

Leading through change

Designing and Implementing a new Cost Management System

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Abstract—Business Process Reengineering (BPR) is essential for successful business. Process change either intends to streamline operations, reconstruct, or renewal business and supply chains of an enterprise. All mentioned changes above have same objective: streamlined processes of the enterprise reduce costs of a product and improve its quality, which finally leads to an improvement in competitiveness and profitability of the entire enterprise. The investigating problem is how to design and implement an activity-based costing (ABC) and information system (ERP) which lead the enterprise technically and organizational point of view to success. Activity-based costing (ABC) is a counting system where an organization is divided into functions. Overhead costs of each function are split into activities and allocated to cost objects such as products (Manufacturing), customers (Customer Relationship Management), processes (Sales and Services) and work orders (Accounting) [1]. Enterprise Resource Planning (ERP) is a software application, which integrates internal and external functions into an administrative innovation where information flows between all business chains inside the organization and manages connections to external stakeholders. The cost data based on ABC are used in cost driver, activity, and performance analysis in management by activity-based management (ABM). ABC and ABM together are called activity-based cost management (ABCM) [5]. Please, see dual axes of ABC/ABM on the figure number two.

Keywords—BPR, Designing and Implementing activity-based cost management (ABCM), behavioral and organizational factors, competitiveness, corporate culture

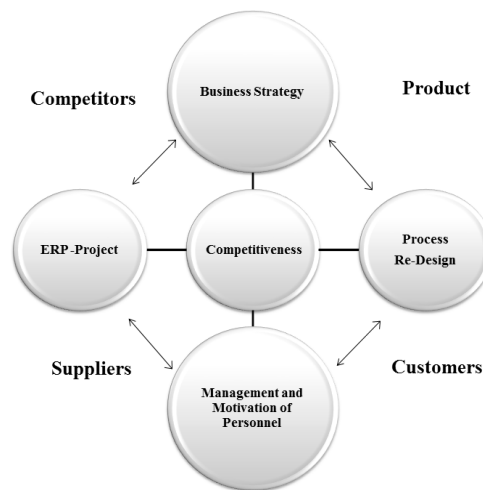


Fig. 1. The model of implementation of a new Cost Management and Information System

I. INTRODUCTION

ABCM is an administrative innovation and a counting system for producing the most relevant information about processes of the enterprise for management's decision making and a continuous improvement in profitability of the enterprise, in quality of the product and in performance of service [2]. The literature about benefits of ABCM supports such as an improved product costing, a visibility of activities, an elimination of unprofitable products, services or customers and an increase in profit margins [5].

There has been criticism about ABCM and its implementation in both Finnish and foreign literature. *Laitinen* did a survey of the greatest difficulties which were occurred in implementation of ABCM in Finland. There were difficulties in defining suitable drivers of the function. In addition, the data collection, the time table collapse and delay, as well as, the identification of essential activities caused problems. There were also some difficulties in moving into a new information system among personnel. Just a few organizations reported that objectives of the new counting system were received [3].

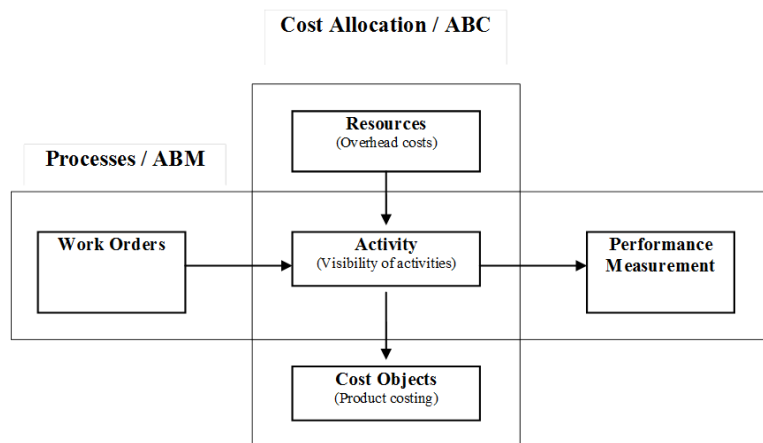


Fig. 2. ABC/ABM dual axes => ABCM

Studies in which are done abroad, there have been lack of expertise in cost driver analysis. There have also been problems to identify the most important functions and activities and to allocate costs. The implementation of ABCM requires changes in the whole organization structure which has been the most difficult task to introduce for personnel [4].

There are not very much empirical evidence and scientific research of the implementation of ABCM and ERP as an integrated system. The first purpose of this paper is to provide empirical evidence that behavioural and organizational factors are associated with success of an introduction of the new cost management and information system. The second aim is to survey contingency and organizational cost accounting literature and to suggest directions for system designers and researchers, as well as, financial and IT managers in the implementation of ERP -projects future. Key factors are a business strategy work, a role of management, a motivation of personnel, a project work or plan and finally, but not least an organizational culture of the enterprise.

II. LITERATURE REVIEW

Previous studies about cost accounting systems can be divided into three sections: contingency, organizational and corporate cost accounting studies. A structure of the organization, human resources or individual behavioural factors have an impact on designing the cost accounting system in the contingency cost accounting theory, as well as, a personality of the management in decision making, a strategy and objectives of the organization, a political coalition, an audit, a legislation and other regulations [6].

The organizational cost accounting (Organizational Sociology) research focuses on practical implementation cases of accounting, where a key is to understand a role of accounting in the organization and how it effects on every day routine among personnel. The enterprise's cost accounting system is regarded more as a learning tool than a technological problem solver [6].

The corporate cost accounting, in particular, has compared the philosophy of a traditional cost accounting (TCS) in which organization's overhead costs are allocated to outputs by using volume drivers such as labour and machine hours with activity-based costing (ABC) as a new counting system. In conclusion, ABC provides the better understanding of cost behaviour than TCS [5].

To sum up, six internal and external factors which have major impact on designing the cost accounting system in the enterprise are (see the figure number three) a business strategy, strategic cost analysis and calculation methods, production processes, an internal control, behavioural factors and external performance measures [6].

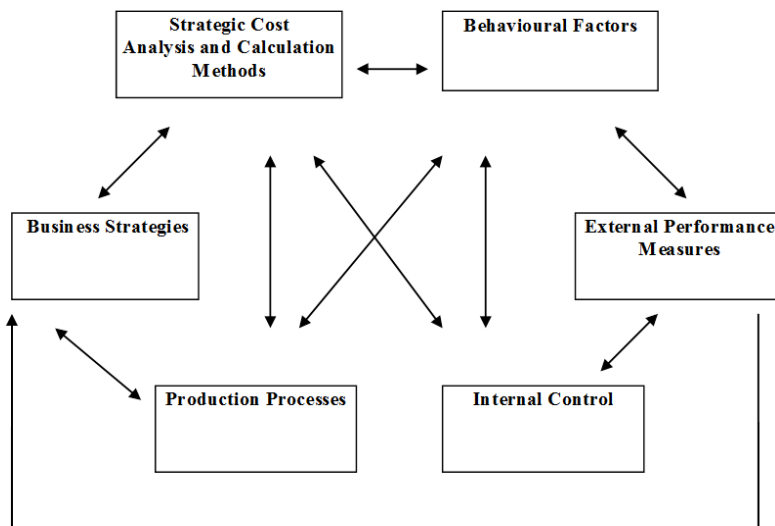


Fig. 3. Internal and external factors in designing a cost accounting system

A. Contingency and organizational cost accounting studies

Adebayo Agbejule (1997) studied as a licentiate-dissertation about the introduction of activity-based costing as an international comparison. The primary purpose was to find out why enterprises implemented ABC, and how the introduction succeeded. In addition, the purpose of the study was to identify problems of the introduction, if there were any, and to control how the implemented model was applied in development of the enterprise future. The second purpose was to analyse the impact of the culture of enterprise for the introduction of ABC. *Hofstede's* cultural factors were the framework of this analysis. The study was conducted as a case study by comparing and analysing two Finnish and two American enterprises and their differences. Particular attention was drawn to Finnish companies [7].

In results, the introduction of activity-based costing, despite cultural differences in both countries Finland and the United States, followed the same methodology, which included cost driver, activity and performance analysis, a product-specific cost accounting and an utilization of information collected. The study showed that the pilot projects are not a requirement for a successful implementation. The most important factor of the successful introduction of activity-based costing was a fixed link to continuous improvement in business strategies. The biggest problem in the introduction of activity-based costing was an excessive amount of data, and especially lack of a manual about ABC in Finland. A size of enterprise was not relevant in the successful introduction of activity-based costing [7].

Another important observation of the study was that the corporate culture contributes significantly to the introduction of activity-based costing. In the United States, where emphasis is on individualism, the role of activity-based costing is to be a tool where information flows between management and employees. Activity-based costing increases communication between departments in the enterprise. In addition, concrete improvements in profit margins were expected more in the United States than in Finland [7].

Maurice Gosselin (1997) examined how the introduction of activity-based costing impacted to strategies and an organizational structure of enterprises. In this study, the activity-based costing innovation was described in three levels: the Activity Analysis (AA), the Activity Cost Analysis (ACA) and the Activity-Based Costing (ABC). The data collection was carried out with questionnaire which was sent to 415 Canadian manufacturing companies, of which 162 responded [8].

Results of the research were that the enterprise's competitive strategy and the organizational structure have some extent correlation with timing and a need when the enterprise begins to use activity-based costing. Enterprise's business strategies have impact what kind of internal information is needed in the enterprise. Companies which are progressive and which seek new challenges in the market (a prospector), adapt a new cost accounting system faster than the ones who respond slowly to changes in the competitive environment. In enterprises which are called innovative enterprises, the introduction of activity-based costing often focuses only on the AA and ACA levels, and the last level in cost accounting, calculation is often forgotten. The reason for this is that the AA and ACA levels provide sufficient and timely relevant information about costs. ABC stage is often too slow, as well as technically difficult to implement. The organizational structure significantly affects to the level of implementation of the new cost accounting system. Companies whose organizational structure is hierarchic, formal and central and culture is highly technological and bureaucracies (a defender), the ABC stage is often received. Organic or low hierarchic organizations achieve only the AA and ACA stages of ABC while mechanistic organizations are likely to be more successful in the implementation of ABC [8]. This study showed better understanding how management accounting innovations spread within organizations [8].

In the study of *Dan Swenson* (1997), the purpose was to form the example model of introduction of ABM and to describe factors that affect the successful deployment of ABM. The data were collected by a letter questionnaire, which was sent to 750 American service and production enterprises. 166 responses were received. Afterwards 15 of the best practises of respondents were selected for deep interviews. The criteria for the selection were the time how long ABM was used, the scope of use of ABM application in various departments of enterprises and the success rate of introduction of ABM [9].

The main attention of the study was that changes in external and internal environments of the enterprise cause new strategy work. The competition of new customers and trusted suppliers forced companies to reconsider their strategies and as a result, to form a new calculation system which corresponds with new strategy which was launched [9].

The study results showed that the activity-based management is mostly used for a product cost counting, analysis of profitability and business processes. In the successful launch of ABM, the special attention was given to internal marketing of ABC among management and a formation of the project team of ABM, which included people from different departments of the enterprise. In summary, it was noticed that despite the best activity-based management practises, the extent of the application of activity-based costing was incomplete. ABM was mainly used as a tool for understanding the functions of the organization. ABM had not yet been launched throughout the whole enterprise. Activity-based management was an important tool for the enterprise in changing corporate philosophy from cost accounting calculation (Managing by Numbers) into management of processes and activities of the enterprise (Managing by Commitment to Continuous Improvement) [9].

Michael D. Shields (1995) investigated what technical, organizational and behavioural factors supported to the success of the introduction of activity-based costing. The study was based on the assumption that the technological know-how, but also the enterprise's organizational environment correlate to the successful introduction of cost accounting system (ABC). The test parameters were defined by using a massive literature review, as well as, a survey of ABC [10].

The research was carried out by a mail-out survey of 143 attendants in the USA, which had a variety of experiences with the use of ABC. The questionnaire was sent to the personnel, who were closely associated with ABC. For each of 17 independent variables, as well as, behavioural or organizational and technical variables were collected from each single statement in the questionnaire. Alternatives were formulated by a seven-point scale anchored by 1 = extremely low and 7 = extremely high. The dependent variable which was a success rate of implementation of ABC was also collected by two separate seven-point scale questions. In conclusion, statistical analyses were made between two ABC success variables and 17 implementation variables [10].

There was considerable variation in successful introduction of ABC. On average, companies were satisfied with the activity-based costing information achieved. Organizational and behavioural variables had a significant impact on the ABC's success. In particular, a top management support, a link to competitive strategies, a training of employees, as well as, a non-accounting ownership proved to be very important factors. Technical factors presented much smaller role as expected [10]. This thesis has been inspired by a model of Michael D. Shields's investigation, and results are reported as follows.

III. SURVEY METHOD

A qualitative research seeks to determine the relevance between case units and the existing theoretical data information. There are as many interpretations as there are interpreters. Such as a participant observation, case studies and different types of interviews are samples of qualitative research methods. Typical for this type of research is that the main purpose and goal is to develop already existing theory and case units [11] [12].

In a quantitative research, the aim is to test a generalization. Investigated problems are expressed in hypotheses or statements, of which correlation is tested. A special attention should be given in causality explanation and understanding. In addition, the researcher should always know how the data are generated. Furthermore, the results are presented in various statistical data analyses, in figures or numbers, as well as, in an observation matrix forms in the quantitative researches. [11] [12].

This thesis can be categorized as the quantitative research in which the success rate of introduction of activity-based costing as a dependent variable was explained by organizational and technical factors as independent variables, which are presented in more detail later on in this paper. This classification is not so evident, but the thesis also includes characters of the qualitative research method, such as an extensive scientific literature review, which was also made. All in all, this study consists of both a theoretical and an empirical part and the aim was to develop the theory of ABCM and to create a sample model of implementation of a new cost management and information system in Finland, in where a special attention was given to organizational factors.

The data were collected by a mail-out survey to test hypotheses. The questionnaire was sent to 80 organizations in Finland which have successfully or unsuccessfully implemented ABC. The response rate was 51.3% which can be considered as an average, when it is compared to other similar studies which were done in Finland. There were organizations in metal, furniture, information technology industries, as well as, enterprises in financial sector, public organizations such as municipalities, educational and non-profit institutions among respondents. Finally, statistical associations between ABC success variables and organizational and technical implementation variables were reviewed by Spearman's rank correlation coefficient test by using the SPSS software application.

The theoretical framework of the thesis, which is reported in this paper, includes characteristics of all studies which were described in the literature review. Please, see the figure number four. This paper analyses the introduction of activity-based costing problems and success factors in Finland. The aim is to explain a successful implementation of a new cost management system with the contingency and the organizational cost accounting theory and the theory of activity-based cost accounting variables. This thesis has been inspired by a model of Michael D. Shields's investigation, which supports the hypotheses which are introduced better later on this paper.

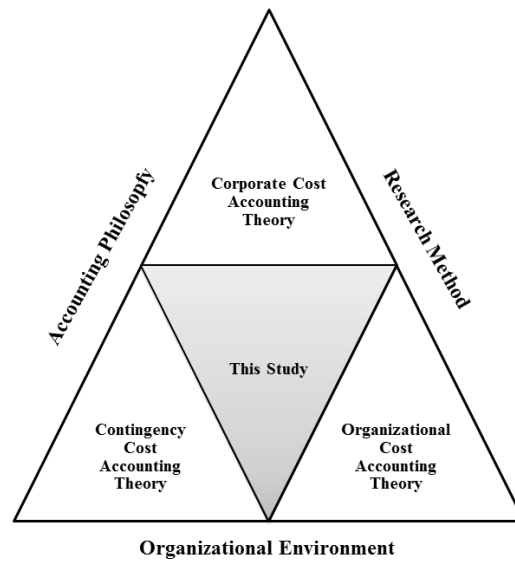


Fig. 4. The study and theoretical framework of this paper

A. *The survey hypotheses and questions*

The thesis aimed to pay the special attention to the fact that the introduction of activity-based costing is part of the organization's strategic change process—change management. The strategic change in the organization is not only a technological but also the greater degree of psychological and sociological issue [13]. This means for example that management must be committed to the implementation projects. The activity-based costing system and company's business strategies must have a fixed linking to each other. Accordingly, it must be verified that the activity-based costing enables enterprises to reach their goals and objectives. It should cause clear economic benefits to the entire organization. A motivation, orientation and training of personnel have to be considered better in implementation project of ABC, as well as, a participation of other functions, especially computer department and other non-accountable ownership in implementing and developing a new cost accounting and information system [14].

The primary purpose of this thesis was to confirm that enterprises which have taken both technical details and psychological and sociological organizational factors into account had succeeded better than companies where these factors are not taken into account. Principal hypotheses were:

- H₀: A successful introduction of activity-based costing is not dependent on organizational and behavioural factors.
- H₁: A successful introduction of activity-based costing is dependent on organizational and behavioural factors.

Moreover, the thesis sought to define answers to seven additional questions which were stated on the questionnaire and shortly statistically tested:

- (i) How long have enterprises used activity-based cost accounting in Finland? This question discovers whether enterprises are in the introduction stage of activity-based costing or whether they are permanent long-time users.
- (ii) For what extent and what organizational and behavioural factors do affect to success or failure of activity-based costing? Organizational and behavioural factors have been defined in the literature review and nine of them are listed in this thesis; a commitment of top management, an objective setting and motivation of personnel, a link to business strategies, a formation of the project team, use of external consultant, an orientation and training of personnel, a project plan, a pilot project and an accountable ownership.
- (iii) For what extent and what technical factors do affect to success or failure of activity-based costing? These factors have been defined in the literature review and nine of them are listed in this thesis; an integrated counting system, a stand-alone counting system, a data collection, a clarity of system reports, an activity analysis, a cost driver analysis, costs of the information system, an activity cost analysis, a cost allocation to outputs.
- (iv) What are objectives of introduction of activity-based costing? And for what cost data are used?
- (v) Have objectives been realized?
- (vi) Are enterprises satisfied and succeeded in implementation of ABC?

Organizational and behavioural factors, as well as, technical factors which are listed above in paragraphs two and three are the independent variables of this thesis. Paragraphs four, five and six are dependent variables which measure the rate of success and objectives reached in the implementation project of ABC in enterprises. For each of 18 independent variables were collected from each single statements in the questionnaire. The alternatives were formulated by a five-point scale anchored by 1 = extremely low and 5 = extremely high. Dependent variables which were 12 of each were also collected by separate five-point scale statements. Statistical analyses were made between the 12 of ABC success variables and the 18 implementation variables.

- (vii) Furthermore, activity-based costing problem areas were analysed in the additional questions on the questionnaire in this thesis. What are major problems with the introduction of activity-based costing in Finland?

IV. SURVEY RESULTS

The empirical evidence was based on mail-out surveys of 80 Finnish enterprises and organizations which had implemented or were going to implement a new counting system near future. The questionnaire was presented short and traditional. The form of questionnaire was tested in advance before it was handed over the respondents. Furthermore, the letter questionnaire was sent to the personnel who had been involved in the introduction of activity-based costing in organizations. Statistical analysis and summary of the results are presented next. Technical factors are not reported in this paper.

A survey, like any other research method, has its strengths and weaknesses why results should be interpreted carefully. It is important to note that this research data were not statistically acceptable sample. They were systematically chosen and a size of sample was also rather small. What is more, the survey was made in 1998. All the above factors reduce reliability and validity of this paper and it is good to be aware of this dilemma when making management decisions future.

A. *The use of activity-based costing*

ABC was used from two months to eight years in organizations in Finland. The fact is that ABC was a quite new administrative innovation in Finland in 1998. The most of respondents, 66% reported that they were used ABC less than three years. This meant that the introduction of activity-based costing was still in progress at that time in many enterprises. For further discussions and investigations, what is the situation of ABC/ABM now in Finland?

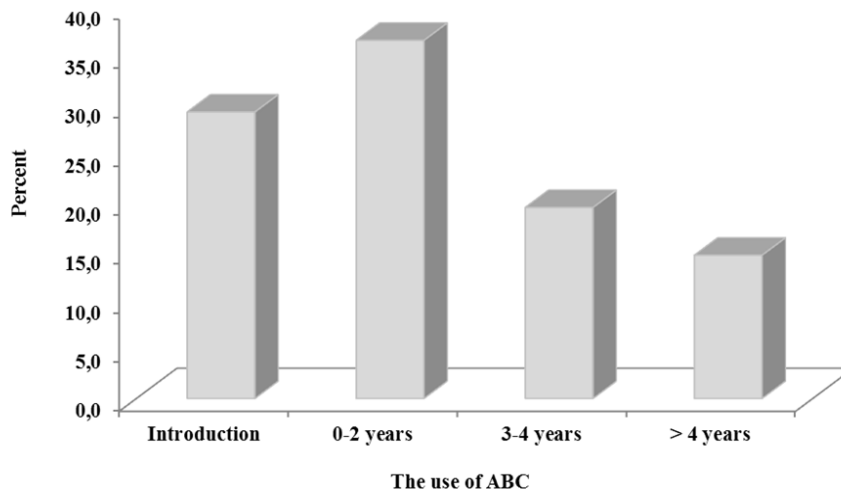


Fig. 5. The time used of ABC in Finland in 1998

B. Behavioural and organizational factors

Organizational factors that participants of this survey found out important (mean > 3.5) were the accountable ownership (4.05), the link to business strategies (3.81), the commitment of top management (3.36) and the pilot project (3.50). Frequencies of organizational and behavioural factors are reviewed on the figure number six.

	Extremely Low				Extremely High	
	1	2	3	4	5	Mean
Commitment of top management	3%	22%	28%	31%	17%	3.36
Objective setting and motivation of personnel	6%	31%	36%	17%	11%	2.97
Link to business strategies	6%	33%	22%	28%	11%	3.81
Formation of the project team	19%	11%	28%	25%	11%	2.97
Use of external consultant	19%	6%	25%	22%	28%	3.33
Orientation and training of personnel	8%	25%	31%	31%	6%	3.00
Project plan	3%	22%	31%	28%	17%	3.33
Pilot project	25%	3%	14%	14%	44%	3.50
Accountable ownership	6%	8%	17%	11%	56%	4.05

Fig. 6. The frequency table of organizational and behavioural factors

C. The rate of success

The rate of success of the implementation of ABC was asked in a single question on the questionnaire with the scale of 1 = completely dissatisfied, 2 = dissatisfied, 3 = satisfied, 4 = very satisfied and 5 = extremely satisfied. 6% of respondents answered they were extremely satisfied with the introduction of activity-based costing. 31% of respondents were very satisfied and satisfied were 33% of organizations. 25% of enterprises reported to be dissatisfied and 3% of companies were completely dissatisfied with the implementation project of ABC. The average of the rate of success was (mean = 3.11). The figure number seven summarizes results on a frequency table.

Completely Dissatisfied				Extremely Satisfied	
1	2	3	4	5	Mean
3%	25%	33%	31%	6%	3.11

Fig. 7. The frequency table of the rate of success

D. Problems in implementation of ABC

There were some problems in adapting ABC in Finland. Remarkable was that the timetable collapse and delay was frequent among respondents of this survey (mean 3.66 > 3.50). In addition, 36% of respondents reported that the collection of cost data (mean = 3.29) were relatively problematical. There was also some speculations among personnel during the implementation project of ABC.

The results reported above rose thoughts of better leading, especially managing personnel when launching a new cost accounting and information system in enterprises. To point out, a personal training, a good beforehand project plan in other words better project work, an orienteering and communication between management and personnel have to take better into consideration in implementation projects. The landscape of business is changing rapidly, and we have to find new and better ways to connect and communicate future [17].

E. Spearman's rank correlation coefficients for variables

A correlation means relationship between two investigated variables, which are tested with various correlation coefficient tests to indicate the direction and the scale of variables. Spearman's rank correlation coefficient, r_s "(1)" was used in this study, because the distribution of the data was not normal distribution and it was also unusual small. A mathematical equation is:

$$r_s \equiv 1 - \frac{6 * \sum d_i^2}{n * (n^2 - 1)} \quad (1),$$

where d_i is the difference of ordinal numbers of x_i and y_i , and where n is the number of pairs of observation. The Spearman's rank correlation coefficient "(1)" is simple to define, but it is not useful in advanced calculations, but as a distribution-free statistical method in this study, it is appropriate and gives relevant information of results.

The figure eight shows Spearman's rank correlation coefficients between organizational variables and the rate of success. If variables have statistically extremely significant correlation ($p < 0.001$), it is marked with three stars (***) on the figure. Two stars (**) reflect significant dependency ($0.01 < p < 0.001$) and one star (*) low significant dependency ($0.05 < p < 0.01$) between variables. Without stars there is not statistically significant correlation between investigated variables in this data.

In brief, extremely significant statistical correlation was observed among the objective setting and motivation, as well as, the orientation and training of personnel on the successful implementation of ABC in Finnish organizations.

Statistically significant dependence was found between the commitment of management, the link to business strategies, the project plan and the rate of success in adapting process of ABC. Therefore activity-based management was an important strategic tool for the enterprise in changing corporate philosophy from cost accounting calculation into leadership where top management is committed to change the attitude from managing by numbers to managing by commitment to continuous improvement—process and performance management. This means that the resource allocation is important, as well as the change of thinking style in general among top management in developing business.

All in all, the accountable ownership had low significant statistical correlation with the rate of success in this study. This means that someone or some department, usually departments of accounting and computing, have main responsibility in successful implementation of a new accounting and information system.

Three organizational and behavioural variables which did not have statistically significant dependency were the formation of project team, the use of external consultant and the pilot project in this data. These variables were not relevant to the introduction of activity-based costing in this research. This result might raise questions about whether the results would also have another kind of (opposite) perspective.

Finally, there were not statistically significant correlation between technical variables and the success variable in this thesis. As a result, it can be settled that organizational factors explain the introduction of activity-based costing more than technical factors. The null hypothesis of this study may be rejected, and the principal hypothesis to accept. Activity-based costing is dependent on organizational and behavioural factors. Please, see the figure number eight.

	Rate of success	
Commitment of top management	0.45	**
Objective setting and motivation of personnel	0.63	***
Link to business strategies	0.49	**
Formation of the project team	0.31	
Use of external consultant	0.28	
Orientation and training of personnel	0.57	***
Project plan	0.50	**
Pilot project	-0.05	
Accountable ownership	0.39	*

Fig. 8. Spearman's rank correlation coefficients for variables

V. SUMMARY AND CONCLUSION

In summary, changes in external environment, such as in social, economic, political and business environments are reasons for the introduction of activity-based costing in enterprises. In improving or maintaining the competitiveness, enterprises have to reduce costs by rationalizing internal operations. The traditional cost accounting (TCS) does not give relevant information, so a new accounting system is needed. Activity-based costing (ABC) is a counting system where the organization is divided into functions. Overhead costs of each function are split into activities and allocated to cost objects such as products, customers, processes and work orders [1]. Technically, the implementation of activity-based costing model consists of a collection of data, in addition, a cost driver, an activity, and a performance analysis of each functions and a cost allocation.

Activity-based costing begins in organizations with internal marketing among personnel, in particular, among top and senior management. For the successful implementation, it is significant to form the project plan, which has straight link to enterprises' business strategies. In brief, the motivation, as well as, orientation and training of personnel and the accountable ownership have to take consideration when forming the project group. In other words, departments of accounting and information technology have to have main responsibility in the successful implementation of the new accounting and information system.

This paper aimed to pay special attention to the fact that the introduction of activity-based costing is part of the organization's huge strategic change process—change management. The strategic change in the organization is not only a technological but also greater degree a psychological and sociological outcome [13].

Finally, the study results support organizational factors taken into account when introducing new management philosophy. Organizational and behavioural factors explain the most of success of the introduction of activity-based costing. The null hypothesis of this study may be rejected, and the principal hypothesis to accept. Activity-based costing is dependent on organizational and behavioural factors to take into account. ABCM is an administrative innovation and counting system for producing the most relevant information about processes of the enterprise for management's decision making and continuous improvement in profitability rates of the enterprise, in quality of the product and in performance of service—competitiveness in general [2].

This research provided new information about the implementation of ABCM and organizational and behavioural factors related to successful implementation of ABC. There were not similar investigations done earlier in Finland. Key words for further investigations and questions are a role of management, a thinking style of management, a personality of management and an internal leadership in designing and implementing new cost management system and enterprise architectures. How do all these effect to the development of organizations? What is the role of corporate culture? What negative effects and behavior, such as envy, community violence, stress, anxiety, burnout or other phenomenon, does this performance or process management cause to organizations?

To come to the point, this paper focuses the special mention to corporate culture as an important organizational factor in adapting a new cost accounting system. Although, culture was not an independent variable in this research, culture of enterprises affects ABC's performance [15]. Corporate culture could be defined as a pattern of shared beliefs and values that give members of organization meaning and provide them behave in certain way in organization. Corporate culture

includes shared beliefs, values and objectives, such as, an emphasis on products and processes, high quality and reliability, moreover beliefs, as trust, collaboration and honesty [15].

There are three types of culture: functional, dysfunctional and ill-defined cultures. A culture is strong if it has clear values and objectives that can be expressed either qualitatively or quantitatively. Mission statements or slogans (Nokia's "The amazing everyday") which increases the motivation of personnel are an example of qualitative expressions. Quantitative expressions are clearly defined in financial ratios or specific norms of behaviour. Typical for strong functional culture is that there are high employee involvement and participation, long-term employment, goal congruence between employees and management, and a pervasive feeling of teamwork. In contrast, a dysfunctional culture is run by management fiat, which causes personnel to have poor attitude and low commitment toward the organization. All in all, enterprises which have ill-defined culture, there are not shared similar values, beliefs and objectives. The organization is such a collective of individuals who are accidentally employed in the same enterprise [15].

To conclude, both strong functional and dysfunctional cultures lead to better performance than ill-defined cultures [15]. As a result of that, corporate culture as a new independent variable supports positively to the fact that human behaviour plays such an important role in successful implementation of a new cost management system. This cultural dimension is developing an organizational and behavioural model of this research and gives more detailed thoughts for further continuous investigations and implementation projects future.

By some estimates, 1.3 billion human beings will be working virtually one day—sooner than we think. That means that the cultures's importance is changing in the corporate world. Any job can be done from any place which leads that fixed locations or offices are not needed. Do we need corporate culture though? Respectfully, the culture is strong wherever people come together with a common goal to create a brilliant brand identity and an atmosphere of shared enthusiasm and responsibility whether it is acknowledged or not, and whether you oversee a remote work team or are a self-employed freelancer. Some famously decentralized, virtually-collaborative technogiants are already structured. Clearly, there are strong feelings as remote work take hold. [18]. Culture is like the wind. It is invisible, yet its effect can be seen and felt. When it is blowing in your direction, it makes for smooth sailing. When it is blowing against you, everything is more difficult [19]. [19] Cultural differences may often and also lead unexpected misunderstandings in leadership because the culture might be so contradictory and puzzling sometimes [20].

It is evident that failures in implementation of new performance management tool have become obvious for most of today's organizations. In the recent studies it is found that just half of respondents believe that the traditional performance management evaluations are correct measurements of their workforce's efficiency and capabilities. Only 39 percent agree that performance management is relevant. Nearly 58 % dislike the review systems in the organizations. 89 % of respondents said they are going to change their performance management tool within 18 months [16].

Perhaps the primary reason for the failure of the traditional performance management system is that employees were viewed only as "workers" and measured by the number of hours worked, the volume of goods produced, or some other very real numerical value. Today, more than 70 percent of the workforce is employed in service or knowledge-related jobs [16]. What is clear is that creating value is no longer the benchmark of performance [16]. Furthermore, new performance management system has to focus on setting goals and helping managers coach individuals. Today's managers have to be able to provide more continuous feedback and support for the personal growth, and exchanging thinking from annual evaluation and rankings to continuous feedback and development. The personnel is respected to become more collaborative, social, and faster-moving individuals [16].

Closure, Enterprise Resource Planning (ERP) is a software application, which integrates internal and external functions into an administrative innovation where information flows between all business chains inside the organization and manages connections to external stakeholders. In results, which were reported in this article, behavioral and organizational factors explain more than technical factors for successful implementation of ABC—a new performance measurement tool. In particular, an objective setting, a strategy work, and a motivation of personnel are major factors in successful implementation of a new cost management system (ABCM). In addition, a commitment of management and a project plan showed significant correlation with a rate of success. Please, see the figure number one. Technology makes changes easier in organizations but the digital strategies are only part of it. We're a slave to technology and "process" sometimes [18]. Successful deployment of a new cost management (ABCM) and information system (ERP) is strongly dependent on human aspect of managing—leading through change.

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