

The importance of reducing hidden costs indicators for reducing the overall costs: Case study of the Cement Factory of Hadjar Soud in Skikda

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Abstract---This study aims at showing the importance of reducing the hidden costs indicators for reducing the overall costs, taking the Cement Factory of Hadjar Soud SCHS in Skikda as a case study. In this regard, the study applies 05 indicators and uses the financial scale according to SOF model to analyze the factory's performance in 2021, 2022, and 2023. Findings show that, in 2023, the factory had borne hidden costs estimated at 15353590985 DZD; 56.37% of them were due to the direct productivity losses.

Keywords---hidden costs, cost reduction, cost reduction indicators.

Introduction

Amid the rapid changes in business and the increase of competition between companies, achieving and maintaining strategic superiority is the target of all companies. It requires a sustainable competitive advantage that allows the company to face the market challenges and outperform its competitors. Besides, the company must effectively manage its costs and focus on the hidden ones, not only the traditional and apparent, as the hidden are not easily measured and controlled. In this regard, contemporary studies on strategic administration and administrative accountancy show that the apparent costs, including the operational costs, such as raw materials, wages, and services' costs are only part of the overall costs, as the hidden ones coming from waste, inefficient actions, low quality, disguised unemployment, time mismanagement, weak internal communication, and personnel turnover make an important share of the overall costs.

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The hidden costs are not included within the financial statements; however, they have long-term effect on the competitive advantage and company survival because they lead to profit erosion, weaken the value added to customers, and reduce the strategic flexibility. The comparative analysis of companies shows that those that monitor and analyze the hidden costs can launch development programs and reduce costs without effect on the quality of actions or customer satisfaction. The internal processes' reengineering, the adoption of comprehensive quality programs, and the comprehensive analysis of the product's life cycle help change the hidden costs into tangible advantages that foster the company's competitiveness in the long term.

The double-effect of the hidden costs is usually neglected in the traditional analysis. These costs cause a gradual leak of the resources, affect the main performance indicators, decrease the productivity levels, lead to the loss of customers, and demoralize employees. Therefore, they turned into a focal point in modern administration to set measurable indicators that allow for their control and for the development of efficient mechanisms to foster the company performance. Based on what was said, this study uses the case study to analyze the effect of hidden costs' reduction on fostering the competitive advantage and establish a practical framework that can be generalized on similar contexts. In this regard, the shift from the traditional evaluation models into a comprehensive vision on how to deal with cost components is vital for the sustainability of the competitive advantage, the company's growth, and the confrontation of the future challenges.

1.1 Problem of the study:

Despite the increasing awareness about the need to control the internal costs, most companies still focus only on the direct ones without the hidden, which come from organizational, human, and operational deficits that cannot be easily separated and measured. This creates a gap between the apparent and actual financial performances, leading to a gradual depletion of the resources and threats to the company's competitiveness and sustainability. Thus, it is necessary to establish an efficient indicators' system to monitor and reduce these costs.

1.2 The main problematic:

We raise the following question, "to what extent do the hidden costs indicators help reduce the overall costs in SCHS?" To answer this question, we hypothesize that "Controlling the hidden costs indicators helps reduce the overall costs in SCHS".

1.3 Aims of the study:

This study aims at:

- Showing the scientific concept of hidden costs and identifying their sources in modern companies.
- Developing a scientific framework to identify the indicators of measuring the hidden costs within the study company.
- Evaluating the effect of hidden costs reduction on the main dimensions of the competitive advantage (cost, quality, customer satisfaction, and innovation).
- Deducing results and administrative recommendations to shift from the traditional evaluation into the comprehensive cost management.
- Conducting a practical case study to find out the causes of hidden costs and how to measure and control them to achieve the competitive advantage.

1.4 Importance of the study:

The scientific importance of the study lies within bridging the gap between the hidden costs and the competitive advantage by introducing an integrated analytical model that shows the measurement mechanisms and the potential effects. As for the practical importance, the study findings shall enable the company's managers to develop efficient strategies to identify the waste sources, take informed decisions, and develop the company actions. Besides, it provides a practical framework based on the demands of the contemporary market to foster the culture of continuous improvement and fast response to the surrounding changes.

1.5 The study methodology:

The study uses the case study to deeply understand the hidden costs. As for the tools, it uses:

- The semi-structured interviews with some executives and employees to get detailed information on waste aspects and sources of hidden costs.
- The analysis of the internal documents and reports on quality, customer satisfaction, productivity, personnel turnover, and financial statements.
- The direct observation of the work actions to monitor the operational bottlenecks and inefficient procedures.
- The objective data analysis to find out the main patterns, understand the relation between the different phenomena, and provide generalizable recommendations based on scientific and practical bases.

1.6 Literature review:

Many works discussed the hidden costs.

The study of Derouiche & Belmadani (2018) “management of hidden costs and its role in improving the financial performance of economic companies: case study of the Cement Company of Beni Saf SCIBS”: It was conducted in one of the major cement companies and aimed at measuring the company's ability to manage the hidden costs and improve its financial performance, since the hidden costs are a waste of available resources. Findings showed a reverse relation between the hidden costs, the turnout, and the earnings. Finally, the study recommended focusing on the human resources for their strategic role in maximizing earnings and minimizing hidden costs.

The study of Bouibaoun & Yahyaoui (2019) “the role of hidden costs management in improving the company's competitive advantage: case study of SANIAC Company in Setif”: It aimed at showing the effect of reducing the hidden costs on the company's performance, as they negatively affect the revenue and decrease competitiveness. The authors used an applied analytical case study and surveys, and recommended the management of the hidden costs to reduce the costs and increase competitiveness.

The study of Bektache & Mekaddem (2020) “Analysis and evaluation of the hidden costs in the economic company according to Henri Savall model”: The study was conducted at the National Company for Glass and discussed the concept of hidden costs and their evaluation using the indicators of absenteeism, work accidents, personnel turnover, lack of quality, and direct productivity losses. Findings showed that the opportunity cost takes the lion's share of the hidden costs.

The study of Bouriche & Slimani (2021) “The contribution of hidden costs management to the reduction of the company's overall costs: case study of Tchinhalib Company in Bejaia”: The study was conducted using SOF model and the financial scale only, and revealed that the scale of absences represents the highest rate of the overall hidden costs. Then, it recommended the optimal use of information for internal communication, and improving employees' training.

The study of al Sayed al Said al Iraqi (2024) “The effect of hidden costs on measuring the production costs and fostering the competitive advantage: case study of an Egyptian joint-stock company for cement manufactory: It measured the hidden costs’ indicators, namely the rate of quality decrease, job turnover, job accidents, absences, productive differences, and employees’ training. Findings showed a direct relation between the increase of these indicators and the increase of the costs, and a reverse relation between the indicators’ decrease and the increase of the competitive advantage. Finally, it recommended developing mechanisms to control costs, providing a model to measure the hidden costs, and using indicators to analyze the costs deviations and correct them.

Most of the previous studies agree that the hidden costs affect the profitability and competitive advantage. Our study differs than them in the fact that it uses the quantitative financial scale and shows how the indicators affect the overall costs, taking an Algerian cement company as a focal point.

2. The theoretical framework of hidden costs indicators:

The hidden costs are defined as the costs related to quality, which are not included in the apparent quality costs; rather, they are included within other activities, such as the costs of adjustments in production and engineering. However, they have a big effect that may exceed that of the apparent ones (al Massouadi, 2010, p. 1). In addition, they are the costs that do not appear within the accounting statements, such as financial accounting, analytical accounting, and dashboard, despite their heavy burdens (Saval & Zardet, 2015, p. 215). Furthermore, they are the costs not accountably recorded, but have a clear effect, such as the cost of training. In this regard, the new employee may perform his work slowly and slow down his colleagues in the productive chain, causing production decrease in some units and increase in the unit costs (Bouibane & Yahyaoui, 2019, p. 124).

These definitions show that the hidden costs are neither treated accountably nor included in the financial statements. However, they directly affect the overall performance, profitability, and competitive advantage. In this regard, Henri Saval identified 05 indicators to measure the hidden costs in a company, namely absenteeism, work accidents, personnel turnover, lack of quality, and direct productivity losses.

2.1 Absenteeism:

It is one of the main indicators to measure the hidden costs because it destabilizes the company (Bektache & Mekaddem, 2020). Besides, absenteeism is a social behavior with direct and indirect social motives (Simani & Bouriche, 2021, p. 132). Its rate is found as follows (Bouibane & Yahyaoui, 2019, p. 126):

The absenteeism rate= (the lost working days/ the normal working days) x 100

The normal days are found as follows (Bektache & Mekkadem, 2020, p. 06):

The normal ordinary days= 22 days x 12 months x the number of employees in a year

Thus, the number of actual days = the number of normal days - the days of absence.

2.2 Work accidents:

The companies aim at increasing their productivity with efficiency to remain in the competition cycle. However, accidents may happen and hinder productivity, waste time, and cause extra costs to the company, such as employee replacement costs and social insurance fees. This negatively affects productivity; therefore, employee replacements after job accidents make the biggest part of hidden costs (Aissaoui & Tagraret, 2016, p. 71). The following measures are used to find out the hidden costs resulting from work accidents (Bektache & Mekaddem, 2020, p. 07):

The employee replacement cost = (the number of lost days x the work hours) x 110%

The employee replacement costs include the base wage and 10% harm compensation. On the other hand, the social insurance costs are found as follows:

The social insurance costs = employee replacement cost x 26%

2.3 Personal turnover:

Personnel turnover is an important social phenomenon that is highly related to many social indicators. It refers to the number of employees who leave their jobs, get promoted, die, or retire, and are replaced by others (Slimani & Bouriche, 2021, p. 34). The following measures are used in measuring the hidden costs resulting from personnel turnover according to the financial scale (AL Iraqi, 2024, p. 287):

The hidden cost resulting from personnel turnover = the number of replaced employees / the average number of employees during the year

The average number of employees = the number of employees in the start of the year + the number of employees in the end of the year / 2

The overall cost of training the employees who left job = the cost of training one employee x the number of jobs leavers

2.4 Lack of quality:

It designates the product's incompatibility with the specifications, and its apparent defects that drive customers away, causing the company to afford extra fees to rework or dispose of it (Tarondea, 1998, p. 11). To measure the hidden costs resulting from the lack of quality according to the financial scale, we use this equation (Derouiche & Belmadani, 2018, p. 80):

The rate of defective products = the quantity of defective production / the quantity of the overall production

The costs of the defective production = the quantity of defective production x the rate of the defective production x the cost of one unit

5.2 Direct productivity losses:

Productivity refers to the company's ability to optimally use the available materials and human resources, and is the relation between the available resources and the outputs (al Selmi, 1994, p. 20). To measure the hidden costs resulting from productivity losses, we use the following equation (Bektache & Mekaddem, 2020, p. 10):

Productivity = the overall production in unit / number of employees

The employee's daily productivity in unit = the annual productivity in unit / 265 days

264 days = 22 days x 12 months

The difference in the production quantity = the actual production quantity - the expected production quantity

The opportunity cost = the difference in production quantity x the unit profit margin

3. Study of SCHS

3.1 An overview on SCHS

It is one of the major cement companies in Algeria, with a capital of 1550 million DZD. It is located in Azzaba, 50 km North West of Annaba, within a triangle that covers the National Road 44, the Wilaya Road 128, and the railway between Annaba and Constantine. Its strategic location allows it to supply different Wilayas, including Skikda, Annaba, Guelma, and Constantine. Currently, it covers a surface of 26 hectares and is part of GICA group, whose capital is 25358 million DZD. It produces cases of 10 kg and 25 kg of black cement used in construction. To project the theoretical chapter of this study on SCHS, we shall study the hidden costs of 2021, 2022, and 2023 according to the financial scale.

3.2 Calculating the hidden costs resulting from absenteeism in SCHS:

To analyze absenteeism in the company, we obtained a document that shows the monthly rates of absenteeism during the study years, as shown in table 01:

Years Months	2021	Rate	2022	Rate	2023	Rate
January	158	6.99%	105	4.67%	398	10.37%
February	166	7.35%	168	7.15%	152	3.96%
March	145	6.42%	139	5.91%	199	5.18%
April	132	5.85%	148	6.29%	288	7.50%
May	160	7.08%	155	5.59%	168	4.38%
June	220	9.74%	212	9.01%	365	9.51%
July	345	15.28%	323	13.74%	411	10.71%
August	375	10.61%	267	11.37%	477	4.29%
September	232	10.27%	245	10.42%	288	7.50%
October	125	5.53%	232	9.88%	468	12.19%
November	98	4.34%	105	4.47%	355	9.25%
December	102	4.51%	252	10.72%	269	7%
Total	2258	100%	2351	%100	3838	%100

Source: by the author based on the information provided by the human resources department of SCHS

Table 01 shows an increase in absenteeism from one year to another due to the increase of the employees' number. In 2022, absenteeism rate witnessed an increase of 04% compared to 2021, while in 2023, it was estimated at 63.25% compared to 2022; this rate reflects the increase in absenteeism due to the above mentioned causes. Despite that the absenteeism rate is relatively acceptable, the company does not have to afford hidden costs from absenteeism, as shown in table 02.

Table 02: The costs of absenteeism according to the number of employees in SCHS

Year	Number of employees	Number of normal working days	Actual working days	Cost of absenteeism in days	Rate of absenteeism
2021	425	112200	109942	2258	2.05%
2022	532	140448	138097	2351	1.70%
2023	689	184272	180434	3838	2.13%

Source: by the author based on the information provided by the human resources department of SCHS

To find out the hidden costs resulting from absenteeism, we use this table to calculate the average value of one working hour and, then, calculate the hidden costs according to the financial scale.

Table 03: The average value of one working hour (Unit: DZD)

Item	2021	2022	2023
Payroll of all employees (1)	699981938.55	911068655.11	1207738653.81
Monthly hours (2)	173.33	173.33	173.3
Annual hours (3) = 2*12	2079.96	2079.96	2079.96
Value of hours for all employees (4) = 1/3	336536.25	438022.22	580654.75
Number of employees	425	532	689
Average value of one working hour	791.85	823.35	842.75

Source: by the author based on the information provided by the human resources department of SCHS

The table shows the increase of the value of one working hour from one year to another due to the increase of the payroll and employment rate to substitute departing employees. Table 04 shows the value of the hidden costs due to absenteeism according to the financial scale based on tables 02 and 03:

Table 04: The hidden costs resulting from absenteeism (Unit: DZD)

Years	Cots items	Sums
2021	Employee replacement cost= $2258 * 8 \text{ hours} = 18064 * 791.85 * 110\%$	15734376.24
	Social security contribution of the replaced employee = employee replacement cost* 26%	4090937.82
	Overall hidden costs resulting from absenteeism	19825314.06
2022	Employee replacement cost= $2351 * 8 \text{ hours} * 823.35 * 110\%$	17034123.48
	Social security contribution of the replaced employee = employee replacement cost* 26%	4428872.10
	Overall hidden costs resulting from absenteeism	21462995.58
2023	Employee replacement cost= $3838 * 8 \text{ hours} * 842.75 * 110\%$	28463375.6
	Social security contribution of the replaced employee = employee replacement cost* 26%	7400477.65
	Overall hidden costs resulting from absenteeism	35863853.25
Overall hidden costs resulting from absenteeism		57835462.89

Source: by the author based on the information provided by the human resources department of SCHS

*8 hours: is the number of daily working hours

26%: is the percentage of social insurance contribution

110%: is the base salary with 10% replacement of the absent employee.

The table shows the increase of hidden costs from one year to another due to the increase of absenteeism from one year to another. The overall hidden cost due to absenteeism is 57835462.89 DZD; it is a considerable sum that expresses an opportunity cost and extra costs afforded by the company for 03 successive years.

3.3 Calculating the hidden costs resulting from work accidents in SCHS:

To study the hidden costs resulting from work accidents in SCHS, we collected information on the number of accidents in 2021, 2022, and 2023, as shown in table 05.

Table 05: Work accidents in SCHS

Months	2021		2022		2023	
	Number of accidents	Lost days	Number of accidents	Lost days	Number of accidents	Lost days
January	6	120	4	56	14	88
February	3	220	5	24	8	190
March	6	154	4	32	9	92
April	2	65	2	66	6	36
May	7	190	2	17	2	66
June	12	288	8	89	9	155
July	10	86	6	40	12	98
August	14	198	2	21	6	17

Months	2021		2022		2023	
	Number of accidents	Lost days	Number of accidents	Lost days	Number of accidents	Lost days
September	11	62	8	44	4	12
October	4	155	1	52	10	47
November	3	44	3	36	7	32
December	2	26	4	11	5	16
Total	78	1608	49	488	92	849

Source: by the author based on the information provided by the human resources department of SCHS

The table shows the high number of work accidents in 2023 compared to the other years, as the accidents reached a rate of 42%. However, the highest rate (54.60%) of lost days due to accidents is reported in 2021, and is accompanied by increase in the hidden costs resulting from work accidents according to the financial indicators, as shown in table 06.

Table 06: The hidden costs resulting from work accidents in SCHS (Unit: DZD)

Years	Cots items	Sums
2021	Employee replacement cost= 1608* 8 hours*791.85 DZD*110%	11204994.24
	Social security cost: 11204994.24* 26%	2913298.50
	First aids cost	1268900
	Overall hidden costs resulting from work accidents	15387192.74
2022	Employee replacement cost= 488*8 hours*823.35*110%	3535794.24
	Social security cost: 3535794.24* 26%	919306.50
	First aids cost	862895
	Overall hidden costs resulting from work accidents	5317995.74
2023	Employee replacement cost= 849* 8 hours*842.75*110%	6296353.8
	Social security cost: 6296353.8* 26%	1637051.98
	First aids cost	1162850
	Overall hidden costs resulting from work accidents	9096255.79
Overall hidden costs resulting from work accidents		57835462.89

Source: by the author based on the information provided by the human resources department of SCHS

Table 06 shows that SCHS affords hidden costs estimated at 298001444.27 DZD due to work accidents. The value of hidden costs increases with the increase of the days lost due to work accidents.

4.3 Calculating the hidden costs resulting from personnel turnover in SCHS

To study the hidden costs resulting from personnel turnover, we obtained documents from the human resources department at SCHS, showing the personnel turnover and the numbers of new employees and job leavers, as shown in table 07:

Table 07: Personnel turnover in SCHS

Year	Number of employees	Number of new employees appointed during the year	Number of job leavers during the year	Rate of personnel turnover
2021	425	252	145	%34.11
2022	532	289	132	%24.81
2023	689	128	136	%19.74

Source: by the author based on the information provided by the human resources department of SCHS

Where:

Personnel turnover= (number of job leavers / number of workers)* 100

The table shows an increase in personnel turnover in SCHS in 2021, with a rate of 34.11%. This causes hidden costs needed for training the employees, making job offers, and other costs from the decrease of efficiency and work productivity. Table 08 shows the size of hidden costs resulting from personnel turnover in SCHS according to the financial indicator in 2021, 2022, and 2023.

Table 08: Calculating the hidden costs resulting from personnel turnover in SCHS

Years Item	2021	2022	2023
Cost of training one employee (DZD)	15658.65	16890.95	18945.35
Number of job leavers	145	132	136
Overall cost of training the job leavers	2270504.25	2229605.4	2576567.6
The overall costs resulting from personnel turnover= 7076677.25 DZD			

Source: by the author based on the information provided by the human resources department of SCHS

The table shows the increase of the hidden costs resulting from personnel turnover in 2023 compared to the other years due to the increase of the number of departing employees and the costs of training. In general, the overall hidden cost of personnel turnover is estimated at 7076677.25 DZD.

3.5 Study of the hidden costs resulting from lack of quality and direct productivity losses in SCHS

First: Lack of quality:

The company aims at maintaining the quality of its products to satisfy the customers. However, despite the technological production techniques, there may be some defects in the product, either in its composition or package. According to the head of the department of production and quality, the rate of defective production is estimated at 04% annually, as shown in table 09.

Table 09: The rate of defective production resulting from lack of quality in SCHS

Year	Overall production (Ton)	Defective production (Ton)	Rate of defective production (Ton)
2021	1325680	58065	%4.38
2022	1395880	31826	%2.28
2023	1468565	72694	%4.95

Source: by the author based on the information provided by the human resources department of SCHS

The table shows that the defective production in 2021 was estimated at 4.38% of the total. However, it decreased with a rate of 2.28% in the following year and reincreased in 2023 to reach 4.95%. This explains the hidden costs resulting from lack of quality, as we shall show in table 10. In this regard, according to the production and quality department, the cost of producing one ton of cement in 2021, 2022, and 2023 was estimated at 6108.25 DZD, 6185.80 DZD, and 6200.95 DZD, respectively.

Table 10: Calculating the hidden costs resulting from the lack of quality in SCHS

Year	Defective production and reworked production (Ton)	Value of defective production (DZD)
2021	36855	225120080.36
2022	21625	133767925
2023	42865	265803721.75
Total	101345	624691727.11
Overall hidden costs resulting from the lack of quality= 624691727.11 DZD		

Source: by the author based on the information provided by the human resources department of SCHS

The table shows that the company affords hidden costs estimated at 624691727.11 DZD due to lack of quality, underdeveloped technology, old machines, and bad packaging material that is bought from a local supplier. Therefore, it is necessary to look for other suppliers who sell quality products at low costs and purchase new machines.

Second: Direct productivity losses

To study the direct productivity losses in SCHS, we collected the following information:

Table 11: The direct productivity losses in SCHS

Years	Number of employees (1)	Overall production in unit (2)	Annual labor efficiency (3) $3 = \frac{2}{1}$	Daily labor efficiency in unit
2021	425	1325680	3119.25	11.81
2022	532	1395880	2623.83	4.93
2023	689	1468565	2131.44	8.07

Source: by the author based on the information provided by the human resources department of SCHS

The table shows a decrease in the annual direct productivity from one year to another due to the relative increase in the value of production, and an increase in the labor without increase in productivity. Therefore, we find hidden costs due to direct productivity losses, as shown in the following table:

Table 12: Calculating the hidden costs resulting from direct productivity losses in SCHS

Years	Actual production (ton)	Expected production	Variance in production (ton)	Profit margin (DZD)	Opportunity cost (DZD)
2021	1325680	1468580	-----	5380.16	-----
2022	1395880	1492660	96780	5465.85	528984963
2023	1468565	1622550	153985	5620.35	865449594.75
Total	-----	-----	-----	-----	1394434557.75

Source: by the author based on the information provided by the human resources department of SCHS

The table shows a considerable increase of opportunity cost and hidden costs estimated at 1394434557.75 DZD due to direct productivity losses. The following table sums up the overall hidden costs in SCHS according to all the indicators:

Indicators				
	2021	2022	2023	Total
Absenteeism	19825314.06	21462995.58	35863853.25	57835462.89
Work accidents	15387192.74	5317995.74	9096255.79	298001444.27
Personnel turnover	2270504.25	2229605.4	2576567.6	7076677.25
Lack of quality	225120080.36	133767925	624691727.11	624691727.11
Direct productivity losses	-----	528984963	865449594.75	1394434557.75
Total	262603091.41	691763484.72	1535359098.5	2382039869.27

Source: by the author based on the information provided by the human resources department of SCHS

The table shows that SCHS afforded very considerable hidden costs in 2023, estimated at 1535359098.5 DZD. Besides, the direct productivity losses are the most affective indicator, as its rate is 56.37%. Thus, we can say that if the company manages to control the direct productivity losses, it would save 865449594.75 DZD per year and decrease the costs. Besides, the management of the indicators of the hidden costs highly contributes to the reduction of the overall costs in SCHS. Based on what was said, we accept the main hypothesis that states: “Controlling the hidden costs indicators helps reduce the overall costs in SCHS”.

Conclusion

Amid the contemporary complicated economic environment, and under the high competitiveness, the need to control the indicators of the hidden costs increases in order to foster companies' success and sustainability. In this regard, identifying the hidden costs is not a traditional control that focuses on the financial aspects only; rather, it is a cornerstone in building an integrated administrative system based on transparency, innovation, and accountability. The failure in managing the hidden costs distorts the financial image of the company, undermines its opportunity to efficiently respond to the challenges, and weakens its outlook capacity. The good management of the hidden costs allows for the shift from a management that deals with crises into a proactive leadership that creates opportunities and reduces risks. Besides, it helps make informed decisions based on exact data that allow for the optimal use of the resources, foster the ability to reduce material and moral waste, and improve the quality of goods and services.

At the practical level, the efficient management of hidden costs requires a radical restructuring of the institutional system, as the act of monitoring the costs becomes an integral action in the company's culture. Monitoring the hidden costs is not limited to periodical reports; rather, it needs smart platforms that rely on Big Data, Artificial Intelligence, and Internet of Things to unveil the invisible costs and notify the leaders about the risks before their increase. Besides, it is necessary to adopt the international standards of quality management and administrative accountancy, and to integrate hidden costs audit in performance evaluation.

The successful experiences show that companies that monitor their hidden costs reduce the overall costs and foster innovation, as monitoring the continuous waste and inefficient practices pushes the employees to suggest innovative solution, creates a dynamic work environment, and fosters continuous improvement. In addition, it fosters mutual trust between the administration and the employees, increases transparency, and encourages the collective participation in designing policies that reduce the

hidden costs. Moreover, turning the hidden costs from a burden into an investment opportunity requires a long-term strategy, not temporary solutions, based on the institutional capacities, collective responsibility, and integration of all parts in monitoring and evaluation. In this regard, controlling the hidden costs is an integrated administrative strategy that aims at fostering the competitive advantage and ensuring the sustainable development in an environment of economic fluctuations.

Finally, under the continuous change and technological development, the companies that target survival and development must focus on their hidden costs and include them within their strategies to achieve the highest efficiency with the least resources and maintain the value added to the society and customers. In sum, it is not a mere financial responsibility; rather, it is a strategic commitment based on transparency, innovation, and collaboration of all parties. Based on what was said, we suggest:

- Integrating AI and Big Data to monitor and predict the hidden costs before they increase.
- Establishing an integrated digital system that combines the operational and financial data in one platform and facilitates making detailed and dynamic reports.
- Using the Internet of Things in production and maintenance to monitor the waste and reduce unexpected issues.
- Fostering the culture of transparency and accountability and encouraging reporting any practice that maximizes the hidden costs.
- Empowering the workteams to participate in identifying the sources of hidden costs and suggesting innovative solutions in return for awards.
- Establishing periodical discussions between the different administrations to exchange experiences on cost reduction policies and develop new policies.
- Making specialized training programs that aim at developing the employees' skills of monitoring and analyzing the hidden costs, with focus on the practical aspect.
- Using modern technology in production.
- Generalizing the concepts of total quality management, such as ISO specifications, and the advanced accounting management systems in training and development.
- Integrating the employees in the initiatives of continuous improvement that reduce waste in all work phases.
- Setting clear standards to measure the hidden costs and link them with the company's key performance indicators, and periodically reviewing them to cope with the changes.
- Conducting specialized operational and financial audits to detect hidden costs, and making annual or semi-annual reports that shed light on results and improvement plans.
- Providing financial and moral incentives to the departments and employees who contribute to cost reduction, and basing the annual evaluation on cost management.
- Taking advantage of the experiences of external counselors in evaluating the internal systems and suggesting new policies to detect the hidden costs, mainly in the transition periods or when adopting modern techniques or systems.
- Making comparisons with the locally or internationally pioneering companies to deduce the best practices and apply them.
- Establishing a rapid feedback system to analyze the results of applying the policies of managing the hidden costs and immediately correct any inefficient policy.
- Periodically reviewing the policies of managing the hidden costs to cope with the technological and organizational development, and integrating the stakeholders in auditing.

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