

## Investigation violation of company funds due to the production of defective goods

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**Abstract:** In this paper, violation of funds of companies was investigated due to production of defective goods. How much of defective goods and to convert waste into safe products are healthy rework process and whether or not it is cost-effective implementation of this process. Members of the group to gather the information needed for the above topics were designed questionnaires by which the required information about waste and the amount of gain. It was originally intended that the members of this statistical sample to the same goods are institutions that limit, but then because of the shortage of the population they tried to take by raw materials. After selection by the founder of the completed questionnaires population were collected.

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### 1. Introduction

Each manufacturer for the manufacture of its products must always be one of the major losses suffered most during the production of goods is waste and also produce high quality products and free of defects, including strategic objectives is that any organization to achieve market share of global competition can help. However, the reduction and elimination of waste is responsible for an important role in achieving the goal.

Waste management often is considered to be a major challenge worldwide, because in some cases the lesions threatening public health and the environment, which may even be considered as an obstacle to economic development. It has a variety of solutions have been proposed to deal with this issue and waste reduction are also great ways perhaps more than other methods is emphasized. In the meantime, a matter lesions seems inevitable.

A manufacturing process improvement is a result of reduction and elimination of waste. Webster Dictionaries English, by definition, waste of surplus production. Also, Shingo survey conducted in 1992, employees of various organizations and on the basis of wastes to be defined and classified into seven groups:

- . Losses related to surplus production capacity.
- . Losses related to the process.
- . Losses related to inventory.
- . Losses related to transportation.
- . Losses related to the production of faulty products.
- . Waste of time lag.
- . Losses related to movement and work production systems.

Manufacturing enterprises to budget for their products has always been part of the funds into a

dedicated waste the paper examines the factors contributing to waste, how to reduce waste, the budget allocation for waste pay.

#### **Budget process:**

Budgeting continuous process, elements and elements that are similar in most countries almost together, this resembles the basic process of drawing up a budget to implement it. The ways in which this process is applied to one's purpose, but the quality of their work may vary more or less. The budget consists of four steps: In total, these four stages are called the budget cycle; four steps are:

1. Prepared and proposed budget (budget proposal).
2. The approval of the budget (budget).
3. The implementation of the budget (budget allocation).
4. Monitoring and control of budgets (budget settlement).

Governments generally to adjust the budget, the first estimates of income and expenditure forecast for the coming period; then the sum of these estimates and matching them with the information and data collected, the proposed budget prepared and after the approval of the competent authorities, are ready to run. Their methods and apply the necessary measures to implement the budget and a review of operations will be done to monitor action to deal with the issues and avoid problems.

#### **Risk analysis methods:**

Another important issue in the estimation of future cash flows to determine the uncertainties and effects of each of them. In general, estimates of future cash flow, not the aim of the use of certain items of incoming and outgoing cash flow estimate or "the expected cash", the criteria used to evaluate capital projects. Should know what will happen in practice

and in the real world, with estimates prepared by experts and most experienced people or the results obtained from the use of the most advanced technology in the prediction process, will be different. However, the deviation is less than the estimation results and actual results, have more solidarity.

However, estimating the cash flow, theoretical calculation based on the information available is usually in the range of the highest and the lowest figure may be placed. Similar capital projects with similar risk and can be based on the cost of financing these projects or the same expected return, evaluated. Here, the concept of hazard or risk, the possibility of achieving or not achieving expected return and actual return or the likelihood that an investment with expected returns is different.

Managers, in practice three risk analysis based on discounted cash flow techniques that require the use of numerical standards are not compromised, to apply. All the mentioned methods based on management's judgment about the risk-based capital projects. These methods include:

- 1) Using conservative estimates of project cash flow.
- 2) application of management's judgment about whether the profitability of the project is to some extent offset the risk it or not (analysis of risk and return).
- 3) the use of a classification system based on minimum rates of return for projects acceptable preset for each of the classes.

All three methods have been shared with the problem of not having direct how faced by investors to evaluate cash flow projects and so, in terms of determining project benefits from the perspective of the entity, are not sufficiently accurate. Despite the lack of precision, discussed methods can be easily applied.

Also, in perfect condition, all the mentioned methods can provide reasonable results are acceptable. There are a number of criteria for the calculation and reporting of risks, most notably the expected value, variance, standard deviation and coefficient of dispersion.

On the other hand in most advanced risk analysis techniques and the use of probability distributions is cash flow. In connection with the distribution of likely future cash flows, decision makers are faced with two problems:

- 1) How probability distributions can be achieved?
- 2) After obtaining probability distributions, what use can be made of it?

To carry out the necessary review by experts and enjoying the records, official and unofficial statistics available, previous experience, study the current

situation and consider future programs and policies, distribution can be acquired defensive possibilities of future cash flows. To estimate the probability distributions, there are two common technique that financial managers must be aware of them. Techniques include: simulation and decision tree analysis.

In cases where full probability distribution of cash flows is required, usually used computer simulations. This method is used on major projects that the benefits of a full analysis to justify the time and cost of adequacy is relatively high. In the first simulation techniques for each period and for each of the ambiguous factors affecting net cash flow (sales price, cost and wage...) It is estimated that a separate probability distributions can be discrete or continuous.

Then, a computer program which calculates the net cash flow is equal to 5 for each of the ambiguous values based on random numbers for the first period of the project life estimated probability distribution of net cash flow is calculated. This procedure is repeated for each of the periods studied and a net amount of cash flow is calculated by the computer. In the later stages, by following the above mentioned methods and new random numbers based on other series the amount of cash flow is calculated by the computer and presented.

After calculating net cash flow relatively large number of collections can be associated with a set of probability distributions of cash flows for each of the periods deduced. The expected value (mean) for each of the courses, standard deviation, or any other essential criteria are calculated by a computer program.

The decision tree can be estimated at some probability distribution of net cash flow situation that requires assessment of future decisions, to be used. In this technique commonly used network of multiple branches, each branch represents a potential events (contingent) in the future. The decision tree analysis of all possible future decisions will be considered only decisions which will be made reasonably in real terms.

On the other hand, one of the important issues that have a huge impact on decision-making by managers, is related to sensitivity analyzes. A sensitivity analysis is given by the percentage change in each, how much change occurs in the final results. For example, in net present value analysis projects increased 20 percent investment required, how much net present value will change as a result of this change, the investment plan is acceptable or not.

A sensitivity analysis is a systematic way to determine the important factors that affect project cash flow. A sensitivity analysis shows that a slight change in the estimate items they had a great impact

on results and therefore requires more sensitivity and accuracy is the assessment of these items. After identifying these variables managers an extra effort to recruit more accurate estimate.

Investment, net present value, profitability index, internal rate of return and accounting rate of return, based on different assumptions from the assumptions used in calculating basic and amplitude probability distribution, are recalculated. Then, their susceptibility to change in assumptions related to economic factors to be evaluated. One of the other pillars of sensitivity analysis, taking into account inflation and its effects on their analysis. Future inflation and how it affects their future cash flow items need to be predictable. The impact of inflation on different income and expense items are not the same. The inflation rate is different in different periods.

Budgeting should be done based on the objectives and policies of commercial organizations. If goals are deemphasized in the budget, the budget only goal attempts to amaze and implying nothing more than pre-audit expected transactions in commercial organizations. It is necessary for the formation and implementation of budgeting, fixed duties, responsibilities and level of organization do their job. The total budget trace elements split and organizational components adapted. Could it be that any member of the management part of the budget that has been entrusted to him. In addition, when he finds information is expected to complete the task.

To maintain the necessary cooperation and coordination between the operations of two or more parts of the organization, the total budget for all budget categories in an organization as a whole to be combined and intertwined. Suitable targets in matters of budget targets should be set appropriate controls and the adoption of and compliance with safety shields estimates are considered to be too high or too low.

Both of these extreme state budget estimates constitute problems in organization and human resources undermine commercial organizations. Thus, it should be carefully taken into consideration for determining goals so motivated employee motivation and individual responsibility on the one hand and on the other hand improve poor performance.

Perfect for business enterprise requires a period of short-term funding and a long-term budget. Sales budget, budget payments operations, income and expenditure budgets and available funds, short-term funds are common. On the other hand, the investment budget, funding for research and education funding and long-term development budget director usual commercial enterprises are numbered.

Preparation of the annual budget, the short-term budgeting is called, in five or ten years if the budget is

a long-term budgeting. In the short-term budgeting, the budget period is usually one year. The budget is prepared for a year and every six months or quarterly reviewed. In fact, budgeting is an ongoing process and requires full coordination between long-term and short-term funds.

The relationship between planning if it is due to the budget of the organization and sub-budgets so be prepared and be interpreted to be consistent across the organization together, the relationship between the preliminary planning is important. Most sub-funds with each other when planning reciprocity should be prepared based on the same assumptions to maintain coordination among relevant sectors.

Fitness flexibility in budgeting, there should be nothing rigid and budgets always have the flexibility to deal with changing circumstances. Flexibility is one of the most important aspects of fundamental budgeting. But by practice managers the flexibility should be considered as an excuse to reduce their performance. Except in cases where sufficient evidence exists, any change in the budget that should be running. Any changes in the budgetary figures should always be taken at the highest management level and after full scrutiny.

#### **Maintain flexibility in budgeting:**

Check the complete lack of customer needs, lack of materials, labor disputes and priorities of government contracts, anticipated commercial business and prepare accurate budgets has become difficult. As a result, in many respects budgeting is done with some degree of flexibility, the flexibility to deviate from the program or edit month to month budget estimates in order to cope with the changing requirements of a series of budget preparation budget estimates for expected levels of sales and production under changing conditions will provide funding period.

A brewer that because of climate change, traditional customs and military needs of sales and production it is difficult to predict, under the scheme for preparation of the budget is adopted. Guide to the best information available such as the potential need for our products, the overall estimates, production costs for the period of one year its budget is ready, but budgets are not prepared to detail as a central tool chiefs are not. General estimates that the guidelines are considered, a detailed budget for a period of 3 months to be ready at the beginning of each chapter.

After the start of each month for that month to scrutinize and review the budget estimates and an edit on any estimate which seems connection with the activities of sales and production is expected asks that month. Budget Committee in its permanent cost estimates and production plan review and edits.

**Budget constraints:**

Most of the budgeting system within a short time is great expectation. We must recognize that any budget is not better than the people who run it and can not be changed overnight behaviors and interests people. The idea of budgeting to be said and it should be shown in addition. Budget may be a reception and have a rapid effect while the other section is accepted only reluctantly. Some funds only as a negative control and something that should be resisted and delayed as much as possible to take into account.

Some are only sufficient funds to support the idea of language, but in their minds they believe that even in a part of the budget is not able to function. The chances of a budget is to say where the budget does not work unless it was created is the will to act. A means of planning, budgeting, control and coordination and cooperation should be done. Time is naturally an important factor.

**Research Methodology**

The research environment is a place where research is done. The research environment must be carefully described and ascertained that research takes place in what place. In describing the research environment and its characteristics should it chose to

do research environment to explain and argued that because the choice of a suitable environment for this research.

The time domain: According to research in a specific time range and the importance of time to collect data and study design also results in the time domain to form clear interest and referring placed.

Territory place for research on the subject of the research, industrial towns of Saeedabadi is Jajrood. They are concentrated in manufacturing enterprises and manufacturing enterprises are prime examples of our research. Territory when the investigation was conducted in December of 2016 and January of 2017.

**Data analysis**

In general, the methods by which you can adjust the data collected and summarized, called descriptive statistics, in a word descriptive statistics include data processing provides a set of methods. According to the above-mentioned one of the most important topics in statistics is the use of graphs and tables, this helps in displaying data graphs for summarizing population and fail to that can convey the most information in the least reader.

Under the important information society statistics as expressed graph:

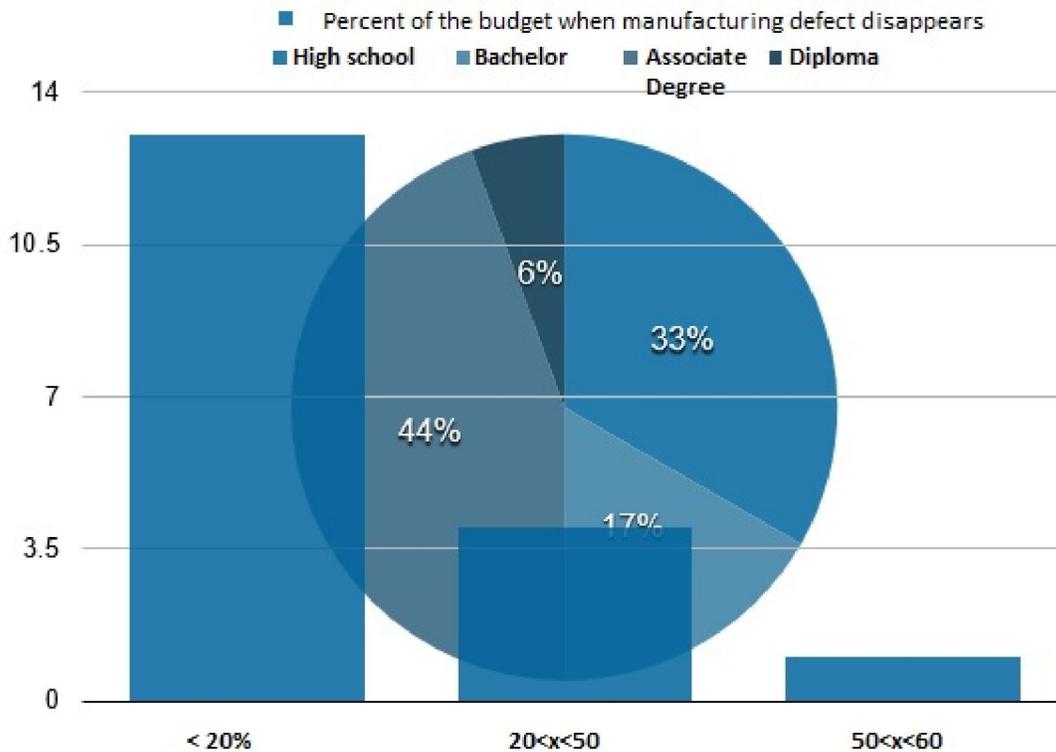
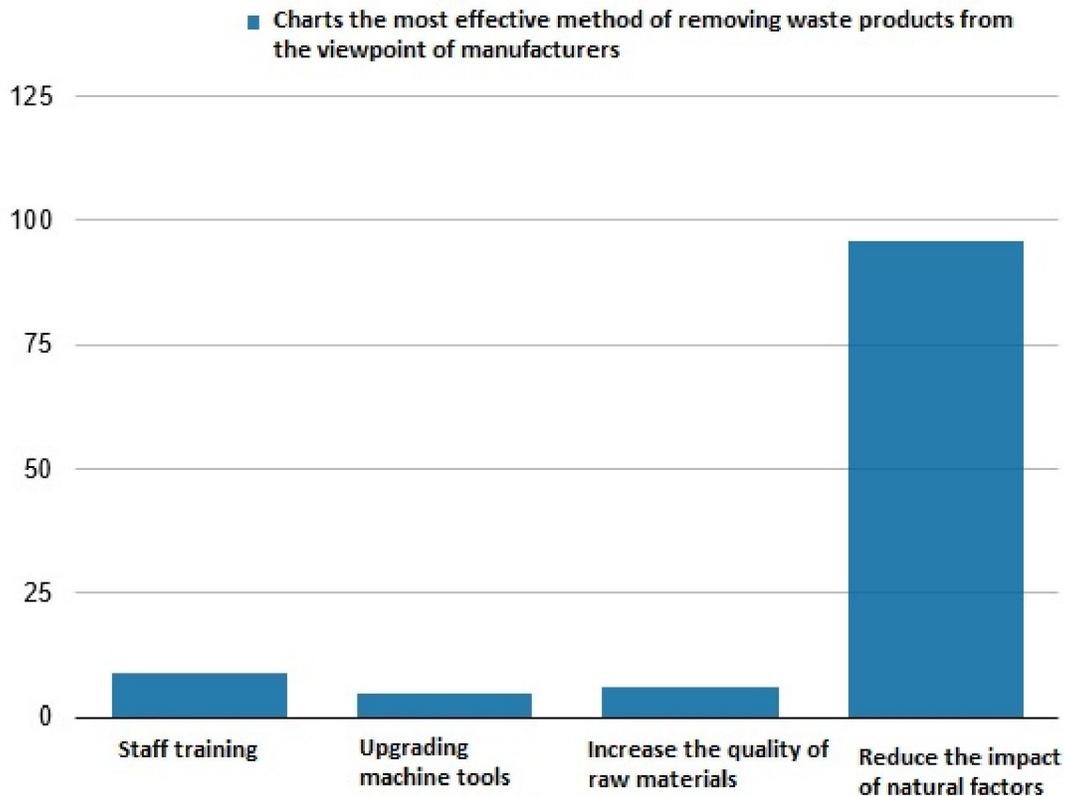


Figure 1. Chart of a questionnaire related to education



### Discussion and conclusion:

Something that we have to focus on the waste generated during the production of goods in establishments manufacturing. The issue that prompted us to choose this advance was the cost of lost production as a direct cost in enterprises. The cost of goods made to dramatically increase is the increase in commodity prices and the ability of firms to compete with rivals on price decreases. Decimal, now we study these interventions to reduce it.

Another issue that we have discussed in this study is how much of defective goods and to convert waste into safe products are healthy rework process and whether or not it is cost-effective implementation of this process. Members of the group to gather the information needed for the above topics were designed questionnaires by which the required information about waste and the amount of gain. It was originally intended that the members of this statistical sample to the same goods are institutions that limit, but then because of the shortage of the population they tried to take by raw materials. After selection by the founder of the completed questionnaires population were collected.

With a little reflection on the information obtained in the questionnaires can be concluded that:

1. The amount of waste produced 75 percent of institutions surveyed less than 20 per cent and 50 per cent exceeded in only one case.

2. The possibility of duplication in institutions that their products wood products is less than 30% and even in some cases this is not possible, because the institutions that raw material of wood unlike institutions that raw material of metal and plastic, wood and rework on it is not possible to melt, but that is institutions that are plastic and metal raw materials are there.

3. In the majority of cases and employees have an important role in the development of waste and training will help to reduce waste.

4. One of the important factors that reduce waste in manufacturing institutions, especially institutions that wood products are manufactured using quality raw materials are used.

5. According to the survey questionnaire can be said that natural factors have a significant impact on the incidence of lesions in the population studied.

6. According to the results of the survey population can be said to upgrade a significant role in

reducing waste of machine tools, but in executive obstructions such cases it expensive machinery, lack of space, lack of staff with advanced machines.

7. According to the survey questionnaire can be concluded that one of the most effective ways of reducing waste staff training and attracting skilled labor is perhaps because the current turbulent labor market even skilled workers are willing to work with low wages.

8. According to information obtained from statistical community can be concluded that does not have a large impact on reducing the volume of waste product design.

#### **Suggestions:**

According to the mentioned we can say that almost all large and small manufacturing enterprises are in the process of producing the waste and most manufacturers integral part of the waste they produce, and they are less likely to decrease.

We had the option of reducing defective products:

Each manufacturer to reduce waste should first consult industry experts, for example, if a person has a wood manufacturing plant services, and suffered considerable losses during production must be professionals who have expertise in this area, wood and fracture resistance factors or reasons that cause wood to ask.

Other proposals, such as training employees to reduce waste, increase quality of raw materials, the use of advanced machinery and so on. That reduces

waste, but for some reason manufacturers from using them avoid them.

One of the proposals is to reduce losses on defective products defective products re-enter the production cycle and process rework them to make safe products.

Other suggestions can be made by it of defective goods revenue is the defective goods can be considered a producer of raw materials sold to another manufacturer, for example, a manufacturer that has broken many pieces of wood that are no longer usable can they sell to the production of chipboard or burning coal furnaces.

The last and most important suggestion is that manufacturing companies have their employees in the event of disability, or lesions was higher than the authorized partner, this means that in the event of more waste than usual advantages of them charged and in the absence of lesions less than usual benefits such as bonuses, etc. granted to them, it also must be said that the institutions should not use it that employees directly involved in the process of waste.

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