

Organizational Behaviour, Culture, Information Technology and Activity-Based Costing Implementation Success

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ABSTRACT

Rapid technological changes have caused the traditional costing system to be inappropriate for companies especially those that undertake mass production. The traditional costing system could hardly reflect the true cause and effect relationship between indirect costs and individual products. Using a contemporary management accounting technique i.e. Activity-Based Costing (ABC), managers could address issues concerning cost allocation and product cost computation which can then enable them to make better decisions on pricing, product line, customer market, and capital expenditure. Despite ABC's numerous benefits, the implementation of the technique is still low in Malaysia. Studies on ABC in the local context are limited and which tend to confine to certain contextual variables. Therefore, this paper aims to examine the current state of implementation success of ABC and its influential factors consisting of organizational behaviour, culture and information technology in the manufacturing industry in Malaysia. Using the survey method, questionnaires were distributed via different modes to manufacturing companies registered with the Malaysian Manufacturer Association in which 23.2% usable response rate was obtained. The results revealed ABC implementation is still at the infancy state and its implementation success was significantly influenced by organizational behaviour and information technology. The findings put forth to managers the important factors to consider in ensuring ABC implementation success, which in turn can enhance firm performance.

Keywords: Activity-based costing; Organizational behaviour; Organizational culture, Technology