

ABSTRACT

Proponents of Activity Based Costing (ABC) describe it as a revolution in the management accounting, but there are very few firms who are jumping into this new ferry. Most of the firms prefer to stick on to their existing method of cost accounting rather than to join the revolution.

This study's focus was to understand why firms in Bangkok hesitate to implement ABC. Seven critical issues namely Resistance to change, Technical Issues, Organizational Issues, Managerial Issues, Technological Issue, Employee related Issues and Cost Issues were identified to test if they were the factors responsible for non-adoption of ABC.

A mailed questionnaire was sent to the firms' accounting managers to gather their views on the issues. A total of 339 questionnaires were distributed. However, only 94 questionnaires were returned generating a response rate of 27.72 %.

To analyze the data, the researcher used Pearson's Correlation Coefficient for all the hypotheses. The findings show that all the seven critical issues have a significant statistical relationship with the implementation of ABC.

From the findings it can be concluded that, although all the seven critical issues have significant relationship with the implementation of ABC, particularly four issues namely, the Cost Issue, Employee Related Issue, Technological Issue, and Managerial Issues can be considered as the most important complication as to why firms in Bangkok hesitate to implement ABC. Therefore it's better if firms give due consideration to these prerequisites to minimize threats before they embark on an ABC journey.