

THE ACTIVITY-BASED COSTING (ABC) IN THE INSTITUTIONS OF HIGHER EDUCATION (IHE): DO PRIVATE AND PUBLIC BRING A DIFFERENT?

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ABSTRACT

Background: There are growing debates on the role and potential benefits between private and public Institutions of Higher Education (IHE), ranging from the social to the financial benefit. Among the most frequently economic arguments in favor to the private IHE are that it improves efficiency, giving greater accountability and increased diversity of choice and access from the increased resources flowing into education (James 1991). As the private IHE do not bring any extra burden on government expenditure as compared to the public IHE, Private IHE need an accurate cost to measure performance while for the public IHE need them to measure efficiency and increase accountability.

Objective: The objectives of the present study are to examine, i) the possible differences that may exist between two types of Institution of Higher Education (IHE) with regard to the three elements of diffusions of any innovation, ii) to rank those factors with the three elements and iii) to investigate how well the selected variables able to explain the diffusion of ABC, both in public and private IHE. The respondents were selected using disproportionate stratified random sampling method among two types of IHE, public and private. The data was collected using structured postal questionnaires. Out of 258 questionnaires distributed, only 139 were completed and useable.

Results: The results indicated that the types of IHE had statistically significant effect only on two of three tested elements of ABC diffusion, namely, Relative Advantage (RA) and Comparability (COM) with the Public IHE was more favourable toward the diffusion of ABC as compared to the Private. Even though two element of diffusion theory (RA and COM) stated to be based upon the TIHE, but they also share the same perception on the overall diffusion of ABC that may take place in both TIHE. The findings also indicated that both TIHE depended on different contextual factor to diffuse the ABC.

Conclusion: This is to conclude that only the Relative Advantage (RA) and Comparability of ABC are dependent to the TIHE. In comparison, the public IHE are more favored to diffuse ABC system as compared to the Private IHE, with the complexity was found to be the most significant element that caused the differences between these two TIHE. Furthermore, the multiple regression model showed that the selected contextual factors explained 51% to the possible diffusion in the Public IHE, as compared to only 10% of the diffusion of ABC in the private IHE.

Keywords: Types of Institutions of Higher Education, Activity Based Costing (ABC), Diffusion Theory.