

A Research Study on Cost Accounting Practices in the Furniture Sector: The Case of Antakya

Mehmet ÖZBİRECİKLİ

Mustafa Kemal University
Faculty of Economics and Administrative
Sciences, Antakya-Hatay, Turkey
orcid.org/0000-0001-5539-4658
mozbirecikli@yahoo.com

Leman Meltem TÜFEKÇİ

Mustafa Kemal University
Institutes of Social Sciences
Antakya-Hatay, Turkey
orcid.org/0000-0002-3924-2571
meltemt.1990@gmail.com

Extensive Summary

This study aims to provide contribution to furniture enterprises with suggestions generating from the present study by detemining to what extend furniture enterprises in Antakya, which have experienced transition from handmade traditional furniture production to using modern technology in furniture production, use contemporary methods and techniques for cost calculation and control.

Data were gathered by applying questionnaire through face to face interview to the manager or owner of 66 furniture enterprises selected volitionally from furniture enterprises operating in the city Antakya. The data obtained through the questionnaire were processed by means of the SPSS program in order to prepare frequency tables and make Ki-Kare test and Cross-table (Crostabs) analysis to determine if there is a relationship between some elements herein.

We revealed followings by analysing data obtained from the surveyed enterprises which operates in Antakya furniture sector:

- 1- Findings show that no relationship exist between type of companies and cost accounting/cost management practices used in the said companies.
- 2- Findings show that no relationship exist between age of companies and cost accounting/cost management practices used in the said companies.
- 3- Findings show that no relationship exist between number of employees of companies and cost accounting/cost management practices used in the said companies.
- 4- Findings show that no relationship exist between age of companies and cost accounting/cost management practices used in the said companies.
- 5- Regardless of type of companies, 75.8% of the surveyed enterprises use Job Order Costing Method and 59.1% of the surveyed enterprises use Process Costing Method. It is understood that some companies use both methods due to their production process requirements.

- 6- Approximately fifty percent of the surveyed enterprises use Standard Costing Method and fifty percent of them uses Historical Costing Method in calculating cost of units produced.
- 7- Most of the surveyed enterprises make break-even point analysis in their decision making process.
- 8- Most don't make contribution margin analysis and material-labour cost analysis.
- 9- Most don't use modern managerial accounting approaches herein.
- 10- 83.8% of the surveyed enterprises make analysis for decision making for pricing.
- 11- We revealed that 78.8% of the surveyed enterprises classify costs as fixed and variable.
- 12- More than fifty percent of the surveyed enterprises use Full Costing Method and %30 uses Variable Costing Method. As known, enterprises must apply Full Costing Method due to the Tax Law. From cost management point of view, Variable Costing Method should be used for the purpose of cost control and break-even point analysis.
- 13- We revealed that 69.7% of the surveyed enterprises make break-even point analysis, 27.37% make contribution margin analysis, 39.4% make raw material analysis and 33.3% make labour cost analysis. As a result, most don't make contribution margin, raw material and labour cost analysis. These findings comply with the findings about use of Variable Costing Method.
- 14- We revealed that the surveyed enterprises benefit from cost analysis in their capacity planning (37.9%) and in their renovation decision making process (57.6%).
- 15- We revealed that 28.8% of the surveyed enterprises apply Just in Time approach, 63.6% apply Target Costing and 27.3% apply Kazien approach.
- 16- We revealed that the surveyed enterprises do not benefit from cost analysis in calculating opportunity cost (74.2%), in decision making for capacity change (62.4%), and in decision making for renovation of fixed assets (42.4%).
- 17- We revealed that the surveyed enterprises see portion of raw material cost 42% and portion of labour cost 47% in total cost of product.

Suggestions

- 1- Most of the surveyed enterprises should classify and define their production-related fixed and variable costs. Indeed it is quite crucial to set mix cost function in order to analyse cost behaviours and break-even point, and for decision making for pricing and renovation of tangible assets,
- 2- Most of the surveyed enterprises use Full Costing Method. Whereas Variable Costing Method should be used in order for an effective cost management and decision making for pricing in competitive business environment.
- 3- Approximately fifty percent of the surveyed enterprises use Standard Costing Method in calculating cost of units produced. Whereas enterprises which want to survive in

competitive business environment should use standard metrics such as labour cost, labour time, raw material amount in order to use labour and raw material sources effectively.

- 4- Most of the surveyed enterprises should benefit from cost analysis in calculating opportunity cost, in making decision for capacity change and for renovation of tangible assets.
- 5- Most of the surveyed enterprises should benefit from Kazien approach and Just in Time, if appropriate for their business environment and conditions.
- 6- Most of the surveyed enterprises should obtain information about national and international markets and customer needs in order to extend their market share.
- 7- The surveyed enterprises should pay attention to design of their products in order to take competition advantage and build a reputation.