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Impact of Activity-based costing (ABC) on Competitive Advantage in the Jordanian Telecommunication

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I. INTRODUCTION

The elderly cost systems below steady inspection as of their deprived sympathetic of price performance systematically set hurdles cost estimates for making and growth of crop, providing some in order required by elder running to develop strategic strategy desirable to add to proceeds. via maintaining on hand customers and attracting new clientele. (Krakhmal, V. 2005) . In the age of globalization, the hub has been on pretty the competitiveness of narrow companies ensuing from the agreement of the Hashemite Kingdom of Jordan to the World deal Organization where the global companies have the expert and skilled personnel and the stable work to hoist their scientific competence and asset scientific research which provides their competitive position nearby, regionally and globally, the organization (Rompho, N. 2006) Competition strength be accredited to business developments, progression in innovation and the altering take in of clientele. Competition in the middle of business organizations might limit the management to make business systems and techniques that would manage an organization towards the maximization of reimbursement. This might be talented through long-drawn-out deals and decreased expense of formation. The development of payback and minimization of operating cost might authorize an organization to create an higher hand in its industry. consequently, Competition in the middle of business organisations might compel the management to build up business techniques and strategies that would show an organisation towards the maximisation of profits. confident management accounting practices provide methodologies that be able to shock innumerable to have an lasting leaning for an organisation's products. consequently, the implementation of modern management accounting techniques may offer an organisation with a sustainable competitive advantage over its rivals (Benton & Negm, 2010).

II. PROBLEM STATEMENTS AND STUDY QUESTIONS

An analysis of the gaps flanked by the technical development of the activity-based costing (ABC) system and the actuality of its request in live out is required to conclude the applicability and applicability of the business organizations in the glow of the sustained dominance of customary techniques. The Jordanian telecom sector is an important and very important sector in behind the Jordanian financial system, and since of its relations with other sectors, counting the Activity-based costing (ABC), which will contain a positive collision on increasing market go halves and assembly the wants of companies in this sector, purposely. Thus, the learn problem know how to be analyzed in an effort to answer the following question: What is the impact of applying activity-based costing (ABC) on the competitive advantage in the Jordanian telecommunications?

III. OBJECTIVES OF THE STUDY

To decide the levels of information in the Activity-based costing (ABC), across the telecommunications part in Jordan and how this affects the growth of the sector by these companies in order to assess the factors that boundary and / or endorse practices based on Activity-based costing (ABC), in the telecommunications sector in Jordan. Based on the importance of the study, the objectives are as follows:

- A. To evaluation and assess the impact of the use of activity-based costing (ABC) .
- B. To discover the challenges encountered in the use of applying activity-based costing (ABC) .
- C. To analyzing the impact of the use of applying activity-based costing (ABC) .

IV. LITERATURE REVIEW

Narrow studies demonstrate that there is a be short of of thoughts and simplicity for the development and application of the principle and a combined hallucination for the development of projects owing to the difference flanked by views and differences theories

resultant from the intellectual multiplicity of mind resulting from the diverse scientific schools that be going to to study a multiparty venture. (Li, H. 2006). In an era of technology-based globalization, managers are below extra stress than immobile to devise new habits to maintain the competitive advantage of their organizations. In order to get competitive advantage, managers must believe inside processes in their organizations in an effort to create them extra effective or cost-effective. These actions are mainly vital in the banking part where efficiency and cost-effectiveness be able to be worn as a competitive implement for expansion and success. Thomson et al. (2009) reported that management accounting provided thoughts for together manufacturing and repair organizations. at this time, management accounting practices might provide cost-effective and cost-effective strategies that be able to be used as a competitive instrument for enlargement in dissimilar sectors.

A. Activity-based costing (ABC)

Competition in the business surroundings, shaped by globalization and innovation and greater than before technology, has led to rehabilitated use of financial and non-financial information in organizations. The fresh environment requires that information and information be exactly identified and pertinent to costs and performance inside the organization's a range of activities. most important companies typically develop their have cost systems to aim products and services that gather the wants of their clientele. be able to be produced and delivered in profit; a indication where continuous development is wanted to hoist quality, increase efficiency and keep time; and work to provide the necessary circumstances to assist workers improve their teaching. Product reorientation and endorsement of investment tactics. Competitive pricing, while maintaining and rising product skin tone, quality, liberation and after sales service to clientele; growing the efficiency and effectiveness of marketing processes and providing exact section services to clientele within the mean market (Kaplan Anderson, 2007). though, a number of companies carry out not use modern and higher cost systems that remain pace with worldwide competition since they be relevant an elderly cost system based on the local competition phase.

The companies produced a number of products and services of low quality to meet local market wants and profit. The Organization's use of systems is outmoded and cannot provide accurate, accurate and opportune information to direct organizational step up and development activities, as it is an impediment to developing strategic tactics for production processes, products, services and clientele. Managers require to reorganize their management practices and in seal association, though, require to develop their obtainable accounting systems, particularly management accounting systems. To stay up with the changes, researchers are looking at original improvements in management accounting, and at present we are considering a reassessment of management accounting in conditions of developing new technologies and practicalities (Yazidvar & Tasmani, 2005). When the phrase Activity-based costing (ABC) appeared to gather the increasing require for in addition accurate information and clarity of cost the insist for resources by clientele to provide products and services, too enabled the system to recognize roundabout expenses and support to be determined first and then go to activities and get better operations lastly the heart products,. this way, higher-ranking management of companies has a clear picture of the economics of their operations and enables them to fully implement their decisions. The requirements of the epoch and increased interest by researchers, at the global level, have led to the development of concepts of directorial accounting as well as utensils and techniques. This research paper in management accounting literature helps to illustrate the development of cost-imprison methods and the connection of management to activity in excess of the years; how APEC received, which has been adopted and implemented by organizations over the years. Activity-based costing (ABC) was not completely accepted as a implement to develop a competitive advantage as management accounting practices are connected with the provision of summit management solutions for companies and confidential sector manufacturing. though, according to Kezler and Sproul (1982: 548), by means of the growth of the era the concept of management accounting shifted from as long as data to participate in the organization's strategic setting up process.

They fight that management accounting capabilities know how to be functional effectively in a competitive business environment where market in sequence is examined, evaluated and analyzed, strategic plans are developed and competitive strategies are defined. These factors enable the organization to gain advantage in a highly competitive business environment that ever requires where ground-breaking managerial accounting practices want to be employed (Etner & Larker 1997: 243). In contrast to Durand (2003: 821) he supposed that managerial accounting still possessed considerable unexploited capabilities as a obvious approach to scheming competitive advantage. It is noted that competitive advantage, which is middle to the thoughts of global business, develops a strategy from wide vision to an inside consistent pattern of activities within the organization. Management accountants should be at the front position of researchers and developers in innovative competitive strategies that can allow the organization to stay profitable and add to its competitiveness

B. *Competitive advantage*

There are a lot of differences amid views on the model (s) of comparative advantage and how they apply to inter-State deal, particularly as a model for the success of nations and / or companies in global markets. Resulting in the incapability to apply comparative advantage models. worldwide business experts are rising new models, or so-called frameworks, to decide the possible of companies and / or nations to do well in international markets. These frameworks are clear as "competitive advantage" models. the current comparative advantage model (s) is very universal and indeterminate so that it is completely superfluous in this way. While they will convene obstacles to apply in all situation to the international business environment, they are suitable models and they can get together significant expectations in a dissimilar set of conditions. The comparative advantage models that are second-hand as one with competitive advantage models hold the potential to present a better-off analysis of global trade / business, and are not typically available with a comparative advantage model (s) or sample (models) competition advantage alone. The major objective of this paper is to set up a relation between the principles of relativity and competitive advantage, and to draw round the two principles as a guiding force for measuring the success of countries and / or global markets / business.

V. STUDY METHODOLOGY

The methodology adopted with the researcher is expressive move towards to the review. Is one of the mainly popular methodologies in the pasture of behavioural sciences (Wright, Debra et al., 2010), which apply to this study, which aims to analyze the impact of the implementation of Activity-based costing (ABC) communications activity (Zain, Umniah, Orange) Field and gather data from the study sample from side to side the questionnaire . In sight of the on top of data, it is obvious that the methodology worn in the research should be as pertinent as possible to the issues being investigated To competition the problem quite than to lecture to the problem. consequently, the research methodology wants to explain the general move towards used to generate and split new information based on research philosophies in order to allow the invention and exchange of this knowledge. To this end, a data analysis was conducted to test a number of assumptions concerning the impact of application of activity-based costs in Jordanian telecom operators (Zain, Umniah and Orange) on the competitive advantage of these companies. Therefore, the researcher adopted the descriptive diagnostic method from end to end the employ of survey equipment.

VI. SOURCES OF DATA

Assembly the information and data careful an important key in any work, therefore it can be categorized the sources into:

- A. Primary sources: questionnaire is deliberate a major procedure, which is used in the studies to appraise new estimations in the Jordanian Telecommunications Sector.
- B. Secondary sources have been relying on scientific books, previous studies, the research published in journals and scientific journals and websites dealing with the subject of the study.

VII. HYPOTHESIS OF THE STUDY

In light of the problem of the study, from side to side his questions, the researcher adopted the following hypothesis:

H0: There will be no statistically significant differences at the level of significance ($\alpha = 0.05$) of the impact of applying activity-based costing (ABC) on the competitive advantage in the Jordanian telecommunications

VIII. METHODS AND PROCEDURES

A. *Questionnaire*

The study relied mostly on the self-managed questionnaire intended and ready by the researcher.

After investigative the literature and theoretical studies applicable to the subject of this study; whether in periodicals, books or other references, the questionnaire was formed in three parts and as follows:

- 1) *Part I*: Includes information telling to the respondents and their organisations.
- 2) *Part II*: Includes (7) paragraph connected to the extent of Activity-based costing (ABC). as follows
- 3) *Part III*: which built-in (7) paragraph measuring the rank of the competitive advantage.

B. *Validity and Reliability Test*

The questionnaire was subjected to the validity and the reliability examination, in order to emphasise the ability of the paragraphs and then to gauge what it was urbanized for, The questionnaire also have been subjected to the reliability test aiming to make sure the same results if it was is re-practical to respondents once more.

- 1) *Questionnaire Validity*: Ensuring the countenance Validity of the measurement instrument was the aim; the questionnaire was reviewed by a number of faculty members of the Jordanian universities in the same field of the research, for identifying the appropriateness of the questionnaire for the goals to be achieved, and by retrieving all suggestions, all the necessary adjustments on the paragraphs of the questionnaires was complete, by deleting, addition some paragraphs, and by rephrasing others.
- 2) *Questionnaire Reliability*: For ensuring the Reliability of the questionnaire, the researcher second-hand the internal consistency coefficient (α) according to the alpha Cronbach equation, and the value of (α) 97%, which is very high when compared with the minimum acceptable of 60% .

IX. STUDY RESULTS

This section aims to show and analyze the arithmetic means and the standard deviations of the respondent's answers to the questionnaire paragraphs, then trying the respondents direct of view regarding the questionnaire (14) paragraphs. In order to evaluate the arithmetic mean of the responses of the respondents according to the scale of the questionnaire, this adopted the five-point Likert scale.

A. Activity-based costing (ABC)

The Activity-based costing (ABC) variable is measured in paragraphs (1-7), as illustrated in table (1), and that the arithmetical means for answers of the study sample that measure the information systems variable ranged between (3.69 - 4.02), and the standard deviations ranged between (0.762 - 0.803). All of these arithmetic means shows the approval of the study sample on the paragraphs that measure the Activity-based costing (ABC) variable, since all the arithmetic means are greater than the default mean.

Also noted that the paragraph, which states "Measurement plays a very important role in the management of productivity. It helps to determine if your organization is progressing well" had the highest approval grades; as its arithmetic mean was (4.02) and its standard deviation was (0.803), while the paragraph, which states "Activity-based costing (ABC) reflect the performance of the company, thus enable to do cost effective business with competitors. In other words, it works as a yardstick of benchmark business performance" had the lowest approval grades; as its arithmetic mean was (3.68) and its standard deviation was (0.782).

Overall, the general average of the arithmetic mean for the answers of the respondents is equivalent to (3.90) and the standard deviation is equivalent to (0.763), which indicates the approval of the respondents upon the scale of these paragraphs was far above the ground, and that their attitudes were positive.

Table (1): Arithmetic means and standard deviations for the members of the study sample answers measuring the attitudes in the direction of the Activity-based costing (ABC).

NO	Statement	A M	S D	Rank	Grade
1	ABC reveals the relations amid performing particular activities and the stress persons activities make on the organisation's resources, so it can provide managers a obvious picture of how products, brands, customers, facilities, regions, or sharing channels both generate revenues and consume resources.	3.91	0.758	4	Medium
2	The output picture that emerges from the ABC analysis helps managers focus their become aware of and energy on civilizing activities.	3.93	0.727	3	Medium
3	Measurement theater a very significant role in the management of productivity. It helps to decide if your organization is moving ahead well.	4.02	0.803	1	High
4	ABC is usually used as a tool for sympathetic product and client cost and profitability based on the production or the theater processes	3.98	0.703	2	Medium
5	ABC is mainly used to support strategic decisions such as pricing, outsourcing, identification and dimension of process improvement initiatives	3.69	0.762	6	Medium
6	Activity Based Costing (ABC) provides additional precise cost data as compared to traditional based costing system. So provide detailed information on the value-added and non-value-added activities performed through the organization	3.84	0.851	5	Medium
7	Activity-based costing (ABC) reproduce the performance of the company, thus allow to do cost effective business by means of competitors. In other words, it factory as a measure of benchmark business performance.	3.68	0.782	7	Medium
General average		3.90	0.767	-	Medium

(AM): is the arithmetic mean, (SD) is the standard deviation

B. Competitive advantage

The competitive advantage changeable is measured in paragraphs (22 - 28), as illustrated in table (4), which indicates a medium grade optimistic trends for the members of the study sample concerning the competitive advantage .

The general average of the arithmetic mean for the answers of the respondents is equivalent to (3.49) and the standard deviation is equivalent to (0.958), which is higher than the default arithmetic mean scale equivalent to (3). the paragraphs, which state "The participation of modern management accounting techniques in the competitive business environment where businesses necessitate the creating and behind of a competitive advantage, may be necessary" had the maximum approval grades; as its arithmetic means were (3.60) and the standard deviations were (1.026), while the paragraph, which states "The telecommunication companies manages interest rates in such a way that it reduces risks and creates a competitive advantage with the help of the modern management accounting techniques" had the least approval grades; as its arithmetic mean was (3.22) and its standard deviation was (0.994).

Table (4): Arithmetic means and standard deviations for the members of the study sample answers measuring the attitudes towards the competitive advantage

NO	Statement	A M	S D	Rank	Grade
8	The competitive advantage is the advantage of the company to competitors, ensuing from the exploiting of the essential competences of the company in creating better values in the form of low prices or inimitable advantages that satisfy the clientele wants	3.57	0.982	2	Medium
9	The ornamental process of the competitive advantage is by prolonging the worth of the application of a unique strategy to make best use of the price, through acquiring competitive advantages which are tricky for competitors to be imitated	3.53	0.890	3	Medium
10	the position of modern management accounting techniques have enthused from the traditional limitations of planning, control, organisation, communication and motivation and now focuses additional on the outside business environment: competition, opportunities, threats and changing situation.	3.44	0.915	4	Medium
11	the participation of modern management accounting techniques in the competitive business environment where businesses need the creating and behind of a competitive advantage, might be needed	3.60	1.026	1	Medium
12	The management accountants, particularly those in the telecommunication sector, be supposed to therefore be at the front position in the look for and growth of innovative competitive strategies that may enable an organization to stay gainful and competitive	3.39	1.009	5	Medium
13	The management accounting purpose develops strategies that allow the telecommunication companies to develop financial innovations in creating a sustainable competitive advantage	3.39	0.927	5	Medium
14	The telecommunication companies manages attention toll in such a way that it reduces risks and creates a competitive advantage with the assist of the modern management accounting techniques	3.22	0.994	6	
	General average	3.49	0.958	-	Medium

X. TESTING THE STUDY HYPOTHESIS

In order to test the hypotheses of the study, of statistical methods were used with the appropriate tests to the nature of the variables and assumptions, using the simple linear regression and the multiple linear regression analysis so as to put the base of acceptances or rejections the hypothesis as follows:

- 1) If the calculated value of (T) is higher than the tabulated (T) value at the level of ($\alpha = 0.05$), the result will be rejection for the null or the zero hypothesis (H0) and the alternative hypothesis (H1) will be accepted, which indicates the statistically significant relationship effect.
- 2) If the calculated value of (T) is less than the tabulated (T) value at the level of ($\alpha = 0.05$), the result will be accepted for the null or the zero hypothesis (H0) and the alternative hypothesis (H1) will be rejected, which indicates no statistically significant relationship effect.
- 3) If the calculated value of (F) is higher than the tabulated (F) value at the level of ($\alpha = 0.05$), the result will be rejection for the null or the zero hypothesis (H0) and the alternative hypothesis (H1) will be accepted, which indicates the statistically significant relationship effect.
- 4) If the calculated value of (F) is less than the tabulated (F) value at the level of ($\alpha = 0.05$), the result will be accepted for the null or the zero hypothesis (H0) and the alternative hypothesis (H1) will be rejected, which indicates no statistically significant relationship effect.

A. Testing the study Hypothesis

H0: There will be no statistically significant differences at the level of significance ($\alpha = 0.05$) of the impact of applying activity-based costing (ABC) on the competitive advantage in the Jordanian telecommunications.

It is noted from simple regression analysis results described in table (6) that there is an impact of applying activity-based costing (ABC) on the competitive advantage in the Jordanian telecommunications.

This statistically significant effect at the statistically significant level ($\alpha = 0.05$), as the calculated (T) value is (7.841), which is higher than tabulated (T) value, is in line with the simple regression analysis results that explain the (0.197%) variance.

According to that the null hypothesis (H0) will be rejected and the alternative hypothesis will be accepted.

Table (6): testing results of the first sub hypothesis

Significant (T)	Calculated (T)	Tabulated (T)	(R) Square	(R)
0.000	7.841	1.960	0.197	0.444

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