

Feasibility of the Implementation of Activity-Based Costing (ABC) in Operational Budgeting of Government Agencies (A Case Study of Government Agencies of Isfahan Province)

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Abstract

Introduction: This research investigated the factors affecting implementation of activity based costing (ABC) in operational budgeting of government agencies in Isfahan province.

Methods: Being an applied, cross-sectional and descriptive research, this study made use of a questionnaire for gathering data. Governmental agencies that used provincial budget in Isfahan province in 1388 comprised the sample of this study.

Results: The results of the study indicate that with the exception of the ability to evaluate performance, the 50 governmental agencies of Isfahan lack other necessary requirements for the implementation of activity-based costing in operational budgeting, such as personnel's capabilities, technical ability, authority (Legal authority, procedural authority, organizational authority), and acceptance (political acceptance, managerial acceptance, incentive compatibility).

Conclusion: The conclusion drawn from the current study is that governmental agencies of Isfahan province do not possess the necessary factors for implementation of Activity Based Costing in operational budgeting. Given the fact that new methods of operational budgeting, such as ABC are a must, reforms in budgeting and change of program budgeting into operational budgeting will be difficult if not impossible to perform.

Key words: Activity-Based Costing (ABC), Budget, Governmental Agencies, Operational Budgeting.

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