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RESEARCH ARTICLE

ABC AND THEIR IMPACT ON SUPPORTING THE COMPETITIVE ADVANTAGE (FIELD STUDY IN INDUSTRIAL COMPANIES–KHARTOUM STATE).

Dr. Abubkr Ahmed Elhadi Abdelraheem*.

Assistant Professor, Department of Accounting - Faculty of Managerial and Financial Sciences - Peace University, Sudan.

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Abstract

This study aimed to identify the impact of ABC in Activating Competitive Advantage (Field Study in industrial Companies - Khartoum State). The study tested one hypothesis which are: There are significant relationship between applied the ABC and support the competitive advantage of industrial companies -Khartoum state. Researcher distributed (300) questionnaire forms among some of the workers in the field selected randomly (280) Forms were collected as 93%. Statistical package of social sciences programmer (SPSS) used for analyzing data. The study reached some findings from which:ABC contributes to reduction of production costs for industrial companies - Khartoum State, ABC is a system to reduce the cost from a strategic perspective, the study recommended following: there is necessity to applying the strategic cost methods together to activate the competitive advantage continuously.

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Introduction:-

The problem:-

The spread of globalization and increased competition, helps companies to pay attention to the strategic tactics to support competitive advantage in the short-term and long-term.

Suffers companies at the present time of constant development in the fields of technology and the evolution of the methods used to reduce costs and maximize profitability and increase quality, thus companies must keep abreast of all the developments in the modern business environment so that it can satisfy the desires of customers and support competitive advantage, through the above is the problem of study the following questions: -

Is there an effect to applied the ABC on support the competitive advantage in industrial companies - Khartoum State?

The Objectives:-

Study aimed to identify to concept the ABC and knowledge the effect to supporting the competitive advantage in industrial companies - Khartoum State.

Corresponding Author:-Dr. Abubkr Ahmed Elhadi Abdelraheem.

Address:-Assistant Professor, Department of Accounting - Faculty of Managerial and Financial Sciences - Peace University, Sudan.

The importance:-

The importance of scientific study in the ABC recently used and there are few studies that have addressed the issue of ABC in order to reduce costs, thus considered this subject in addition to libraries for use graduate students in the field of cost, is the practical significance of the study in the need to capitalize on the industrial companies - Khartoum State of the possibilities available and new technologies used to reduce costs, including ABC, leading to support the competitive advantages of the products of these companies.

Hypothesis:-

To achieve the objectives of the study were tested this hypothesis:

There is significant relationship between applied the ABC system and support the competitive advantage of industrial companies –Khartoum state.

Methodology:-

researcher used deductive approach to identify the problem of the study and formulate hypotheses, historical approach, and inductive approach to test the hypotheses.

Theoretical Framework:-**Concept of Activity-based costing:-**

Activity-based costing system (**Hornrgren,2006**) define as a system that other cost accounting systems corrects by focusing on individual activities and considered the basic cost site. As well definition (**Abdul-Latif, 2006**) as "a system that the first allocation of resources on activities that benefited them, and then allocating the cost of these activities according to the rate of utilization of these activities.". ABC is a procedure that often makes it possible to estimate product costs more accurately than traditional cost systems. The concept results from the realization that products require businesses to perform activities (work generating processes or procedures), (**Rasmussen, et al,1999**).activity-based costing system as a set of interrelated and integrated accounting procedures that aim to cost measurement and profitability of the products or services offered by the facility, through the performance is divided into a set of activities and find the cost of each activity separately, then upload the cost of these activities on the products or services in light of the movements of an appropriate cost (**Eid, 2000**).

Advantages of activity based costing system:-

There is a general consensus at both the academic and professional that the traditional costing system leads to distortions in the cost data, and this is what leads in turn to take irrational decisions and wasting and loss and poor distribution of economic resources available to take advantage of, and at the same time brings together academics and professionals that cost system based on activities It represents a better solution to the problem The allocation of costs (**Abu Mahmoud,2007**).ABC based on the basis of deep analysis of all activities in the organization with an attempt to link the activities of the reasons, and this is what leads to the understanding of administrative best of all operations exchanged within the organization and relationships allowing censorship better cost and allows for the adoption on an ongoing basis and regular cost-cutting strategy to achieve competitive advantage important in an environment characterized by intense competition(**Basheer,2010**).ABC has allowed of dividing the activities into two groups: Activities add value irreplaceable and activities that do not add value and can be dispensed with by or reduced to a minimum, and this is a new development and substantial management helps improve performance and integrates with the cost reduction plan (**Baykasoglu, et al,2008**).

(Venkataraman, et al,2008) noted there are four steps to applied the ABC are as follows:-

Identifying activities that they are exercised within the facility. - Identify resources that are used to carry out previous activities. - Choose the causes of the cost for each activity.

Concept of competitive advantage:-

Competitive advantage is the organization's ability to formulate the applied of strategies that make them in a better position relative to other companies operating in the same activity (**Abdelkader,2010**).Competitive advantage is the extraordinary ability of the company to offer a product or service at a lower cost than similar products of competitors(**Amira,2006**).

Analytical framework:-**Table 1:-** Number of Industrial Companies – Khartoum state.

Sector	Number of companies	Percent
Metallic & non-metallic	509	47.93%
Food products	195	18.36%
Chemicals & Petrochemicals	120	11.30%
Textile & Leather products	69	6.50%
Paper & Printing	60	5.56%
Machinery	47	4.43%
Metal	34	3.20%
Woods	28	2.64%
Total	1062	100%

Ministry of Industry - Khartoum State, comprehensive industrial survey:-

Through the number of industrial companies – Khartoum state, the researcher took a sample of industrial companies, strong 100 company, Researcher distributed (300) questionnaire forms among some of the workers in the field selected randomly, (280) Forms were collected as 93%. Table (2) below shows the number of questionnaires that were distributed to the sample study and recovered them.

Table 2:- Sample Study.

Sector	Distributed	Recovered	Percent
Metallic & non-metallic	87	81	93%
Food products	63	57	90%
Chemicals & Petrochemicals	39	36	92%
Textile & Leather products	33	30	91%
Paper & Printing	33	31	94%
Machinery	30	30	100%
Metal	10	10	100%
Woods	5	5	100%
Total	300	280	93%

Filed study data 2016

The researcher used frequencies, percentages, median, Chi-square, for the analysis of questionnaire data.

Table 3:- Frequency distribution and percentage of the views of the study sample to study hypothesis phrases

Phrases	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
The Company has a qualified accounting system and human resources to apply ABC.	82 %29.3	143 %51.1	33 %11.8	16 %5.7	6 %2.1	280 %100
The low prices of competitors' products requires a trend towards the applied ABC.	85 %30.4	55 %19.6	118 %42.1	14 %5	8 %2.9	280 %100
ABC is a system to reduce the cost from a strategic perspective.	93 %33.2	144 %51.4	19 %6.8	13 %4.6	11 %3.9	280 %100
ABC system contribute in identification and measurement of the products cost in correctly.	94 33.6	132 %47.1	24 %8.6	20 %7.1	10 %3.6	280 %100
ABC contributes in reducing the of products cost through indirect costs allocated to activities and then allocating the cost of activities on products	84 %30	146 %52.1	30 %10.7	11 %3.9	9 %3.2	280 %100
ABC contributes to resource exploitation optimally by excluding activities that do not add value to the	93 %33.2	41 %14.6	123 %43.9	16 %5.7	7 %2.5	280 %100

product.						
ABC provides a non-financial data by identifying cost engines in activities.	197 %70.4	38 %13.6	24 %8.6	15 %5.4	6 %2.1	280 %100
Increased competition requires applied the ABC to reduce the cost of products.	193 %68.9	42 %15	20 %7.1	18 %6.4	7 %2.5	280 %100
ABC helps to support the competitive advantages for companies.	120 %42.9	108 %38.6	31 %11.1	15 %5.4	6 %2.1	280 %100
ABC contribute to achieving the aspirations of customers.	140 %50	75 %26.8	31 %11.1	21 %7.5	13 %4.6	280 %100

Spss data 2016

through Table (3) the researcher observes that all of the sample agree with the hypothesis phrases.

Table 4;- Median

Phrases	Median	explanation
The Company has a qualified accounting system and human resources to apply ABC.	4	Agree
The low prices of competitors' products requires a trend towards the applied ABC.	3	Neutral
ABC is a system to reduce the cost from a strategic perspective.	4	Agree
ABC system contribute in identification and measurement of the products cost in correctly.	4	Agree
ABC contributes in reducing the of products cost through indirect costs allocated to activities and then allocating the cost of activities on products	4	Agree
ABC contributes to resource exploitation optimally by excluding activities that do not add value to the product.	3	Neutral
ABC provides a non-financial data by identifying cost engines in activities.	5	Strongly Agree
Increased competition requires applied the ABC to reduce the cost of products.	5	Strongly Agree
ABC helps to support the competitive advantages for companies.	5	Strongly Agree
ABC contribute to achieving the aspirations of customers.	5	Strongly Agree

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Through the table (4) there is divergence of the views of the sample, some of them agree and neutral, to test the presence of statistically significant differences between the numbers of approvers and neutrals and non-consenting to the results, was used chi square test for significance of differences between the answers on all phrase from hypothesis phrases. and table (5) illustrates the chi square results on hypothesis phrases.

Table 5:-Chi-square test

Phrases	Chi-Square	df	Asymp. Sig
The Company has a qualified accounting system and human resources to apply ABC.	162.500	4	.000
The low prices of competitors' products requires a trend towards the applied ABC.	156.132	4	.000
ABC is a system to reduce the cost from a strategic perspective.	256.357	4	.000
ABC system contribute in identification and measurement of the products cost in correctly.	208.143	4	.000
ABC contributes in reducing the of products cost through indirect costs allocated to activities and then allocating the cost of activities on products	246.321	4	.000
ABC contributes to resource exploitation optimally by excluding activities that do not add value to the product.	108.071	4	.000
ABC provides a non-financial data by identifying cost engines in activities.	453.750	4	.000
Increased competition requires applied the ABC to reduce the cost of products.	360.607	4	.000
ABC helps to support the competitive advantages for companies.	94.893	4	.000
ABC contribute to achieving the aspirations of customers.	92.429	4	.000

Spss data 2016.

0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 56.0.

Through Table (5) it turned out to be Chi-square Asymp. Sig (.000) less than 5%, and this confirms There is significant relationship between applied the ABC system and support the competitive advantage of industrial companies –Khartoum state, this shows validity of the study hypothesis.

Result:-

1. ABC contributes to reduction of production costs for industrial companies - Khartoum State.
2. ABC is a system to reduce the cost from a strategic perspective.
3. ABC Contributes to support the competitive advantage of industrial companies - Khartoum State.

Recommended:-

1. There is necessity in applying the strategic cost methods together to activate the competitive advantage continuously.
2. Knowing the impact of the applied of strategic methods to support competitive advantage.

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