

EXECUTIVE SUMMARIES

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The Evolvement of Product Costing in Finnish Industrial Units – Traditional Methods Versus Activity-based Costing

In the 1990s, cost accounting in general and activity-based costing (ABC) in particular became prominent issues at the levels of management accounting research and practice. One of the most popular research fields has been the topic of product costing in the manufacturing environment. From the surveys based on cross-sectional data carried out during the first half of the decade, there has recently been a shift toward research settings which provide an opportunity for investigating the evolvement of these phenomena over time. The purpose of this paper is twofold: first, to describe the current practice and developmental trends in product costing in Finnish manufacturing units; and second, to study the factors explaining the adop-

tion of ABC and the implications of ABC-adoption as a product costing technique. The research was carried out through a postal questionnaire in 300 Finnish manufacturing units (response rate 34,1 per cent). The results obtained show that the use of full cost approach in product costing has increased during the 1990s and this seems to be related to the diffusion of ABC. Unit size, type of industry and cost structure were found to discriminate effectively between ABC-adopters and non-adopters, whereas the traditional variables of production environment were not related to ABC-adoption. However, the basic problems of product costing seem to have remained the same among both ABC-adopters and non-adopters during the 1990s. ■