

Development of a new costing structure in production environment using activity based costing

F. L. Mohd Safeiee, M.Y.Abu, N. N. Nik, N. F. Zamrud

Faculty of Mechanical and Manufacturing Engineering, Universiti Malaysia Pahang, 26600, Pekan, Pahang, Malaysia

ABSTRACT

Every product should have assigns their own costing system. Traditional cost accounting (TCA) is generally used by current state of industrial area in Malaysia. There are many studies proved the weaknesses of TCA [1] and need a lot of improvements. The aim of this work is to propose a new costing system that practically capable to improve costing system in current industry practices. In this study, ABC method has been proposed to the electrics and electronics company on inductor component. There are 18 workstations involves and the data was collected based on data in 2018. As a result, an Activity-based costing (ABC) system recognized the relationship between costs, overhead activities and manufactured products, and then it can assign indirect cost to products less subjectively than traditional method.

KEYWORDS: Activity Based Costing, Traditional cost analysis, Cost driver

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