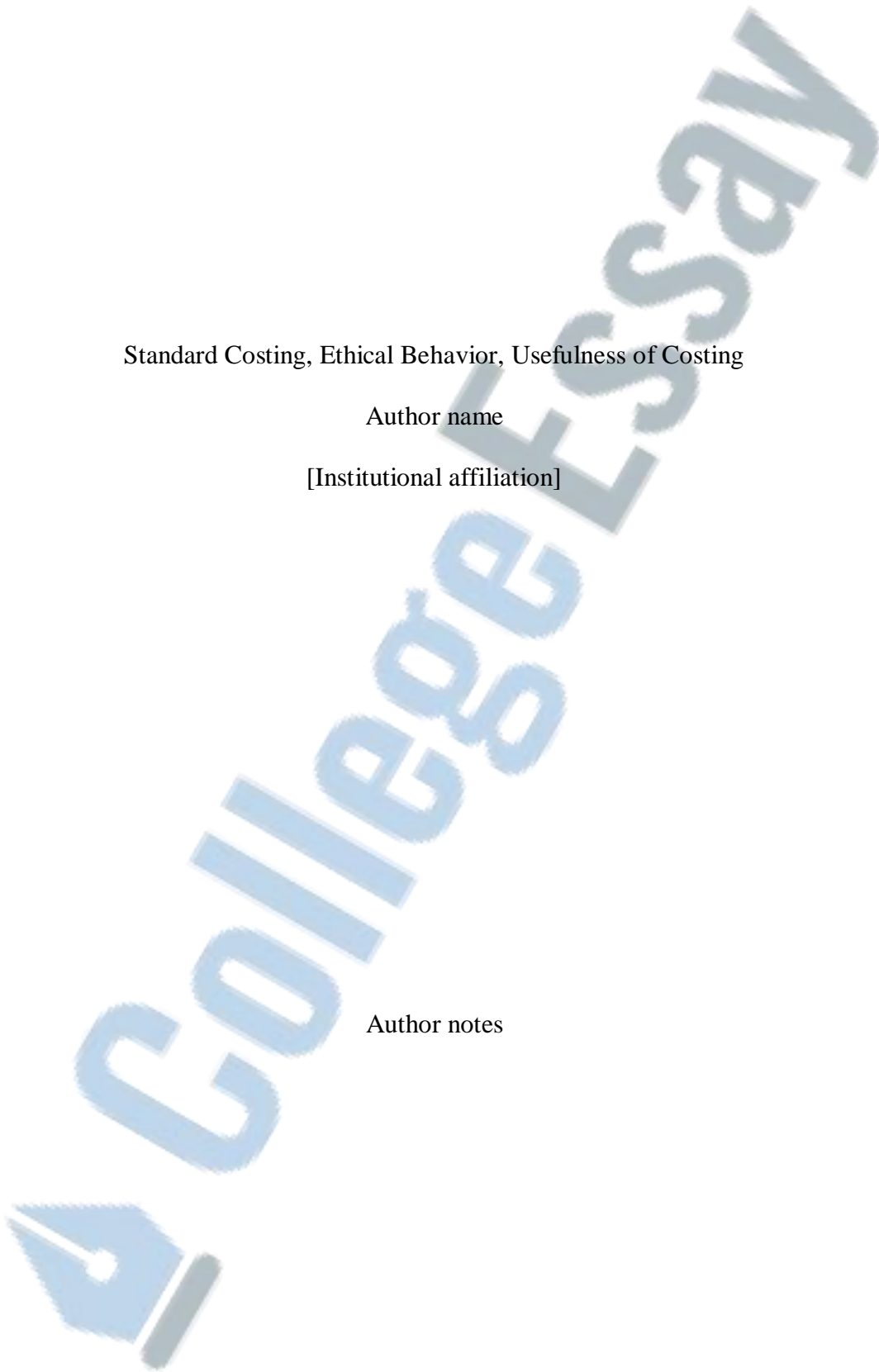


Standard Costing, Ethical Behavior, Usefulness of Costing

Author name

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Author notes



Standard Costing, Ethical Behavior, Usefulness of Costing

1. Pat's risk assessment was prudent however, I cannot agree with his choice due to the inferior quality of the component and its shorter-than-normal lifespan. His attempt to avoid any foreseeable repercussions only reinforces my conviction that he should have sought out a better option. However, it should not have been a factor in his decision, as the potential consequences of choosing an unreliable supplier could have been far worse for the company.

2. Yes, considering the use of standards and individual accountability, I am convinced that Pat's choice was largely swayed by potential rewards such as an impressive performance rating or bonus. Thus it appears he went against his better judgment to select the new supplier.

3. Pat must adhere to a duty of care, demonstrate integrity, and take responsibility for their actions in order to meet the applicable standards. Duty of Care would require Pat to act in a manner that any reasonable person would when making decisions for an organization he or she works for. Integrity requires him to be honest and trustworthy in his decisions, while Responsibility requires him to ensure that he acts responsibly and is held accountable for any decisions or actions that are taken (Ten Cate & Chen, 2020). It is essential for every company to embrace a set of moral principles that apply across all areas of their organization and are upheld by each individual employee.

4. a) The major criticisms of standard costing include the fact that it relies on predetermined costs, which may not always be realistic. Additionally, it is seen as too inflexible to keep up with changing business conditions and customer demands. It also can cause managers to focus solely on meeting predetermined cost targets rather than looking for ways to increase efficiency or reduce costs overall.

b) I believe standard costing still has a role in the new manufacturing environment, as it encourages managers to focus on cost reduction and helps to provide a basis for comparison between costs incurred and expected costs. Additionally, it can be used to assess the performance of different departments or processes within an organization (Iliemena & Amedu, 2019).

c) I believe that standard costing is still so prevalent because it provides a benchmark against which organizations can measure their actual performance (Sil, 2021). Additionally, it can be used to highlight areas of inefficiency or excess cost, so organizations can take corrective action. I do not think this use will change as its usefulness still outweighs the criticisms leveled against it. However, I think that companies should review its use regularly and make sure they are taking full advantage of the information it provides.

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