producer evaluates the performance of a juice line by calculating unit cost with conventional costing and comparing actuals to standards. The variance log shows a January unfavorable deviation linked to higher raw-material prices, followed by a February favorable deviation driven by better production efficiency; taken together, the analysis points to higher profitability when raw-material management and process improvements are tightened.

Takeaway. A practical framework couples routine variance reviews with activity sensitive allocation and line-level profitability checks. Done together, these steps convert accounting data into targeted actions on pricing, process, and product mix raising efficiency and the credibility of performance evaluations.

5. Results

1. Cost accounting is concerned with calculating the cost of a single unit in industrial companies; therefore, we find that most companies do not use the correct method for calculating costs.
2. The failure of industrial companies to use modern method in the process of monitoring and performance evaluation makes the cost reports in these companies unrealistic.
3. Most companies in developing countries rely on old methods according to the traditional method so it is considered inaccurate in providing us with cost information.
4. The process of monitoring and evaluating performance based on modern methods using the (ABC, JUSTTIME) method is more accurate and objective than the old methods and techniques.

6. Recommendations

1. Institutionalize periodic variance reviews. Build a monthly (or bi-weekly in fast cycles) cadence to compare actuals with budgets/standards, assign clear owners for explanations, and log corrective actions. This routine keeps attention on efficiency and prevents small gaps from compounding into material performance slippage.
2. Target cost-intensive activities for improvement. Use driver reports to pinpoint steps with heavy machine time, frequent setups, or rework. Prioritize changes that reduce batch setups, shorten changeovers, or eliminate non-value-adding tasks; track savings in a simple benefits register tied to KPIs.
3. Embed cost information in strategic and budget decisions. Cost reports should not live only in accounting. Feed ABC/standard-cost insights directly into pricing, product-mix, and capacity plans and require ROI or margin impacts on every major proposal so performance targets reflect economics, not proxies.
4. Invest in training for accounting and administrative staff. Offer recurring workshops on driver selection, variance interpretation, and dashboard use so teams can read and act on the data. Pair formal sessions with on-the-job coaching when new reports roll out.

7. References

1. Abdulaziz, H. (2022). *Costs and financial analysis in industrial and service institutions*. Dar Al-Taqaddum Al-Ilmi.
2. Abdullah, A. (2020). *Cost accounting and its impact on institutional performance evaluation*. Dar Al-Fikr Al-Arabi.
3. Ali, M. (2018). *Cost accounting in industrial and service institutions*. Dar Al-Mada.
4. Fathi, Y. (2020). *Cost accounting and methods for evaluating financial and administrative performance*. Dar Al-Fikr Al-Muʿasir.
5. Fouad, A. (2022). *Cost accounting and performance measurement methods in small and medium enterprises*. Dar Al-Najah.
6. Haidar, A. (2021). *Financial performance evaluation using standard and activity-based costing*. Dar Al-Ma'arif.
7. Hussein, A. (2022). *Costs and financial analysis in service institutions*. Dar Al-Nahda Al-Arabiya.
8. Hussein, S. (2021). *Activity-based costing and its impact on performance improvement*. Dar Al-Ilm Lilmalayin.
9. Ibrahim, K. (2021). *Cost management and performance analysis in industrial companies*. Dar Al-Ma'rifah.
10. Issa, M. (2020). *Cost accounting and its role in improving profitability and productivity*. Dar Al-Bustan for Publishing.
11. Jamal, S. (2019). *Modern cost accounting and its role in enhancing operational efficiency*. Dubai Library.

12. Mohammed, A. (2019). *Methods and analysis of cost accounting*. Dar Al-Nahda.
13. Mohammed, A. (2021). *The role of cost accounting in strategic decision-making*. Dar Al-Uloom.
14. Saad, M. (2020). *Activity-based costing and its role in enhancing institutional performance*. University Book House.
15. Salem, F. (2022). *Performance evaluation using standard cost accounting*. Dar Al-Mareekh.

CITATION

Abbas, A. M., Joudh, F. L., & Lateef, A. (2025). Advanced Cost Accounting Techniques for Performance Evaluation and Outcome Assessment. In Global Journal of Research in Business Management (Vol. 5, Number 6, pp. 1–4). https://doi.org/10.5281/zenodo.17592658