

**ACTIVITY BASED COSTING (ABC) ADOPTION
AMONG MANUFACTURING ORGANIZATIONS - THE CASE OF MALAYSIA**

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ABSTRACT

The main purpose of this research is to study the adoption of ABC as an overhead costing system among manufacturing organizations in Malaysia. The stages of adoption and seven factors expected³ to influence ABC adoption are derived from previous studies in similar research area. This study uses two methods of data collection, a survey and a case study. The study shows that 36 percent of the organizations are ABC adopters while the remaining 64 percent are non-adopters. The regression analysis performed on the data showed that three factors which are decision usefulness, organization support, and internal measures had significant influence on ABC while the other four factors namely cost, IT, training, and learning and growth were not found to be of any significant influence. A case study was performed on three selected organizations that adopt ABC. Through the case study, a more detail information on organizations' overhead costing technique can be gathered. Apart from the seven factors investigated through the survey method, the case study includes aspects such as the background of change from traditional overhead costing system to ABC, barriers to change and the approaches used to handle them. The findings from the case study complement the findings from the survey by providing explanations to the information gathered through the survey method.