

Benefits of the Activity Based Costing (ABC) for SMEs: A System Dynamics Perspective.

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Empirical analysis of firm implementation experiences with ABC states that there is a wide range of variations in the success of the implementation of these techniques. In average, there are moderate levels of success.

In the process of implementation, the behavioral and organizational variables seem to be even more important than the technical ones. Therefore, there is a need for additional research in the design, implementation and use of cost management systems in general, and ABC in particular.

With that purpose, we do in this paper an effort to make relevant the utilization of ABC techniques for the SMEs (Small & Medium Size Enterprises). Particularly in environments of modern manufacturing technologies, where the cost assignment to the different products plays a very important role in the business development.

The paper includes a practical example, using System Dynamics, to understand the benefits to be introduced using ABC techniques. At the same time, the paper explores the critical variables to control during the implementation process.