Activity-based management as a method for containing and reducing cost in Further Education and Training Institutions (FETs)

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DECLARATION

I, Timothy Dikgang Emmanuel, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfillment of the requirements for the degree of Master of Business Administration at the North West University, Mafikeng Campus. It has not been submitted before for a degree or examination in this or any other university.

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Duly Signed

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ABBREVIATIONS AND ACRONYMS

ABC – Activity-Based Costing

ABM- Activity-Based Management

FETC – Further Education and Training College

FET – Further Education and Training

HSRC – Human Science Research Council

DOL – Department of Labour

SSA – Statistics South Africa

NCV – National Certificate Vocational

CDM- Central District Municipality

TVET-Technical Vocational Education and Training

HOD –Head of Department

DHET-Department of Higher Education and Training

DOE- Department of Education

DEFINITIONS

Activity - An event that causes the consumption overhead resources in an organization.

Activity-Based Costing – A costing method based on activities that is designed to provide managers with cost information for strategic decisions that potentially affect capacity and therefore fixed costs.

Assessing –means the value content of an activity that enables managers to eliminate waste

Assessing Activity performance –is a measurement designed to assess how well an activity was performed and the results achieved

Costs-refers to the direct and indirect monetary outlay to plan, present and evaluate the training programs offered at Taletso College, as well as other costs that may be incurred when the program is presented.

Cost Drivers –the various activities that take place in the college to which cost is attached (i.e. a factor influencing the level of cost)

Cost Pools –the accumulation of costs associated with particular activities (e.g., lecturing, workshops) in the college.

Cost Management-a proactive process of identifying causes of costs, with the objective of managing and minimizing the total costs associated with the provision of programme and services to customers.

Cost dimension –provide cost information about resources, activities, cost objects of interest such as programme, students, suppliers, and distribution channels. The objective of cost dimension is improving the accuracy of cost management

Focusing strategy –is selecting or emphasizing a student segment in which they did not qualify for university or university of technology entry but have pass matric (senior certificate or have pass matric with exemption but did not have the funds to go to university develop their capacity by providing them with an opportunity

College Value Chain –is the linked set of value creating activities from student recruitment to the placement of the student during and after graduation

Strategy-can be defined as choosing the market and customer segment the college intends to serve e.g. artisans and technicians), identifying the critical internal business process that the unit /college must excel at to deliver the value proposition to customers in the target market segment and selecting the individual and organizational capabilities required for the internal, costumer and financial objectives (Kaplan and Norton, 1996:36)

Strategic Cost Management –is the process of integrating cost management within the college's strategic plan in order to ensure that cost management is part of a college's operating procedures aimed at the provision of the best possible programme/services with the amount of financial resources available.

Product Differentiation- product being different from their ordinary, everyday counter parts by virtue of added attractiveness and /or features

Proactive –advance development of a framework that supports the implementation of activity based management

Value Chain –is defined as "the linked set of value-creating activities all the way from basic raw material resources for component suppliers through to the ultimate end- use product delivered into the final consumer's hands".

Value Chain- is defined as the "linked set of value –creating activities all the way from grade R, basic education to college and universities through to the ultimate end –use product delivered

Value Chain Analysis –involves the process of decomposing the processes from suppliers to the final customers into strategically relevant activities as a way of managing cost.

Transaction Drivers-Simple counts of the number of times an activity occurs such as the number of bills sent out to students

Duration Drivers –measure the amount of time required to perform an activity such as the time spent preparing and giving a lecture

Activity measure-An allocation based in an activity based costing system

College sustaining Activities –activities carried out regardless of which students /customers are served ,which programme are taught ,how many classes are conducted or how many students are taught. This category includes activities such as lecturing, heating the classroom, cleaning the classroom, security, rental, rates and taxes, computer network, arranging bursaries and preparing monthly, quarterly, semester and yearly reports

ABSTRACT

This research focuses on Activity-Based Management as a method to manage and minimize costs in one Further Education and Training College, also known as a Training Vocational and Education Training Sector (TVET). Taletso College is the case sample. The research examines the role of ABM techniques (i.e. ABC and Value Chain Analysis) and how they could assist in containing and minimizing costs in the college sector by providing cost information that is significantly different from and better than cost information produced by the traditional method of accounting presently used in the FET/TVET sector.

A common feature in the implementation of ABC is that it would assist the college sector identify the drivers of cost, with the aim of containing and reducing the total costs associated with the provision of programs and services to students.

According to research findings the analytical nature of ABC techniques bring about a better understanding and transparency of operational processes, activities and cost structure. It could assist the college focus on its output rather than on mere measurement of the consumption of resources, produce timely, relevant and readily understandable management accounts to support decision making, link strategic direction and planning to operational reporting, develop a strategic support methodology by interpreting, measuring and reporting on critical cost factors. This would also assist in understanding and interpreting cost structure to better predict and control future costs.

In conclusion, for ABC to be implemented successfully, the management of TVET/FET must change the way they do business, that is, they must change the way they think(philosophy) about how to contain and reduce costs. Lastly, this in turn, is meant to make them conscious of the need to change the old ways of doing business and encourage them to think and act differently in their working lives.

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Activity based management as a method for containing and reducing costs in Further Education and Training Institution (FETC).

1.2 BACKGROUND TO THE PROBLEM

1.2.1. INTRODUCTION

The process of transformation and restructuring in the further education and training sector is not without its challenges. The same can be said of the transformation and restructuring of Lehurutshe College of Education, Lichtenburg Technical College and the Mafikeng College which merged to form Taletso Further Education and Training College (FETC) sector in the central region of the North West Province (HRSC, 2007).

Lehurutshe College of Education was a state institution which trained pre-service educators in Engineering and Business Studies, while Lichtenburg College was a state-aided Technical College and Mafikeng College was a manpower Centre that was fully subsidized by the state. The three campuses are located in the deep rural areas of the Central Region of the North West province and are situated about 80 km from each other. The catchment area for the college spans a 120 km radius (see appendix A).

The merging of Lehurutshe College of Education, Lichtenburg Technical College and Mafikeng College resulted in Taletso College. Aspects of transformation and restructuring processes were improved internally within the new institution.

The increase in the number of students who pass their matric contrast the high rate of students who fail their grade nine (9) and this has put pressure on the FETC/TVET to create new service designs in order to meet the ever escalating cost of education and training needs for semi-skilled and skilled labor in the North West Province. The high number of students who seek space in the FETC/TVET(Training Vocational Education and Training, high unemployment, economic recession and political instability with the resultant consequence of reduced profit have all given rise to the escalation of poverty and subsequently has put pressure on the FETC/TVET sector. In order to accommodate and satisfy the diverse needs of the central Region of the North West and the high number of students from disadvantaged rural background, Taletso has to be dynamic in terms of responding to skills development supported by quality programs and services, lecture productivity as well as cost management. Therefore for Taletso College to attain a sustainable competitive advantage in training qualified artisans and technicians, the institute requires monitoring the labor market for changes in industry requirements, quality design programs and services to satisfy the needs of the market segment and making sure that the program costs compete favorably against other players in the same market segment program. The closure of mines are all indications of stress and the crisis management that prevails in the North West Province. The problem is that while they reduce cost, they result in high unemployment and poverty, among other factors already mentioned above. Consequently there is no sustainable improvement in the bottom line but rather have a negative effect on employee morale and the economy of the North West Province.

The indicated in the preceding segment show that trying to achieve sustainable economic growth through skills development and cost containment is becoming more difficult due to intense competition for scarce resources, budget constraints and globalization. It follows therefore that training skilled artisans and technicians requires the deployment of activity based management that is aimed at supporting the college overall strategy. However ,despite the problem of managing costs in Taletso College, not much has been done in order to control cost in the TVET/FETC sector ,for example, the Vocational Department through the department of Education introduced the National Certificate(Vocational) program in 2007 and invested R1.5 billion for recapitalization and R3 Billion for the National Student Financial Assistance Service(NSFAS).The implication was that the government objective for an increased number of artisans and technicians was not met and cost was not correctly accounted for (Achiever, 2011).

In order to address the above problems Taletso College must take a proactive stance in identifying drivers of costs, with the objective of managing and minimizing the total costs associated with the provision of the program and services to students. Taletso College must identify what drives costs within the college value chain and it ought to introduce activity based management. Identifying the drivers of costs and taking a proactive stance may be contrasted with the present reactive processes, where there is a dire need across the board for a cost cutting approach (Chivaka,2007),which is the domain of DHET. The college sector still relies on traditional methods of managing costs with the resultant effect that the old method has given rise to a single, aggregate figure (budget allocation)which is based on the historical statistics and is therefore not indicative of future performance. The old method stresses financial performance while causal factors such as delinquency among students, vandalism, violence, absenteeism, indiscipline, poor performance, bunking classes, and theft are not duly considered in the budget projections. Such a limitation leads to inept strategies and activities that need to be extended to achieve overall excellence and improve profitability. Focus is on measuring and reporting to DHET, it ignores the interest of stakeholders, such as employees, students, suppliers, and the community in general. There is emphasis on micro-performance criteria that side-line the macro-environment within which the college sector operates. The current budgeting process does not provide for free education for well performing students from disadvantaged backgrounds.

It is envisaged that the introduction of Activity Based Management would assist the college sector to accurately determine program costs and costs of objects such as student registration, marketing and internal quality management systems. Its analytical method brings about a better understanding and transparency of operational processes, activities and cost structure. Itis bound to assist the college focus on its output rather than on mere measurement of the consumption of resources. ABM is likely to produce timely, relevant and readily understandable management accounts to support decision making, link strategic direction and planning to operational reporting and develop a strategic support methodology by interpreting, measuring and reporting on critical cost factors. Such an introduction of ABM facilitates the understanding and interpretation of cost structures to better predict and control future costs.

1.3. STUDY CONTEXT

The aim of this investigation is to describe how the transformation and restructuring of further Education and Training College (FETC /TVET) sector is currently taking shape and most importantly consider the financial implications (cost-benefit analysis) of using activity based costing as a strategy to measure allocation of cost in the sector and to provide a more informed assessment of the college sector, based on its book value, economic and social value, while sustainability remains the primary moral and economic imperative for 21st Century management of resources (King, 2010).

Since the merger of one hundred and fifty-two technical and teachers colleges into fifty (FETC/TVET) colleges in 2001/2002 financial year, the South African government has committed itself to providing training and development for its active people and has accordingly invested substantially on the (FETC) sector (government Gazette, 25 August, 2009) in order to meet the needs of a constantly evolving economy and social and increasingly challenging work environment. These needs are influenced by the 21st century global competitiveness and by South Africa' aspiration to eradicate poverty, reduce unemployment and be a key participant in the global economy (King, 2009; Landman, 2002; Goosen, 2003).

The aim and objective of the FETC/TVET in the North West Province is much less of a reality because the province is the poorest in South Africa with the lowest GGP of R3964.00 per person which is 55% below the National Average of R6 498,00 per person. In terms of the income provision which is measured by the Gini-coefficient, North West is among the lowest, at 0,6%, in the world. Poverty and low income earnings (associated with low levels of education and lack of practical skills) increase social problems such as unemployment with the resultant consequence of violence against women and children, crime, drug abuse, with the majority 50% of the unemployed being female. There is a high level adult (i.e.30%) illiteracy in the North West (see Appendix C). The provincial budget constraints ,poor service delivery as a result of provincial debts, high inflation and unequal terms of budget allocation, corruption, nepotism and favoritism, structural adjustments and programme as dictated by the municipalities and the Department of Public works makes the situation worse. There is a high population growth (i.e.31%p.a.) with the majority of the people being of African descent(i.e.91,2%)whites make up to 6,6%; coloured constitute 1,4% and Asians make for 0,3%.The population consists of a high percentage of teenagers and youth between the age of 14 and 35 with more than 33%of the total population being younger than 14 years old(Statistics South Africa,2003(a); 2003(b).

As a result of the high number of unemployed youth, there is need in the regions for skilled development thus a high possibility for increased participation in the FETC/TVET sector which require substantial funding, thus managing cost efficiently, effectively and economically may give the youth an opportunity to participate in the FETC sector.

A low level (2,5%) of the population in the Central District Municipality (CDM) has received any form of tertiary education while in the vast majority of the CDM area less than 25% of the population have received post-matric qualification. The highest levels of illiteracy are found in Ratlou local municipality (21%) while RramotshereMoiloa and Tswaing local municipality is 27% while Ditsobotla (24%) and Mafikeng (20%) respectively (Statistics South Africa, 2003).

As a result of the highlighted challenges to improve the educational situation of the population in the CDM and the lack of funding, technical education, in particular qualified artisans, technicians and engineers are in short supply while appropriate workshops for practical training or work place experience are becoming inaccessible and beyond the reach of many youths in the Central District Municipality of the North West Province.

Because of the challenges cited here, it has become imperative that the government, Taletso College and the community accept the fact that alternative and viable and cost effective methods are needed in order to satisfy cost-benefit aligned strategies that will assist with the management and minimisation of costs with the result of increased literacy and skills effectively containing and reducing costs within the allocated budget constraints. development in the CDM. In order to achieve this it is important for Taletso College to integrate activity based management as a process that ensures that it becomes part of the college operating procedure aimed at giving opportunity to the disadvantaged youth by

1.4. IMPORTANCE OF THE STUDY

This study is important because it enhances an understanding of key activities and provides transparency of what is strategic cost management with special reference to the funding norms and standards applicable to the FETC/TVET sector. It provides insight into the fact that creating sustainable surplus level (i.e. increase in the number of employability of student from TVET sector, increase in certification, artisans and technicians and surplus in terms of income and expenditure. This approach also adds on to the enhancement of semi-skilled and skilled labour within the labour market which requires among other things development of cost management strategies that are aimed at supporting a college's overall objectives and are better than the present traditional methods presently used (Cobb, Innes and Mitchell, 2000).

ABM is bound to assist the College sector identity drivers of costs, with the aim of containing and reducing the total costs associated with the provision of programme and services to students, the community and stakeholders. The same management strategy also generates cost information that is significantly different from and better than cost information produced by traditional methods presently used. It has also been identified in other studies as an approach that informs strategic cost management techniques such as activity base costing and value chain analysis in supporting college strategy given the constraints of the present the college strategic options. The key question focuses on the climate and culture of management and how these influence the use of strategic cost management techniques.

1.5. THE RESEARCH OBJECTIVES

The research objectives focus on the fact that activity based management generates cost information that is significantly different from and better than cost information produced by traditional methods of accounting presently used by DHET.

Activity based techniques such as activity based costing and value chain analysis can assist in identifying the cost drivers and the management of such cost in order to provide affordable and sustainable skill development in the FETC /TVET sector.

The full integration of activity based management into the college strategic plan is bound to evolve to support the college changing within a competitive environment and provide information that supports college strategy with respect to the training and development of artisans and technicians.

Based on the fact that when cost is well contained and reduced Taletso College is set to perform its core functions of training artisans and technicians with the resultant effect that it improves its throughput (i.e. certification, equipped workshops and laboratories, improved retention rate, increased number of qualified artisans and technicians).

Supportive internal climate and culture of management is projected to lead to a successful implementation of Activity Based Management. Therefore the main study objectives are:

1. To find out if Activity Based Management generate cost information that is different from and better than cost information produced by traditional methods of accounting.
2. To find out if the allocation of cost according to activities provided by the college have an influence on the development of skills.
3. To find out if there a relationship between cost management and throughput (i.e. retention rate, pass rate, employability of students) in the college sector.
4. To ascertain if the internal climate and culture (thinking) of management have an influence in the successful implementation of Activity Based Management.
5. To determine if effective, efficient and economic minimization and management of cost lead to improved throughput within the FETC/TVET sector.

1.6. THE RESEARCH QUESTIONS

2. Can Activity Based Management generate cost information that is different from and better than cost information produced by traditional methods of accounting?
3. Does the allocation of cost according to activities provided by the college have an influence on the development of skills?
4. Is there a relationship between cost management and throughput (i.e. retention rate, pass rate, employability of students) in the college sector?
5. Does the internal climate and culture (thinking) of management have an influence in the successful implementation of Activity Based Management?
6. Could effective, efficient and economic minimization and management of cost lead to improved throughput within the FETC/TVET sector?

1.7. THEORETICAL REVIEW

The relationship between cost management and cost management strategy and the use of cost management techniques such as activity based costing, activity based management and the value chain analysis to assist in identification of the drivers of cost and the containment of such costs in order to provide affordable and sustainable skills development and knowledge in the FETC/TVET all form the backbone of the review.

Research consistently shows that institutions that practice an inclusive and informed process of planning, financial and otherwise, informed by the need to construct basis for sharing a good practice allocate their costs evenly and therefore achieve the maximum benefit (Shield and Young, 1992).

Strategic cost management dictates that a cost management system should be constructed in such a way that its structure and life cycle unfold to support the college changing in a competitive environment with respect to service, market, human resource and technologies. The process of identifying drivers of cost and taking a proactive approach to their management requires that college management should change their thinking about cost management, i.e. management should see cost containment as affecting the whole College rather than only the financial department. The point here is that, the thinking behind strategic cost management is that activity based management should be the responsibility of all those who are interested in skill development, that is, the college management, employees, the student, the government and the community in general. The integration of activity based management in the college strategy should be a collective agreement among all stakeholders. This means that cost management should be emphasized at every level of the college hierarchy (Chivaka, 2007).

The initiative to implement strategic cost management techniques such as activity based management and value chain analysis should be supported first, by the government (Jackson and Lapsley,2003)since college sector are public institutions, second ,the design and implementation of the activity cost management should be the responsibility of the various departmental competencies such as marketing ,human resources ,programme ,engineering section, the corporate centre, HOD's of the various departments (i.e. business studies engineering and hospitality) and not only that of the finance department. This cost

management should be fully integrated into the college's strategic plan and be led by a specialist in ABC who acts as an advisor (Estrin, Kantor and Albes,2004).
The reason for insisting on government support and a multifunctional team approach is based on the point that change becomes easily acceptable if all the parties affected have the required information to understand the underlying reasons for the suggested change, as well as the benefits to be derived from it (Bedeian, 1994).

ABM changes "the rule of the game" (Kennedy and Afflick-Graves, 2004) since it changes some of the key measures that managers use for their decision making and for evaluating individual performance. Unless the managers who are directly affected by the change in the rules have a say, resistance is inevitable (Soin et al, 2002). In addition, designing a good ABM system requires intimate knowledge of many parts of the organization overall operations. This knowledge can only come from the people who are familiar with those operations.
The management must support the initiative for two reasons. First, without leadership from top management, some managers may not see any reason to change. Second, if top managers do not support the ABM system and continue to play the game by the old rules, their subordinates quickly get the same message that ABM is not important and they are likely to abandon the ABM initiative.

The above point means that the successful implementation of activity based cost should be based on a careful analysis of the college itself. This requires answers to the following questions. Is it likely that activity based costing will generate cost information that is significantly different from and better than cost information produced by other methods? Second, how useful are strategic cost management techniques (i.e. ABC and value chain analysis) in supporting the college strategy given the constraints informed by the college strategic options? If activity based costing generates cost information that is regarded as better than the current information, better information changes management decisions that are dependent on that information (Estrin, Kantor and Albes, 2004).

The first question is concerned about the extent to which cost information generated by activity based costing analysis is more accurate than that produced by the traditional costing system. The second question centers on the usefulness of activity based costing information in supporting strategy given constraints informed by the college's strategic options.

This means the activity based management techniques should provide information that reduces cost, improves process and promotes the strategic aims and objectives of the college. Furthermore, the information produced by ABM should be supportive of the decision making processes of the college. As a result, cost information generated by ABM should be seen by management and stakeholders as more beneficial in decision making and the information must be supported by the operational environment of the college. The culture, the competition, the legal and the social environment must be supportive to the use of ABM information (Cagwin and Bouwman, 2002).

The ability of management to set tuition, to determine ratios of period cost over total costs, the climate and culture of management, the time period of analysis are all factors that will influence management ability to utilize ABM information. The college strategic information need also influence the suitability and benefits of information provided by ABM.

Based on the above factors management must be able to answer the following questions: Will ABM generate information that is significantly different from and better than that the cost information produced by other method presently used by DHET? How useful are strategic cost management techniques (i.e. ABC and value chain analysis) in supporting strategies given the constraints informed by the college strategic options? Does the culture and climate (philosophy) of management influence the use of strategic cost management techniques? (Estrin et al, 2004; Damitio et al, 2000).

In answering the above question is the understanding that management will be able to apply ABM in the best interest of the college aims and objectives of supporting skill development. For example, it is anticipated that management will become aware that decisions based on strategic considerations rather than on cost will not be beneficial within the college sector. According to Cobb et al, 1992, Chivaka, 2007, it is important that the college management and finance professionals come together to ensure that the nature of the college strategy informs the nature of cost-benefit analysis. By establishing the link, ABM answers the strategic dimension that makes it a strategic costing technique (Cobb, Innes and Mitchell, 1992).

In summary, it is necessary that activity based analysis be applied as the content of a cost management strategy as opposed to a method of cutting costs. In addition, the real benefits of analysing activity based costing can only be realized if the activity based costing analysis is informed by and thus integrated into the college strategy. It is through potency as a strategic costing technique subject to the extent to what it is fully integrated into an organization strategy (Copper and Kaplan, 1988).

In conclusion there is nothing inherently “strategic” about activity based costing rather it is a philosophy that indicates its implications, the use to which activity based costing information is put and thirdly the extent to which it is integrated into a college strategy that makes activity based costing a strategic costing system (Chivaka, 2007).

DELINEATION OF THE STUDY

- Chapter 2 is the Literature Review
- Chapter 3 covers the Research Method, research design, data collection, sampling and analysis of the data.
- Chapter 4 focuses on the presentation of Results.
- Chapter 5 focuses on Discussion and Recommendations derived from the results presented in chapter 4 of this study.

CHAPTER TWO

2. THE RATIONALE FOR ACTIVITY-BASED COSTING (LITERATURE REVIEW).

2.1. EXECUTIVE SUMMARY

This study focuses on activity based management as a strategy used to account for college-based management and aims to assist in cost management and the minimisation of wasteful and fruitless expenditure with the resultant consequence of improved skill development, performance (throughput), productivity and giving opportunity to the disadvantaged youth to acquire a skills in the central region of the North West Province.

The merging of Lehurutshe College of Education, Lichtenburg, Technical College and Mafikeng College resulted in Taletso College. Aspects of transformation and restructuring processes were improved internally within the institution and externally by the Department of Education and the Department of labor. The internal changes resulted in the introduction of new programme called National Certificate (Vocational) which was phased in three years (i.e. 2007-2009) while it was envisaged that the "old" and "out dated" (Nated) programme were to be phased out in 2016, However, the phasing of the old programme has been stopped(Government Gazette,2010).In terms of funding, R1.5 Billion has been spent on recapitalization and R3.5 billion on National Student Financial Assistance Service(NSFAS) to support the new programme(NCV).The implication is that the FETC/TVET sector objective for increased number of artisans and technicians was not met and the full cost was not correctly accounted for (Achiever,2011).

2.2. INTRODUCTION

Over the past seven years (i.e. from 2007to date) we have seen the Further Education and Training College (FETC/TVET) sector rapidly changing due to the interplay of several factors. These factors include the transformation and restructuring of the FETC/TVET, a strong emphasis on increasing the enrolment of historically disadvantaged students, government strategy to address the legacy of high unemployment, extreme income inequalities caused by educational inequalities, the intensification of global competition, the introduction of new technologies, the increase number of students who pass matric in contrast to the high failure rate of students in grade 9(Annual National Assessment,2012)(see appendix C)has put pressure on the FETC sector to create new service design order to meet the ever changing needs of the education and training in South Africa.

To complicate the FETC /TVET sector, the structure to hold up this trend, and for ensuring that in particular college fees do not present an obstacle for transformation, are weak articulation between colleges and higher education and indeed joint relationship between all relevant institutions is generally weak. The development of the colleges across the nine provinces has been uneven. The College Act of 2006exclusively focused on National Certificate Vocational (NCV) in the National Plan of 2008 and 2009 funding norms and standards, with the result that one part of the college target audience t has directed the college away from the desired goals of differentiation and diversity. Colleges have become de-linked from the world of skills development and occupational training and a close passage (cul-de-sac) for learners who have pass their grade 12 and hoping to progress into higher education (Government Gazette, 2009).

A bursary provided by the state to enable poor (but academically capable) students to pay college fees has alleviated challenges of access, however disintegrated the nature of the intervention (i.e. the admission policy, lack of career guidance, primary educational background of the student). The access of the NSFAS funds has apparently reduced the funding to a welfare project throwing money at a problem with less than optional outcomes. As a result, a culture of entitlement has crept in where poor students feel they are entitled to funding by using their social status regardless of their academic performance. This means that one of the major dysfunctions of NSFAS has been that it has been funding financially needy students but academically unsuitable students (i.e. student with a high rate of absenteeism, drug abuse, bunking classes, delinquency, loosely using , vandalism, late coming, violent) and this is where the waste (unbeneficial cost) of the public resources According to the present funding norms and standards, colleges are permitted to offer occupational and other programme in the form of "fee for service income." However, the full cost of offering these programme is not always recovered and the amount of funding received through this programme is not clearly documented (Report of the FET Steering Committee, 2010).

The implication of the above is that technical education, in particular qualified artisans, technicians or engineers and an appropriate workshop are becoming more inaccessible and beyond the financial reach of the majority of our youth in the central region of the North West Province. In order to survive, Taletso College and the stakeholders must come around to accept the need to look seriously at alternative and viable cost effective strategies (King, and Roberts,2013).'The government must be called upon to satisfy the cost-benefit aligned with the programme within the FETC/TVET sector. To assist in this regard it will be important for Taletso College to integrate cost management as a process within the college sector as a strategic plan in order to ensure that the cost management (with specific reference to costing techniques such as activity based costing (ABC), activity based management (ABM) and value chain analysis as a part of Taletso College 'operating procedure aimed at the provision of the best possible service with the financial resources available.

Furthermore, the intensification of global competitiveness and the introduction of new technologies bring increasing pressure for local organizations to be globally competitive and to remain abreast of new technologies and production processes. The shift in demand has been from unskilled to skilled labor. Moreover, there is increasingly a demand for people who are capable of adapting, easily to new technologies and new responsibilities in the workplace. This implies the need for a reserve of human capacity that may not be required immediately, but is necessary for future adaptation and expansion (Drury and Tayle, 2000; Arnaboldi and Lapsley, 2005).

Traditionally, training approach that focus narrowly on one form of production are of limited value in this context, and the challenge for technical and vocational further education and training is to provide students with a solid base in a particular skill, whilst giving them the skill of responding to new production modes. The challenge of production innovation applies not only to the formal economy, but also to the informal economy, which presents important opportunities for the short-term income and job creation as part of the formalization process whilst the skills development pressure brought about by globalization are important, they should not be exaggerated. Training policies need to take cognizance of the fact that there are parts of the economy which are less "globalized " and that may have more localized and conventional training needs(Garrison et al,2008).

This chapter is aimed at defining activity based management and how useful it can being supporting strategies given the constrains informed by the college strategic options ,and discussing how the climate and culture of management influence the use of strategic cost management ,discussing activity based management (ABM), and value chain analysis as strategic cost techniques with the objective of demonstrating how they can generate cost information that is significantly different from and better than cost information produced by other methods presently used by DHET. Integrated them as part of the college strategy to contain and reduce cost .Demonstrate how the allocation of cost according to activities can influence skill development and how effective, efficient and economic minimization and management of cost lead to improved output (throughput) in the college sector. To bring the above mention factors together and discuss them in the context of value chain analysis, that is, a strategic cost management technique that is process oriented and inter-organizational in nature(Chivaka, 2007).

2.3. THE RATIONALE FOR ACTIVITY BASED MANAGEMENT

Activity based management (ABM) is a discipline that focuses on the management of activities as the way of enhancing the value received by the customer and the benefit achieved by providing the value. ABM include cost drivers' analysis, activity analysis and performance measurement.ABM draws on activity based costing as its major source of information the development and use of cost management information ,while cost management information (in terms of the college) consist of financial information about costs and revenues and non-financial information about students retention,throughput(i.e.certification,learnerships,employability and workplace experience),quality and other key success factors for the college. According to Chivaka(2007)cost management may be defined as a proactive process of identifying drivers of cost ,with the objectives of containing and reducing the total costs associated with the provision of programme and services to students .Cost management (at Taletso College)starts with the identification of drivers of costs within the college's value chain ,with the objective of taking a proactive stance in managing and minimizing such cost. The identification of the drivers of costs and the management of such costs require the use of several costs management techniques such as activity based costing, activity based management and value chain analysis.

Identifying drivers of costs and taking a proactive stance may be compared (with what is happening presently at Taletso College) with a reactive, general cost cutting approach, which is the main characteristic of the traditional cost cutting approach. According to Shank (1989) there are two types of cost drivers, that is structural and executional cost drivers. Structural cost drivers resemble the strategic issues which drives the college competitive capability such as economies of scale ,levels of integration „relative experience and technological advancement .For example ,the management of Taletso college may decide to provide lectures or programme for any number of hours per day up to sixteen(16) hours .Depending on the number of hours Taletso decide upon (structural cost drivers)they may determine whether personnel will be employed for the different sessions ,that is, morning session ,overlaps and over-time classes. The cost of the service (per hour) could be very cost effective on the morning session (prime –time), but less cost-effective on the overlaps and over-time periods.

The executional cost drivers (Mowen and Hansen, 2011) relate to the college capabilities in executing its affairs efficiently and effectively. For example, integrated quality management systems (IQMS), effective utilization of capacity, effectiveness of design and work force participation. An understanding of these college cost drivers is useful in evaluating the competitiveness. However, being proactive and using cost management techniques such as activity based management and value chain analysis, does not translate into a strategic cost approach (Chivaka, 2007). That is, it requires more than just being proactive to translate ABM into a strategic approach. The various management of the college, need not only know or understand their own functional (silos) areas and have little knowledge of what happens outside their functions, the processes view of ABM, requires a thorough understanding of what happens throughout the processes, irrespective of the function in which it takes place, that is, the internal climate and culture of management has an influence in the successful implementation of ABM.

2.4. STRATEGIC COST MANAGEMENT

Taletso College to provide the best possible programme and services with the amount of financial resources allocated by DHET and for the college cost management to be strategic it will be important to integrate activity based management with the college's strategic plan.

Thus strategic cost management requires that activity based management system should be designed and developed in such a way that its structure and life–cycle evolve to support the college's changing competitive strategy with respect to programme/services, markets, industry, human resources and technologies .This means that a cost management system should relate, at any point in time, to the college's life –cycle as defined by the college's programme/services.

The process of identifying drivers of costs (in the case of Taletso) marketing, recruitment, selection, registration, placement, induction class allocation, location, timetabling, lecturing, remuneration purchases, goods received, lecturing, class allocation, throughput, teaching and learning, management and employability, and taking a proactive approach to their management requires that the college management takes a long term perspective to cost containment and cost reduction. Management should regard cost management as a managerial issue and not simply a finance issue .cost management should not be seen as the sole responsibility of the finance function(silo view) but should be regarded as the responsibility of all key stakeholders(processes view) in the college. Thus, cost management should be fully integrated in the college's strategic plan. This means cost management should be emphasized at every level in the college strategic plan (i.e. it should be an important part of the programme/service market situation analysis, college's operational plan, and college financial management (Chivaka, 2007).

Cost management should therefore be the complete part of the college's planning, decision making and financial management framework. In order for Taletso College to achieve meaningful benefits from a cost management system it is important and commanding that the system ,is designed ,developed ,co-ordinate and integrated into the college's overall competitive strategy (Horngren et al.,2000)

Strategic cost management s objective is to reduce costs while simultaneously strengthening the strategic position of the college .Hence strategic cost management cannot be limited to the immediate boundaries of the college ,that is, for ABM to be successful it must take both the internal and external environment into consideration Failure to take the facts into account results in many a company cost management initiatives producing disappointing results at best .It is therefore important that strategic cost management should be seen from a broader structure ,which requires a focus that is both external and internal to the college (Cooper, R. and Slagmulder ,R.,1998:Chivaka,2007).

2.5. HOW ACTIVITY-BASED MANGEMENT (ABM) DIFFERS FROM THE TRADITIONAL METHOD OF ACCOUNTING USED IN FURTHEREDUCATION AND TRAINING SECTOR (FETC)

This section summarizes the key differences between the traditional cost cutting approach and activity based management.

Presently, the Provincial Education Department budget (called programme5 budgets of PED) are spent under programme objective (captured in the charts of accounts)that state that funds should be used to provide further education and training (FET) at public FET colleges in accordance with the FET College Act of 2006,.However there are no further specification , and the Act provides no details on what services should be funded .The White Paper 4 provide important general guidelines ,but this is not translated into detailed funding and management commands . Over the years, colleges have provided education and training programme largely on the basis of historical basis, which means that the approach has a short term internal focus, with the major aim of determining the costs of programme and services. This approach is reactive in that it does not identify the costs drivers (activities) which cause overhead costs. The information generated from the historical cost cutting approach does not direct the FET/TVET management's attention to process areas where waste occurs, resulting in cost saving opportunities being missed.

Furthermore, management accounting information is produced too late ,too aggregate and distorted to be relevant for managers planning and control decisions .They do not provide detailed information on the process efficiencies, focus too narrowly on inputs ,such as direct labor ,that are relatively insignificant in today's production environment and fail to provide accurate product costs .In other words, the DHET accounting system not only fail to provide timely, relevant information, but they also distract management attention from the key factors important for production efficiencies and distort the costs of individual products.

This deficiency is caused by the simplistic measures which are applied when allocating costs to products(Budget allocation to the colleges –usually based on direct labor – which do not represent the demand made by each product on the college resources .This practice provide biased product cost and bring about major cross –subsidization of some programme by others which in turn ,leads to misguided management decisions on aspects such as programme pricing ,programme sourcing ,programme mix and responses to rival products .Existing systems are regarded as restrictive by managers who want to streamline operations ,boost output and implement advanced manufacturing techniques and modern information technology. The financial accounting system treats many expenses as period costs (I.e. short-term cycle of the monthly income statement) even though such expenses will mainly benefit future periods, for example, outlays for new products, improved processes, preventative maintenance, long term marketing positioning, employee training and development of new systems (Johnson and Kaplan, 1987).

In addition ,while there is strong emphasis on increasing the enrolment of historically disadvantaged students across all campus ,mechanisms for sustaining this trend, and for ensuring that in particular colleges fees do not present an obstacle for the transformation ,are weak, which means the approach favors across-the board solutions which often result in the elimination of resources (e.g. retrenchment or resignation of skilled personnel (high turnover rate))without clearly understanding the impact of such(reactive) actions on the ability of the FET sector to deliver cost –effective programme and services .To make matters worse ,the DOE and PED strategic plan guide what happens in the public FET colleges sector ,however ,mechanisms used are inadequate to ensure the quality and quantity of service offered by the colleges respond to social and economic needs .

Furthermore the bulk of Government 's funding of colleges occurs through the Post Provisioning Model, which distributes educators posts from a central pool in each province to individual colleges on the basis of (the number of students who were registered in the previous financial period (FTE's) student weighted by one of three weights ,where the weights depend on the type of Report 191 programme .In addition ,non –personnel funds are allocated to colleges according to simple FTE-based formula that vary from one province to another. Consequently, the traditional cost cutting approach produces the following: It assign a cost to programme /service on the basis of volume –related cost drivers (i.e. number of students registered (FTE'S).It causes a systematic distortion of colleges have no system of fees programme /service cost by under – costing low-volume programme /service and over-costing high volume programme/services (e.g. workshop with low volume student versus those with high volume students).It resulted in inaccurate programme/service costs particularly in college environment where overheads cost vary with the number of lecturers performed rather than volume of programme lectured or service provided .this is supported by evidence by Drury(1993)Copper and Kaplan(1991).

The traditional cost cutting approach is seen as a collection of "crash programme "(Shield and Young,2006';Chivaka,2007)that emphasizes cutting cost largely via payroll .Cost reduction programme within the traditional cost cutting approach are typically distress tactics targeted at all employees ,students ,and other stakeholders, for example ,indication are that college fees could be seven times higher as fees in ordinary FET schools. Unlike schools, colleges have no system of fees exemption for poor students. This partly explains why colleges are inaccessible for poor households (Government Gazette, 16 March 2009).There is currently no legal framework dealing specifically with college income (especially that is charged, both public and private organizations, for training services. The use of PED- funding infrastructure to cross subsidize services for other clients has been a concern. Although the program meme 5 budgets of PED are determined for the three years of the Medium Term Expenditure Framework (MTEF). Medium range planning with respect to enrolment and programme diversification occurs in a manner which is piecemeal (that is), greater variety, diversity and complexity of programme are not taken into consideration in the traditional systems, and not sufficiently linked to budget (Glad and Becker, 1994).

This cost reduction programme introduced by DOE and PED result in immediate threat of poor performance, under-funding of colleges, loss of contracts, fee hikes, misuse of NSFAS, however, with the above said they are popular with most financial practitioners because they bring about immediate relief which unfortunately result in the loss of human assets and capital assets as a result of workshop closure. DHET tries to correct the situation by introducing new technology (e.g. DB 2000), however, the service of technology is dependent upon highly skilled personnel, who can design, operate and service these technologies. Unfortunately, the cost –reducing programme which favors across the board cost reduction, result in the elimination of skilled personnel (i.e. through retrenchment and lay –offs)and key workshop programme are triggered by an immediate threat, for example, poor performance ,under –funding of colleges, loss of contracts or fee hikes.

The results of this cost cutting programme is an immediate relief, which is why they are popular with many practitioners. However, what is ignored in these double crash programme " is that the loss of human assets and capital assets as a result of workshop closure may set the stage for the –term hemorrhaging(Chivaka,2007) of the college. The college try to pepper their cost cutting programme by introducing technology (e. g. DB2000).However the service of technology is dependent upon highly skilled employees, who can design, operate and service these technology. Unfortunately, traditional cost cutting programme which favors across the board cost reduction, sometimes result in the elimination of key employees, workshop programme that have the required skills and capacity to make the most out of technology, workshop and machinery. In other words, the traditional cost cutting approach is underpinned by a short-term, silo-based, internally focused thinking that can render even the most advanced strategic costing technique ineffective in delivering value to the college (Chivaka, 2007).

According to Shield and Young (1992: 16-30) in order to implement an activity based management approach effectively ,the college should change the way they do business .In other words ,implementing a activity based management approach requires change management that resembles the physical business process and not necessary the functional proceedings ,be detailed enough to ascertain reasonably true cost: provide information for life cycle decision making ;incorporate time (i.e. inflation and interest)as an important cost driver ;provide a multi –dimensional focus on a multiplicity of cost objects such as student programme, service ,function, processes and activities ;incorporate physical measures such as quality, productivity and capacity and follow the physical flow of the programme or other cost object; focus not only on input (the number of student registered) but also on output (number of student who successfully complete the programme including certification ,learnership ,employability, and workplace experience);measure wastage and induce the elimination of wastage ;identify the non-value adding processes and expenditure; focus less on cost tracking and reporting and more on cost planning and control(Glad and Becker,1994) .

The implication of the above is that ,ABM is not only a technical exercise or a discipline making use of sophisticated costing tools and IT Software, to be effective ABM requires a culture of teamwork(i.e. technical vocational education and training (TVET)should be a joint responsibility of government and the private sector ,the public and private funding of the activity should complement each other .Promote a wide spread and appropriate technical and vocational further education and training programme for the historically disadvantaged ,who are usually not in a position to purchase these services privately. Promote a FET sector system that promotes broadly inclusive public institutions that are representative of society in general.

This balance is required in the interest of nation building .It is imperative that public funding should be positioned in such a way that it compliments private funding in the achievement of the countries development goals .The current practice in the public FET colleges of offering public services whilst also selling services to the private sector should continue and encouraged as a way of making the college more responsive and innovative .However, there should be a clear accounting division between the publicly funded and privately funded services in the college in order to avoid a situation in which public funding is used to cross subsidize privately offered services .Public resources should be dedicated towards the monitoring and regulation of private FET colleges in order to provide government with important information that is needed in the planning of public funding in the public FET Colleges (Turney,B.1991).

The regulation of private FET Colleges is an important public service that can combat illegal and unethical practices in the training market. What should be strongly emphasized is a collaborative planning approach involving the college stakeholders, government, and the employer and employee organization s from the private sector. While public FET colleges should continue to be responsible for the structuring of the college fees ,including college fees charged for public funded programme .However the fees should be subject to guidelines and restrictions aimed at advancing equity ,efficiency, effectiveness, economy and integrity in the delivery of public services .

The use of costing techniques, such as ABC, target costing and value chain analysis will not yield the required results if the colleges work in silos and there is no teamwork. In addition, colleges only achieve the desired results when guided by the thinking that regards strategic cost management as a managerial issue, which takes long term view of the business, a broader perspective that looks at the college as a part of a value chain. An external view of the business is an acknowledgement of the fact that, being part of the value chain that involves students, government, employer and employee organization, some of the college's cost management solutions reside outside its immediate boundaries.

What is apparent from the above discussion is that in order to direct the college cost management system towards a strategic perspective the management of Taletso must understand that strategic cost management is not a technique or a tool, but a way of thinking that emphasizes how the college integrates its costs management initiatives with its business strategy. Therefore, the use of ABC as a technique in an organization where its thinking is emphasized by cost cutting will not yield the desired results (Chivaka, 2007).

Furthermore, the above discussion was to establish the context within which strategic costing technique such as activity-based management are used. In this section ABM is discussed with the objective of explaining what is its rationale, and how it can be used as a strategic costing technique and how it is integrated within the college's strategy.

It is interesting to note that there have been numerous attempts to explain the failure of ABC its promised benefits –primarily of improved decision making and cost management (PiperandWally,1990,Chenhall and Langefield-Smith,1988)However the criticism is seldom leveled at the underlying logic of the technique itself, but rather explanation revolved around a variety of organizational and other contextual factors .It is with this in mind that this section is written to discuss college and contextual factors ,which forms the philosophy that informs the use of ABC and M . Before we discuss these college and contextual factors we will define ABC ,discuss the characteristics and logic of the ABC technique in order to highlight some of the crucial factors that practitioners should take into account in order to realize fully the benefit of this technique.

2.6. THE RATIONALE FOR ACTIVITY BASED COSTING

2.6.1. INTRODUCTION

Activity based costing (ABC)is a costing technique that assigns resources costs to cost objects such as (in the case of Taletso) programme ,lecturing ,administration ,registration ,infrastructure maintenance based on activities performed for the cost objects (see definition appendices).The premise of this costing approach is that the college programme or services are the results of activities and activities use resources which incur costs .Costs of resources are assigned to costs objects based on activities performed for the costs objects (activity consumption drivers)(Blocker ,Stout and Cokins ,2010:p129)

2.6.2. RATIONALE

The rationale behind ABC is the provision of programme and services requires the performance of activities. The performance of activities in turn consumes resources .It is the consumption of resources that generate costs, most of which are overheads (indirect costs).However, where a college provide several programme and services, assigning these costs to the different programme and services is often not very easy, because such costs arise from the consumption of common resources.

The cost caused by the use of common resources cannot be easily be traced to a particular programme and services, thus making the costing of programme and services difficult. Yet, Taletso College require accurate programme or service cost to establish, firstly, what should be charged to students /customers (in cases of costs plus pricing). Secondly, how profitable products /programme and services are and, thirdly how best to provide such programme and services in a cost –effective way. Therefore, the fundamental principle of ABC, is that, overhead costs should be identified with the cost objects as accurately as possible.

2.6.3. STEPS IN DEVELOPMENT OF AN ACTIVITY BASED MANAGEMENT SYSTEM

In order to have a more accurate picture of the costs of programme and services, it is necessary first to understand and identify the activities that the programme /service requires. Once activities required by the programme and service have been understood and identified, for example, lecturing, infrastructure maintenance, budget allocation, suppliers, materials, salaries, registration, marketing, recruitment and selection, induction, training and development of staff, hostel accommodation, meals, etc. the costs incurred (resources consumed) in the performance

Through activity analysis the college identifies the work it performs to carry out its operations .Activity analysis include gathering data using questionnaires, observations, or interviews of key personnel.

ABM therefore recognizes that there is no direct relationship between the overhead cost incurred and the programme and services provided to students .The relationship between overhead costs incurred and the various programme and services provided by the college is established via the activities that those programme and services consumes (Story,1998).As such ABM establishes a causal relationship between overhead costs incurred and the products and services provided to clients via the activities that the programme and services require .The process assigning overheads costs to programme and services is done in the following manner :Firstly ,the overhead cost are assigned to activities that have consumed the resources that gave rise to these costs ,secondly ,the costs assigned to activities are then assigned to various programme and services that have consumed those activities.

To identify resource costs for various activities the college classifies all activities according to the way in which the activities consume resources, that is, a schedule –level activity is performed for each individual module of programme or service of the college. Example of module-level activities include direct material, direct labour hours and assessing every module. A module –level activity is volume based. The required activities varies in proportion with the quantity of the object .The resources consumption driver and the activity consumption driver are most likely to be the same for module level activities .A group or batch level activity is performed for each group of module of programme or service .Examples of group level activities are drawing up the timetable ,allocating classes to the different lecturers ,scheduling classes ,conducting class visits ,handling material for the workshops and text books and expediting lecturers .A programme level activity supports the production of a specific programme or service .Example of group level activities include designing curriculum ,purchasing new programme and engaging subject specialist to modify programme. A college /facility –level activity supports operations in general. These activities are not caused by programme or student service needs and cannot be traced to individual module, groups, or programme. Example of facility-level activities include providing security for the college, maintenance of workshops and machinery, managing the college, incurring workshop taxes and insurance and closing books each month. Some companies refer to these activities as business or infrastructure –sustaining activities (Garrison et al, 2005)

The second step in developing ABM is to assign resource costs to activities, ABM uses resource consumption costs drivers to assign resource costs to activities. Because activities drive cost of resource used in operations, a college should choose resource consumption cost drivers based on cause –and –effect relationships. Typical resource consumption cost drivers include the number of (1)labour-hours for labour intensive activities (2)employees for payroll-related activities (3)timetable for group –related activities (4)moves for material –handling activities (5)machine

–hours for machine repairs and maintenance and (6)square feet for general maintenance and cleaning activities.

Table 1.

Resource consumption cost drivers

RESOURCES	RESOURCE CONSUMPTION COST DRIVERS
Personnel	Number of workers/lecturers
Storeroom	Number of items picked for an order
Lecturers/Instructors	Time worked
Materials Management	Time worked
Accounting	Time worked
Research and Development	Number of new codes developed
Quality	Time worked
Utilities	Square footage

The third and final step in the development of ABM is to assign costs to activities or activity cost pools to cost object based on the appropriate activity consumption cost drivers .Outputs are the costs objects for which firms or organizations perform activities .Typical outputs for a cost system are programme and services ,however ,outputs can also include students ,projects or departmental units .For example ,the outputs of a college may be individual performance (throughput) of each student ,retention rate ,certification ,internships ,apprenticeship, access to self-employment support ,access to workplace learning ,and In order to support strategic cost management effectively ,college should allocate overhead cost correctly.

2.7. BENEFITS OF ABM

ABM identifying the relevant activities associated with the different programme and services ,as a result,ABM clearly shows the effect of differences in activities and changes in programme and services on costs .Among the major benefits of activity-based costing that may be experienced are :Better profitability system measures .ABM provides more accurate and information programme costs ,leading to more accurate programme and customer profitability measurements and to better decisions making .ABM provides more accurate measurements of activity – driving costs ,helping managers to improve product and process value by assisting better product design decisions ,better customers /student support decisions and fostering value enhancing projects .ABM system provides the information to identify areas where process improvement is needed .Cost estimation .Improved programme lead to better estimate of job costs for pricing decisions ,budgeting and planning .

ABM systems provide better information to identify the cost of unused capacity and maintain a separate accounting for this cost ,for example, if a particular customer order ,for example ,the EPWP-SETA project ,requires the additional of a certain type of capacity in the college ,then the customer can be charged for the additional capacity , Alternatively, if the programme manager decide to add capacity in expectation of future increases in sales and production ,then the cost of that additional capacity should not be charged to current production but charged as a lump-sum in the college's costs. Overall, the goal is to manage capacity levels to reduce the cost of underutilization of capacity and to price products and services properly. Each of this benefits can contribute significantly to the college's competitiveness by helping the college make better decisions and implement its strategy (Drury, 2006).

Other benefits of ABM according to Chivaka (2007,) is that the costs associated with the different levels and services sustaining activities can be identified and assigned as such .This process allow the college management to understand fully what is driving cost (the identification of the root cause of costs as discussed above) in the different programme and services .ABM is superior to the traditional costing methods because it captures every form of diversity that causes overheads costs in programme and services as shown on figure 1(Cokins,1996)

Figure 1 demonstrates that there is no one cost driver that explains why companies incur overheads costs thus the overhead costs as shown in the company's accounting records (as recorded in the general ledger)arise from or are caused by a number of cost drivers such as the complexity of the process that generates a product or service volume of output and the degree of product /service customization .The more complex the process ,the higher the number of activities that need to be performed and thus the more the costs incurred in the provision of such a product or service .

Where products ,services and processes are highly customized companies perform numerous activities which in turn consume resources resulting in higher overhead costs .Also, the customization of products and services precludes companies from realizing economies of scale due to very few identical products /programme and services that can be produced .Thus from a cost behavior point of view , the fixed cost per unit for such products and services is usually higher than the standard products /programme and services (which can be mass produced) were produced .

In addition, ABM facilitates the identification of the root causes of costs (primary causes of cost) as a way of achieving effective cost management. The point here, is that, a college or company needs to understand the difference between the primary causes of overhead costs (product/programme, customization and process complexity) of overheads (technology and support infrastructure) (Sagwin and Gouwman, 2002).

Chivaka (2007) summarizes the relationship between primary causes of overheads and secondary causes as follows:(see figure 2).overhead costs that manifest in high technology and support infrastructure costs are usually only symptoms of decisions about a company's business model .Decisions about a colleges business model (how the college chooses to compete against others)do have an impact on the level of process complexity ,volume of different programme produced or offered and degree of programme and service customization .Programme and service diversity forms the primary causes of overheads which in turn impacts on the nature and extent of the technology and support infrastructure required.

If the college fails to make the distinction between primary and secondary causes or overheads, its costs analysis will result in wrong cost management decisions. For example, if the primary cause of overheads is process complexity, a college /company may be forced to use technology, to manage such complexity (secondary causes). In that situation, trying to achieve cost management by cutting back on labour might not work because such an action is simply not relevant or cost effective. What the college need is to simplify its processes, which will then lead to less expensive technology needed and thus less overheads costs being incurred (Kennedy and Afflick-Graves, 2001).

Alternatively ,failure to identify that process complexity is the next cause of overheads result in management focusing its attention on labour (a secondary cause of overheads) as a way of reducing costs .However, the benefits from such cost cutting measures are short –lived as the main cause of overhead costs is left unchanged .In addition to the above ,colleges should assign overheads on the basis of the various programme consumption of activities rather than simply on volume(number of student registered).Failure to take into account the different demands that products /programme place on activities ,which in turn results in different overheads costs that should be assigned to high-volume programme(high number of students) and the lower proportion being assigned to a lower –volume programme /products(lower number of student) .

However such an approach fails to take into account the fact that it is not necessarily the volume of a particular programme /service ,but its consumption of activities i.e. marking of assessments, preparation of assessments, lecturing, revaluation of students (which is a function of complexity or customization) that cause costs .Such an approach results in cross-subsidization among product and service lines by default due to failure to identify root causes of costs this in turn negatively impacts on the college .Consequently ,colleges are unable amongst other things to identify process /activity improvement opportunities (Garrison et al,2005).

An objection that is frequently raised is that any overhead costs are fixed in nature and will not decline in line with the reduced usage of the resources to which that fixed cost is attached(Drury,2006) .A typical example ,is that of the rental costs of the college from which a workshop or classroom operates . the rental costs is incurred regardless of the activities carried out ,or the distribution of space within the workshop/classroom premises .However ,charging rental costs to programme based on the space and time consumed by that programme would have the following effects provided proper accountability structures are in place :Departments and staff responsible for throughput would de-emphasize the programme that consume above average space in the workshop /classroom as the increase in costs charged to the programme impacts unfavourable on the viability /profitability of that programme(Coombs et al,2005) .

The converse will also occur with programme or service that are less resource intensive receiving increase emphasis provided that staff are incentivized on the basis of throughput teaching and learning .This change in behavior leads to more profitable use of the workshop and classroom space by changing the mix of activities from unprofitable programme /activity to more profitable ones by influencing the college attention away from less profitable to more profitable programme or services ,a college invariably increase its return on the assets (workshops/classroom space).It is important to point out that ,despite the increase credentials of the ABC technique enshrined in its basic logic and characteristics ,the benefits that the technique can potentially confer on companies remain largely elusive as long as the college fail to adopt an appropriate cost management philosophy and integrate ABM in their strategies , which collectively transform a costing technique into a strategic costing technique(Soin et al,2002) .

2.8. HOW ABM CAN BE INFLUENCED BY THE THINKING OF MANAGEMENT

According to Chivaka,2007;Sedgley and Jackiw (2001) a strategic cost management philosophy takes a process view rather than a single functional mentality to the arrangement of work and understanding of costs, adopts a multifunctional team approach rather than an individual approach ,views cost management as a managerial rather than a short –term ,quick-fix cost cutting approach and broadens the scope of cost management to include both supplies and customers .In turn, customers want choice ,in terms of services and programme .These choices drive complexity and complexity drives overheads ,which in turn negatively impacts the ability of traditional managerial accounting to satisfy managerial information needs .Combine this issues with the rise of automation and the e-market place and the dilemma of the accounting world is apparent .

A process view of the college facilitates an understanding of how mapping and activity mapping which are prerequisite for the implementation of ABM .In order to conduct process mapping and activity mapping successfully ,a multi –functional team approach is required due to the fact that processes often cut across functional boundaries(Estrin et al,2004) .Thus , a process view supported by a multi-functional team approach facilities an understanding of how the action of one functional area or business units within an enterprise impact on resources consumed by another (Soin et al,2002).An end –to –end cost visibility is therefore made possible which in turn enhances the elimination of duplication (non- value added activities).Using the silo approach ,a lot of costs are regarded as facility sustaining for each function within the organization and thus unalterable (fixed).As such the cause and effect relationship between many of these costs and the activities that actually drive them is not evident ,due to the activity driving costs of one functional area falling within the ambit of another functional area of the organization (Sledgley and Jackew,2001) .The point that we want to make is that a cost-cutting philosophy ,adopts a silo approach cannot support the effective implementation of ABM .As a technique that relies on process and activity visibility, ABM requires a cost management philosophy in order for its potential benefits to be realized(Chivaka,2007).

2.9. INTEGRATION OF ABM INTO TALETSO COLLEGE STRATEGY

Above it was argued that strategic cost management system should be designed and developed in such a way that its structure and life cycle evolve to support the college's changing competitive strategy with respect to programme /service, market, human resources and technologies (Chivaka, 2007)

The above point means that the successful implementation of ABM should be based on a careful analysis of the college itself .It requires careful close corporation among management, accountants, HOD. Lecturers and administration managers, the corporate office, they need to work or act as a team in identifying activities, cost drivers, and requisite information, both financial and non-financial. According to Drury, 2011; Estrin et al, 2004:273, this requires answering the following two questions: Is it likely that ABM will generate cost information that is significantly different from, and better than cost information produced by the conventional accounting? Secondly, if ABM, generate cost information that is regarded as better than the current information, will the better information change management decisions that are dependent on the information?

The first question is concerned about the extent to which cost information generated by ABM is more accurate than that produced by the traditional costing system .The second question centre's on the usefulness of ABM information in supporting the strategy given the constraints imposed by the college strategic options .This means that ABM information should be used to support college strategy by creating cost visibility ,reducing costs and improving processes and ,at the same time strengthening the strategic position of the college .However ,in order to achieve this ,the information produced by an ABM system should be in line with the decision –making process necessitated by the college strategy at the college .As such managers must regard ABM cost information as more beneficial for the college in order to use it in decision –making .In addition ,the environment within which managers operates must facilitate the use of this information .

This means that the college culture ,the nature of competition facing the college ,the legal as well as the social environment must all be conducive to the use of ABM cost information .Factors that influence management's ability to use the ABM generated cost information freely in supporting college strategy include the following (Estrin et al,2004).Management freedom to set tuition /fees ;the ratio of period costs to total costs ;strategic consideration ,the climate and culture of cost management within the college ;the frequency of analysis that is desirable or necessary imposed by a college or implicit strategy.

Strategic consideration are constraints imposed by a college or implicit strategies on management decisions ,for example , the college strategy is to establish a credible institutional mechanism for skills planning ,that is ,develop standardized framework for the assessment of skills supply, shortage and vacancies in the country (by march 2012),develop mechanism to interface operational systems (by march 2013),and develop strategic management information systems (by march 2014).Secondly to provide access to programme leading to intermediate and higher level learning and ,third, to provide access to occupationally directed programme, that is ,increase the number of learnership completed e.g. 20 000 by 2014 ;increase the number of qualified artisan e.g. 10 000 per annum by 2014;increase the percentage trade pass rate e.g.60% by 2014 ,increase the placement rate of learnership, apprenticeship ,and NCV students into workplace experience ,e.g. 70 % by 2014 .

It is important to take into account the extent to which such strategic constraints override insight generated by ABM cost information when it comes to management decision- making .Therefore, the suitability and benefits of ABM cost information should be evaluated on the basis of the college's strategic focus and information needs .Management should thus answer some of the following questions (Estrin et al,2004: 76)Is a market niche strategy being employed ?Is the strategy dependent on the programme profitability /costs ?Are capital expenditures for new products ,lecturing changes or capacity expansions frequently justified explicitly on the basis of strategic reasons rather than economic returns; Are capital expenditure frequently initiated ;implicitly and driven by strategic considerations; ;What type of financial benefits of the projects being used merely to obtain project /programme approval? What type of analysis and justification is necessary for approval of Research and Development expenditure? Is the true rationale more strategic in nature? Does the college establish customer process based on costs or market? If the college changes tuition based on costs, would changes in the transfer pricing result in the changes in registration (volume) or in the receiving location's decisions? Are changes in programme design or development process driven mainly by costs or are other sources such as market (demand) or programme discontinuation analysis performed regularly in an attempt to reduce (indirectly) costs or for reason such as fostering specific market perceptions.

The insight generated from answering these questions do inform management of the usefulness of applying ABM to support college strategy. For example , were most decision are based on strategic consideration rather than costs ,investing huge sum of money in a costing system such as ABM , will not necessary bring about better decisions .The implication of this point is that management and finance professionals should ensure that the college strategy informs the nature of costing technique used .It is only when that link is established that the costing technique used assumes the strategic dimension that makes it a strategic costing technique(Chivaka,2007; Soin et al,2002:Sedgley and Jackew,2001).

2.10. HOW VALUE CHAIN ANALYSIS CAN ASSIST IN UNDERSTANDING AND ANALYSING BOTH INTRA AND INTER COLLEGE PROCESSES.

2.10.1. INTRODUCTION

The intensification of global competitiveness and the introduction of new technologies bring withit increasing pressure that college professionals are not only adept at analyzing internal programme but that they are also exposed to ,and thus experience in ,generating information relating to programme outside their own college sector .This external focus is a reflection of the student-centric approach required for survival in the global business environment .In terms of this approach the value of a programme /service is no longer internally determined but is now a function of the market needs .In addition ,the external orientation has been brought about by the processes on both the supply and demand side of the college sector are increasingly influencing the cost of internal processes of the college sector .Value chain analysis has emerged as one of the techniques that are useful in understanding and analyzing both intra –college and inter-college process in order to identify sources of competitive advantage.

2.10.2. THE RATIONALE BEHIND VALUE CHAIN ANALYSIS

A value chain is defined as the "linked set of value creating activities all the way from basic raw material sources for component suppliers (from grade R) through to the ultimate end –use product(student graduate) delivered into the final consumers hands " (employer and customers).The basic logic behind value chain is that it is a strategic analysis tool used to better understand the college competitive advantage ,to identify where value for the student can be increased or costs reduced , and to better understand the college 's linkages with suppliers ,students ,and other colleges in the FETC sector .The activities includes all steps necessary to provide a competitive product or service to the customer .For Taletso College ,this activities begin with the concept of the service and its design, purpose and demand and then moves to the set of activities that provide the services to create a satisfied customer .

Value chain analysis involves the process of decomposing the process from the suppliers to the final customers into strategically relevant activities as to be performed ,in a way of managing costs .Since each strategically relevant activity involves investment in resources to be performed ,it follows that each segment or link along the value chain is expected to add value .Once the distinct segments of the value chain or the strategically activities have been identified ,the role of the finance professionals is to contribute to the assignments of costs to this activities .Assigning costs to the strategically relevant activities facilitates process value analysis ,which involves comparing the costs against the value generated by the activities .The aim of the process value analysis is to ensure that each segment of the chain(e.g. from grade R to completion of diploma) is not only relevant ,but that is also generating value higher than the costs it consumes (Seal et al ,1999)

The value creating activity occurs at two levels, i.e. within the FETC/TVET sector in which the college (Taletso College) operates and within the college (Taletso College) itself. As such there are two components of the value chain, namely the FETC sector value chain and Taletso College's internal value chain. The FETC sector value chain is made up of all the value creating activities within the industry, starting with the basic raw material and ending with the delivery of the final product into the hands of the consumer (Donelan and Kaplan, 1998). The college's internal value chain consist of all the value creating activities that reside within the processes of the organization .Figure 2 below is an example of a value chain analysis approach of the FETC sector which shows both the FETC and the college internal value chains

Table 2

Value chain analysis approach

FETC/TVET Value Chain	TALETSO Internal Value Chain
Operating Activities	Programme Design
FETC Act	Program Design
Student Registration	FTE's

Value chain analysis is a tool that Taletso College can use to attain competitive advantage. This is realized by disaggregating the college into its strategically relevant activities so as to understand cost behavior as well as sources of existing and potentially sources of differentiations (Porter, 1985). Thus gaining competitive advantage arises from the ability of the college to execute the value –creating activities in a more-cost-effective way than the college's competitors (Hague, 2001).

Identifying opportunities for added value, that is, the analysis of value activities can help identify activities in which the college can add significant value for the students. For example, satellite campuses should commonly be located near the largest customer to provide faster and cheaper registration. Thirdly, identify opportunities for reduced costs .A study of its value activities can help Taletso determine those parts of the value chain for which it is not competitive.

2.10.3. ACTIVITY BASED MANAGEMENT USING THE VALUE CHAIN ANALYSIS APPROACH

According to Porter (1985), an organization's profitability is derived from two main sources namely (1) the attractiveness of the industry in which it operates and (2) its relative position within that industry. If an organization has a strong relative position that means it has competitive advantage against its competitors. In order to achieve competitive advantage ,an organization has to create value for its customers at a cost that is lower than the value created .The ability of an organization to attain competitive advantage is seen as a function of generic strategies ,namely ,cost leadership, differentiation and focus. Cost leadership is achieved by having a lowest cost structure than an organization's competitors .Differentiation is attained by producing innovative products /programme and services that offer customers more value than the cost of making them. Focus is about concentrating on a market niche and pursuing either a cost leadership or a differentiation strategy.

In order to achieve competitive advantage using any of the three generic strategy's, Taletso College performs activity, such as programme/service design, curriculum design, marketing and delivery. These activities collectively support the generic strategy chosen by the college. However, the activities do not add value in the same magnitude and as such, it is important to understand their contribution towards the attainment of the college competitive advantage. This is where value chain analysis helps the college by systematically decomposing the college into strategically important activities and facilitating, the understanding of the impact of such activities on cost behavior and the realization of its strategy.

By focusing on activities, value chain analysis enables an organization to understand the complex interdependencies in processes, activities, business units, suppliers and students as a way of identifying opportunities for optimization throughout the entire value chain. It also makes it easier to understand problems arising from coordinating the activities and process that span functional and organizational boundaries.

From a strategic cost management perspective, value chain analysis has three key characteristic attribute that makes this technique very useful. These attributes are(1) a clear identification of the strategy chosen by Taletso College (2) its emphasis on sources of sustainability competitive advantage and (3)its focus on the importance of complex linkages and interrelationship.

The first attribute emphasizes the need to manage costs of activities and process in the context of the strategy selected by the organization i.e. making sure that activities and processes performed in the college are in sync with and thus support ,its strategy .In other words ,there should be a strong relationship between the value chain activities and the college's strategy .This may appear obvious , but the reality is that many college suffer from inertia and as a result processes, activities and systems that were deployed a long time ago continue to be performed even though some of them are irrelevant and thus should be eliminated or at the minimum significantly modified .On the other hand ,old activities and systems have proved themselves to be cost effective and delivery in terms of college strategy ,for example ,the NATED causes are flexible and dynamic and can be utilized to deliver in terms of artisans and skill training and national qualification(Chivaka,2007;Gazety and Lambert ,2006;Hargert and Morris,1989) .

Thus value chain analysis requires the college to determined activities that give the college the potential to create value for the student as a way of creating and sustaining competitive advantage .The process of determining strategic value chain activities is based on the " pull" approach which first identifies programme characteristics that are valued by the students e.g. the NATED courses .Strategic value chain activities are those activities that are critical in the ability of the organization to produce programme/services that meet the characteristics determined by the students or the industry ,for example , the NATED courses i.e. .N1-N6 are courses valued both by students and the employers for emphasizing more practical (80%) than theory(20%).

Once the strategic activities have been identified, the remaining activities, for example, the NCV(which is highly theoretical), must also be clearly identified and denoted as non-strategic while such activities are important for the overall provision of programme and services, they do not confer competitive advantage to the organization. All non- strategic value chain activities should be streamlined, reduced or outsourced so as to make sure that the college's efforts are geared towards activities that have the greatest impact on its ability to achieve and sustain competitive advantage (i.e. producing artisans and technicians)

Failure to link value chain activities to strategy results in huge wastage due to (1) the performance of activities and processes that are no longer compatible with college strategy and (2) emphasis placed on non-strategic value chain activities .The second characteristic of value chain analysis is concerned with what the college is good at (e.g. workshops which emphasize practical work experience).

Once strategic and non-strategic activities have been clearly understood, the college should then identify specific strategic value chain activities that they are good at. The idea here is that the college should exploit such characteristics as a way of creating value for the students and the industry in which such characteristics are valued .In order to do this the college should address the following questions: What do we do best in order to distinguish ourselves from our competitors .In order to achieve competitive advantage ,the college must perform activities in which it has a unique advantage .Once these activities have been identified ,creating and sustaining competitive advantage involves closely managing them by making sure that they are not only performed well, but they are also well resourced .The problem with many colleges is that strategic value chain activities are not identified .To make matters worse ,when it comes to reducing costs ,an across the board approach ,that is ,cost cutting ,is applied .From a strategic cost management philosophy, an across-the-board approach in reducing costs of value chain activities should not be done due to the following reasons :

While an across-the –board cost cutting approach may produce immediate results, the benefits from such a knee –jerk reaction are not only short-term but the impact of such action invariably produce long –term negative consequences on the ability of the organization to gain competitive advantage. Second, taking a narrow view when looking at the costs associated with the value chain activities may result in the college managing their activities independently. Thus management may focus on cutting the costs of upstream value chain activities, such as research and development or training and development in the case of Taletso College .However, such action does have serious consequences on the down-stream value chain activities of the college, for example, poor response to changes in student and industry tastes, an increase in programme costs and a reduction in programme quality. Donelan and Kaplan (1998) therefore argue that the organization‘s value chain activities are interrelated in such a way that no activity should be managed independently without due regard to the potential impact on all other activities .The third attributes of value chain analysis is the emphasis on both internal and external linkages and interrelationships .Internal linkages are typified by relationships between tasks and activities that forms a process within the organization's value chain.

Table 3

Linkages in the context of the process of a student-certification/qualification

College Marketing →	Recruitment →	Student Selection →	Student Registration →	Student Lecturing →	Student Assessment →	Student Certification →	-Internship Employabilit -Workplace experience

2.11. PROCESS PROVISION OF PROGRAMMEME TO STUDENTS

The table 3 above shows that the provision of programme to students is a process (composed of a series of interdependent activities that spans functional areas .Using value chain analysis the college is able to understand the impact of one activity on the performance and costs of another ,irrespective of where in the college activities are performed .Taking a process view of the college facilitate the understanding of an end-to-end (from programme design to post –sales activities)value chain activities and costs.

Internal linkages also take the form of the interrelationship between business units within the same college .Therefore ,a process view of the college (as opposed to a silo approach)supports strategic cost management by enabling a college to identify areas where value creating activities can be shared by several business units .The sharing of value creating activities facilitate joint optimization ,that is ,it improves throughput (employability, a vocation ,occupation or trade)increase capacity use and reduces costs .

By focusing on the entire value chain instead of a functional areas, it becomes clear that some of the costs that are regarded as facility –sustaining and thus fixed are in reality changeable via joint optimization .In addition, a process view of the college helps the understanding of the impact of the actions of one business unit on the resources and costs of another business unit.

The point here is that value chain analysis forces organizations to create internal markets for services rendered by one business unit to another. For example, there should be a "lecturer "and "student "relationship between registration process and the lecturing process. As such student recruitment, selection, assessment, classroom layout, retention efforts have costs implications, on the certification process within the college value chain.

External linkages and interrelationships denote the way in which the internal process of the college interface with those of the supply and demand side's. Often, the interface, between the college and the government (DOE), the industry and the students is fraught with all sorts of problems that cause unnecessary costs. Applying the traditional cost cutting approach, most colleges take value added perspective instead of a value chain approach. A value added approach adopts an internal focus to the management of costs hence it starts with registration and ends with results.

In other words, a value added perspective views the college in the context of its registration (FTE's), its process, its functions its programme and its students The major weakness of this approach is that it starts costs analysis too late (with registration) and it ends to early (with results) to be of strategic importance to the college in its quest for long –term and sustainable business solutions. As such ,it fails to exploit potentially huge costs saving opportunities that reside at the broader focus of a value chain approach in conducting cost analysis (via industry value chain analysis)and instituting cost management, an organization is able to leverage its linkages with suppliers(kind-a-garden primary and secondary schools) and customers.

For example, in the college industry, external linkages may take the form of a college working closer with the SETA'S and related industries in such a way that students are allocated internships in order to gain on –the –job "work experience at the employer's premises. This enables the process of internships, learnership and work experience to commence immediately such that, by the time the students finishes his /her course, he or she has acquired the necessary skills.

The point here is that by exploiting external linkages between the industry ,the SETA and the college, certain training and education processes can be located at the college part of the value chain (recruiting students ,inducting ,lecturing ,workshop practical experience, assessing)while the industry or employers focus on value activities required for further training and development (for example, internships, learnership ,artisan training ,etc.).From a cost management point of view, value chain analysis facilitates the proactive identification and elimination of non – value added activities (moving certain programme outside the college, emphasizing theory instead of more practical's).Consequently, every stage of the value chain is adding to the processing and delivery of a skill or certification or employability in the hands of the final customer (i.e. students, employers, parents and the community in general).

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. EXECUTIVE SUMMARY

The research method selected for the study is a combination of both qualitative and quantitative methods (Hussey and Hussey, 1997). The relevance of linking qualitative and quantitative research, a starting point according to Jick (1983: 135) is the notion slowly being accepted (Flick, 2007: 93) that qualitative and quantitative methods should be viewed as complementary rather than as rival approaches.

Hammersly (1996: 167-8) distinguishes three forms of linking qualitative and quantitative research. First, the integration of both qualitative and quantitative methods assists in the mutual validation of results. Second, by means of facilitation one can highlight the supporting function of one method over the other for example, one approach provides hypothesis and the other provides ideas for carrying on the analysis. Thirdly, both methods can be combined as complementary research strategies (Tashakkori and Teddlie, 2003(a); Kelly and Erzberger, 2004,).

This method is appropriate in the sense that when we perform qualitative research associated with descriptive inquiry about the performance of FETC sector, which draws financials records, records of students and lecturers, funds allocated to re-capitalization, funds given to students through NSFAS, absenteeism, bunking of classes, drop-out rate or retention rate of students, high turnover of lecturers, workshops materials costs, labour costs (salaries for both lecturers, support staff and the corporate) workshop and classroom overheads.

We also have to use qualitative methods to do statistical analysis of results of the students in order to obtain an objective measurement and statistical construct to explain the cost benefit associated with the managing, minimizing and throughput (i.e. certification, workplace employment) performance.

The method chosen helps answer our research question and equally assists with investigating activity based costing as a technique in cost management strategy. In addition, the approach assists with the phenomenon variables (skills development and training) and gives ample reasons about research findings every step of the way.

This study investigates the why and how of decision making that links the respondents respective to general social science theories. This design studies the process and focuses on the intention of the phenomenon. The data is collected from records and interviews. The data is analysed by identifying codes and comparing the concepts in the findings with the theories communicated as an analysis story. A field strategy that simultaneously combines document analysis, interviewing of respondents and informants (Denzin, 1989) is incorporated to enhance the validity of the study.

3.2. INTRODUCTION

In this chapter, the method and procedures used in the research are reviewed. The research settings, research design, research method, study population, the sample, sampling techniques and data collection method are discussed. In addition, reliability and validity of the approaches and the instruments used are also addressed. The chapter further highlights the access and ethical considerations (that is, how we safeguarded and protected information in the course of the study).

3.3. RESEARCH SETTINGS

Taletso College is the result of a merger between Lehurutshe College of Education, Lichtenburg Technical College and Mafikeng College and comprises the current three campuses. The three campuses are located in the deep rural areas of the central region of the North West Province and are situated about 80 kilometers from each other. The catchment area for the college spans a 120 km radius.

The Mafikeng Campus is located in Mafikeng Local municipality. All provincial government offices are located in Mafikeng by virtue of it being the capital of the North West Province. The town is surrounded by rural villages governed by the tribal system of authority.

Lichtenburg campus is about 68 km from Mafikeng campus providing largely business and general utilities. As a town, Lichtenburg has a huge potential for growth. There are two large cement factories in the area (Lafarge and Holcim).Property development is on the increase. Some of the pipeline developments include a diamond mine and two large shopping complexes. These developments have the potential to increase in business and finances as well as trade and wholesale activities.

Lehurutshe is a township with no central business or industrial centers. The community is largely African and the majority of people find work outside Lehurutshe.The removal of the border post in Zeerust from the previous Bophuthatswana government has made movement relatively easy. Small businesses currently running in the area are mostly one-man enterprises and do not therefore offer job prospects for the community. Lehurutshe is in close proximity to large game reserves in the North West, for example, Madikwe Game Reserve. Game farming is also increasingly attracting tourists to the area (Statistics South Africa, 2003).

3.4. RESEARCH DESIGN AND METHODOLOGY

3.4.1. INTRODUCTION

The research method that has been selected for the study is triangulation or mixed method that compares multiple sources (qualitative and quantitative) in search of a common theme to support the validity of our findings (Lincoln, Guba and Creswell,2006; Flick,2007:54-57).

3.4.2. RESEARCH DESIGN

Research design is a strategic framework for action that serves as a bridge between research questions and execution of the research. The research study is based on triangulating qualitative and quantitative approaches. In terms of the quantitative approach interviews and questionnaires were used while in terms of the qualitative approach ethnographic analysis is used

The interviews comprised eight focus groups, four in depth interviews and two conjoint interviews with Taletso College lecturers, senior lecturers, and heads of department, corporate management, students and analysis of state official documents. Differentiation was achieved by using conversation analysis together with interviews (Fielding and Fielding, 1986, p.34; Bergmann, 1985).

Research design is the plan that guides the arrangements for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Terre Blanche, Dunheim and Panter, 2006:34).

3.4.3. RESEARCH APPROACH

Both a qualitative and quantitative method have been used and this is precisely because while the descriptive design (quantitative) are designed to gain more information about a particular characteristic within a particular field of study, the qualitative design serves one or more of the following purposes, that is, they serve to reveal the nature of certain situations, settings, processes, relationships, systems or people. They enable the researcher to gain new insight about a particular phenomenon, they develop new concepts or theories, or generalizations within real world contexts (verification).They provide a means through which a researcher can judge the effectiveness of a particular policies, practices and innovations.

The advantage of using triangulation (mixed methods) is that it is flexible in that the research was able to use multiple data collection instruments and methods. The basic idea is that using more than one method opens up several perspectives for promoting quality (Denzin, 1970; Flick 2000a, 2006a). It was useful for the discovery of new insights as well as pointing out typical responses. The method combines questions and narratives in approaching a specific issue, for example, everyday knowledge about cost management, technological change, such as activity based costing (ABC), target costing, value chain analysis and cost benefit analysis. The method was used against a specific theoretical background, which is informed by more recent discussions and findings of the psychology of memory and knowledge. The first is more oriented to situations, their context and progress, whereas the second knowledge is more abstract, generalized and contextualized from specific situations and events and oriented to concepts, definitions and relations (Kvale, 2007; Bruner, 1990, 2002; Robison and Hawpe, 1998).

It could be applied to many people and in our research; it was possible to cover 2000 different stakeholders in the three campuses of Taletso College. It provided data about the present, what people thought about the cost of skills development, the cost of education in South Africa, what is to be done and what is anticipated.

There were challenges though to the mixed method approach of research such as time, cost funding, statistical analysis, cost driver analysis, questionnaires and interviews are a challenge to design, difficult to interpret ;impersonal approach, low slow response rate by participants, inability to ask for clarity from response of the questionnaires.

Furthermore, activity based costing as a technique to manage and minimize cost requires a significant amount of time and cost to be implemented. If implementation is to be successful, substantial support is needed throughout the college. One had to overcome a variety of individual, organizational and environmental barriers such as the following: individual barriers such as fear of change, shift in status, necessity to learn new skills, organizational barriers such as territorial issues, hierarchical issues and corporate culture issues while environmental barriers consisted mostly of financial accounting mandate regulatory agencies and to a minimal extend trade unions. Issues such as access to resources, participation, administrative capacity, employment, throughput, growth, local and national development strategies such as the skills development are diverse and ill defined (Anderson, Hanman and Qusely, 1997).

It is however worth stating that the aforementioned challenges did not impact negatively on the final implementation of this research study and the final results gleaned from it.

3.5. RESEARCH METHODOLOGY

Research methodology is a systematic process of collecting, analyzing and interpreting cost management techniques and method (cost management activity, value chain analysis) and excess to college education and training (participation) and how managing and minimizing cost using the above mentioned could assist in providing access to college education and training (participation) by those who do not have the means to further the education and training.

The research method selected was useful in answering the research questions set out at the start of this study. The same was also useful in investigating the cause (cost management) and effect (minimizing and managing cost) to enable Taletso College to match its resources to the goals it sets in relation to effective and efficient management of cost.

3.5.1. THE POPULATION SAMPLE

3.5.1.1. SAMPLING

The case study for all information is Taletso FET College which consists of three campuses (Mafikeng, Lehurutshe and Lichtenburg).Our population consists of all students, lecturers, senior lecturers, heads of department (HODs), support staff, administrative staff and corporate staff from the three campuses.

The sample method used is probability and stratified random sampling. Probability sample are samples where each member of a population (students, lecturers, support staff, administrative staff and corporate staff) has a chance of being selected as a sample, while stratified is whereby each identifiable strata or population may be taken into consideration.

3.5.1.2. THE POPULATION

A population is a group, that is, the subject of research interest. According to Goddard (2001), it is almost impractical to study an entire population. Therefore, it becomes necessary to make a general finding and reach some conclusions based on a thorough study of the subset of the population. The subset of the population is referred to as the sample or according to Leedy and Ormrod, (2001) the microcosm of the population, for example, in our research, the source of information is Taletso College and its three campuses, i.e. Lehurutshe, Lichtenburg and Mafikeng campus.

Table 4

Characteristics and size of the population in Taletso College

CAMPUS SITE	STUDENTS	LECTURERS	ADMIN. STAFF	SUPPORT STAFF	CORPORATE STAFF	TOTAL
MAFIKENG	2736	58	63	10	20	2887
LEHURUTSHE	1440	27	18	5	-	1490
LICHTENBURG	624	15	10	3	-	652
TOTAL	4800	100	91	18	20	5029

Table 4 Source (Taletso College Annual Plan, 2012)

3.5.1.3. THE SAMPLE FRAME

A sample must be representative of the population under study, so that a general observation about the population can be drawn from the study of the sample. The population for the study comprise Taletso College employees that is lecturers (88), administrative staff (36), corporate staff (20) and students (4814) who are from the three campuses of the college that is Lehurutshe, Lichtenburg, and Mafikeng campus. A total of 510 characteristics were drawn from the sample frame (4958 Taletso stakeholders) which is representative enough to make general conclusion of the findings.

3.5.1.4. SAMPLE SIZE

The study focused on the five (5) categories (i.e. students, lecturers, administrative staff, support staff and corporate staff) because this is the majority of the people with direct vested interest in Taletso College.

TABLE 5

The focus group and the categories of each sample

Focus group	Number of Participants	Percentage of population
Students	480	10%
Lecturers	10	10%
Administrative staff	10	11%
Support staff	18	100%
Corporate Staff	20	100%
TOTAL	538	

For a clear understanding of the geographical map and location of Taletso College three campuses see the attached map.

The population was selected because it constitute the focus of the study. The questionnaire were piloted to the focus group to assess the validity and reliability of the questions. The process assisted in refining and clarifying questions which could be ambiguous to the respondents. It is also worth noting that some of the questions came from the respondents during the interviews.

A sample of 538 stakeholders in the three campuses of the college was drawn from a population of 4958 stakeholders.

Table 6

The following table is a brief summary of the sample size guideline.

POPULATION	PERCENTAGE	NUMBER OF RESPONDENTS
480 Students	**10%**	**480**
10 Lecturers	**11%**	**10**
10 administrative staff	**28%**	**10**
20 Corporate Staff	**100%**	**20**

Source. Adopted from Terre Blanche, 2006:134

3.5 1.5. SAMPLING TECHNIQUE

According to Leedy and Ormrod (2001:199-206) there are two major type of sampling, that is probability sampling and non-probability sampling. In probability sampling, the research can specify in advance that each segment of the population will be represented in the sample, whereas with non-probability sampling there is no guarantee that each segment of the population is represented in the sample.

For the study the researcher used simple random sampling and stratified random sampling Simple random sampling was used where each member of the population has a chance of being selected on a sample, while stratified random sampling is whereby each identified strata of the population was taken into consideration. In our study, students lecturers, administrative staff and corporate staff depicted the population as identified above. Therefore the focus of the study was on the five strata identified above.

3.6. DATA COLLECTION

3.6.1.. DATA COLLECTION METHOD

The data gathering techniques used are interviews, questionnaires, statistics and participant observation (ethnography) (Heller and Brown, 1995; Munir, Kalawasky, Lawrence, Yarker, Harlam and Ahmed, 2011; Lincoln et al, 2011).

Interviews were done with small groups and their advantage is that they are adaptive in data and allow for data to be collected on a wide range of possible subjects.

The weaknesses of the above mentioned method or techniques are that they are time consuming, they are expensive and they are highly abstract and subjective. They are difficult to design, difficult to interpret low response rate, impersonal approach and it is difficult to ask for clarity (Van der Velde, Jansen and Anderson, 2004).In data triangulation it is not possible to combine different data per se (Hammersley and Atkinson, 1983: 199; Hammersly, 2008; Nelson, 2008).Rather a relation between the data is constructed in such a way that we counteract the validity threats.

3.6.2. INTRODUCTION

A questionnaire is an instrument used to collect data in order to assist the researcher to generalize the funding from a sample of responses to the population. The following criteria were adhered to in constructing the questionnaire: questions should be meaningful; they should be clear and be written in a simple language. The questionnaire was divided into seven (7) parts, that is, demographics nature and scope of Taletso FETC cost management system; Operational challenges with the current cost management system the nature and scope of the current relationship between cost-benefit analysis; the challenges of implementing activity based management (ABM)as a method or technique to manage and minimize cost; factors enhancing the implementation or use of ABM; ways through which Taletso Management could monitor and support ABC,ABM and value chain analysis as techniques to manage and minimize cost.

3.6.3. MIXED METHOD

The data gathering technique used both qualitative (interviews and questionnaires) and quantitative (surveys and ethnography) methods.

The use of questionnaires in addition to interviews was taken in response to the advice by Fielding and Fielding, (1986: 34); Angrosino, (2007); Flick (2007) who suggest not only combining methods that capture structural aspects of the a problem under study and its essential features of its meaning for the participants but also promoting quality in research compared to a single method study. The mixed method was also an attempt to relate different sorts of data (Hammersly and Atkinson, 1983:199).

3.6.4. QUESTIONNAIRES

A questionnaire is an instrument used to collect data in order to assist the researcher to generalize the findings from a sample of responses to the entire population with which the researcher is interested.

The questionnaire was designed on the basis of intensive interaction with the relevant literature and the research question in mind. The questionnaire was structured according to the seven research questions as follows: the nature and scope of Taletso College and use of ABM as a cost management system; operational challenges with Taletso's current cost management system; the nature and scope of current relationship between cost-benefit analysis ; the challenges of implementing ABC as a method to manage cost at Taletso; factors enhancing the implementation and use of ABC at Taletso College; ways in which Taletso Management could monitor and support ABC and value chain analysis as techniques to manage and minimize cost .

The questionnaires comprise closed ended questions based on a five point structure, pre-coded Likert interval scale. The questionnaires was distributed to the three campuses of Taletso College in the central region(i.e. Lehurutshe, Lichtenburg and Mafikeng campus), distributed to a 1200 members (i.e. lecturers, senior lecturers, HOD, support staff, corporate staff and students who worked in the three campuses.

Table 7

The Likert internal scale is as follows:

1 Strongly disagree	2 Disagree	3 Do not know	4 Agree	5 Strongly agree

According to Goddard and Melville (2001: 48) a four point scale forces a decision, while a five point scale provides the possibility of a neutral answer.

The advantage of the five point Likert scale was that the researcher was in a position during the data analysis to couple a group of the responses with the highest score of the total of items (i.e. strongly agree and agree) with the responses of the lowest score (strongly disagree and disagree) while dominating the uncertain group whose responses were unclear. This scale was adopted because of its extensive use over many years in measuring options, behaviour, attitude and the most important phenomena (cost management and throughput) and it made data analysis simple and fast.

3.6.4.1. THE ADVANTAGE OF QUESTIONNAIRES

Responses are gathered in a standardized way and they are more objective than interviews. The researcher was not present during the administration of the questionnaires and this eliminated bias. Generally, it is relatively quick to collect information using a questionnaire. Questionnaires are cost-effective to administer compared to conducting interviews. Potentially, information can be collected from a large portion of a group (Fox and Bayet, 2007:58). It is also an effective method to obtain a large quantity of information within a short time .Questionnaires can be tested before it is given to respondents, thus giving the researcher an opportunity to make changes before the questionnaire is used in its final form.

Furthermore, a good questionnaire is complete i.e. gets all the data you need; is short i.e. does not abuse the respondents time or concentration; asks only relevant questions; gives clear instructions; has precise, unambiguous and understandable questions; has objective questions, i.e. does not suggest answers; starts with the general questions; has appropriate questions; puts sensitive questions at the end; and uses mostly closed ended questions (Goddard and Melville, 2001).

3.6.4.2. THE DISADVANTAGE OF QEUSTIONNAIRES

The questionnaires were standardized so it was not possible to explain points in the questions that participants may misinterpret. This shortcoming was solved by piloting the questions on a small group of lecturers, senior lecturers, HOD, CFO, students including the support staff before it could be administered to a large scale. Interviews were used to increase the reliability and accuracy of questions. Close-ended questions cannot generate large amount of data that the research needed. In order to overcome the shortcoming, the researcher increased the number of question items to cover a wider scope of data to be collected, respondents may answer super finally especially that the questionnaires take long time to complete. The researcher focused on only on those issues that concerned the research questions. Respondents may not be willing to answer certain question (Bayet and Fox,2007:88), lack of honesty from the respondents, non-return of questionnaires leading to lack of representativeness of the population (Goddard and Melville,2001).

3.7. INTERVIEWS

The interviews comprised six groups, three in-depth interviews and two conjoint interviews with lecturers, senior lecturers, HOD, CFO, students, and support staff and the Department of Education senior personnel. The purpose of the interviews was to determine three things, that is, the ability of Taletso College employees matching the needs of the college and the expectations of the students.

In the unstructured interview we asked questions exclusively dealing with throughput (for students) and the critical cost management requirements. In order to increase the reliability and accuracy of the questions, interviews was structured whereby an interviewer asked a series of predetermined cost and benefit related questions. The answers were scored on a scale of 1 to 5 which meant 1 related to poor, 2 for marginal, 3 for average, 4 above average and 5 outstanding. Responses were evaluated and rated by the researcher.

Questions in the structured interview were in four (4) types, that is, situation questions to the students with respond to what she has experienced in a certain situation, for example, the reception during registration, fees, programme, job knowledge questions, is the student convinced that the employees (both lecturers and the administrative staff) understand their job, do they have relevant skills, knowledge and experience to resolve their problems.

Job simulation questions were used to ask Taletso employees whether they have the know-how of cost management how long they take in registering a student. Workers requirement questions which concerns the workers willing or availability to go and extra mile to assist students.

3.7.1. THE ADVANTAGE OF INTERVIEWS

Interviews in a qualitative study are rarely structured as interviews conducted in a quantitative study. They are either open-ended or semi-structured revolving around a few control questions as a result they are more flexible and more likely to yield more information. One area in which interviews were helpful was in getting information from people who cannot read furthermore the researcher was able to ask respondents to clarify unclear answers. Respondents were able to answer questionnaires at times that are suitable to them, and the respondents may not be as inhibited in answering sensitive questions. However, a questionnaire is the only practical approach when dealing with many respondents (Goddard and Melville, 2001).

3.7.2. THE DISADVANTAGES OF THE INTERVIEW

The primary disadvantage of the interviews is that the researcher gets different information from different people and may not be able to make comparison among the interviews. The interviews are not easy to conduct. According to Forbes (1979:36-37) research consistently shows that the interviews are low in reliability and validity. For many reasons, there is a low reliability or consistency in the interview process, first, as an interviewer you have to work consistently to reduce personal biases. Biases can be positive or negative, the knowledge and attitude can also affect the total evaluation of the interview situation. Second, the content of the interview can change because two interviewee have the same background and experience about Taletso

College cost management. Third, the setting of the interview affects the outcome, when the interviewee is in a hurry to leave. Fourth, the time limit on completion of the research put additional pressure on the interviewer. However, during the research and in order to overcome the weaknesses of the research objective, the interview was conducted in such a way that it meets the required standard .Questions are direct and to the point to avoid confusion. Accuracy of the information was checked during the interview to ensure that the time allocation is fair (Milkovick and Bondreau, 1988:416).

3.8. DATA ANALYSIS

Data is presented in the form of diagrams, pre-charts, bar charts, measures of spread or disposition from the center which is dependent on the factors (i.e. the range and the standard deviation(s). Data are presented in the form of written memos, analytical files including introduction and conclusion. Files related to introduction and conclusion directed the researcher to two obvious aspects, that is, the beginning of his study. The introduction frames provide the study with the necessary context, background and conceptualization. The concluding chapters summarize all the findings and explain the meaning that the researcher draw from the data in relation to the research problem.

As the research data and experience grew the researcher created relevant and specific files on the social process under investigation as well as on the several categories such as objectivity, title thoughts for introduction and quotations from the respondents. The subjectivity file helps the researcher to monitor and control subjectivity. The title file contains the researcher's efforts to capture what he sees as relevant to his study.

3.8.1. QUESTIONNAIRE INSPECTION

Data analysis was conducted in the following ways:

Upon receipt of all the completed questionnaires from the different stakeholders (six categories), the researcher subjected all received questionnaires to an inspection and pre-analysis sorting. The rationale behind the exercise was to look at the correctness and the usability of the completed questionnaires. Questionnaires that contained more than five non-responses were eliminated as unusable and this constituted 10% of the returned questionnaires. The unusable percentage was deemed negligible and did not have any significant impact on the results of this study.

3.8.2. THE CODING PROCEDURE

The coding of data was fairly done because the researcher used the Likert scale and close-ended questions in the questionnaires, while unstructured interviews and semi-structured interviews were used to clarify any misunderstanding.

3.8.3. TRANSFERRING OF DATA

Data was captured on the computer using Excel spread sheet. The captured data was then later transferred to the SPSS software for analysis of the six sections of the questionnaires. The frequency distribution was done using the SPSS which is a statistical analysis software package that is used widely in the social science research analysis.

3.9. RELIABILITY AND VALIDITY

Validity and reliability are the major technical considerations in quantitative and qualitative research (De Vos, 2001:230).In the broadest sense reliability and validity address issues concerning the quality of the data and the appropriateness of the method used in caring out the research project. The quality of the data and appropriateness of the method employed are important in the social science, because of the different philosophical and methodological approaches to the study of human activity(De Vos,2001:83).The following procedures were observed to enhance the validity (i.e. credibility, dependability, conformability, verification and transferability) of the study (Creswell, Guba and Lincoln, 1988).

3.9.1. VALIDITY

Validity is the process where the researcher assures the public that the meaning and interpretation of the research is correct and sound and that the research actually reflects what is set out to test. To ensure that the validity of the instrument, the questionnaire items were constructed on the basis of activity based costing and value chain analysis as techniques to manage and minimize cost and the instrument was administered only to the targeted population which was selected by stratified and simple sampling. To further enhance the validity of the instrument, the questionnaire was piloted to 50 members of the targeted focus group (i.e.

lecturers, senior lecturers, HOD, corporate staff, most of the questions come from the respondents during the pilot stage.

3.9.2. RELIABILTY

De Vos (2001: 85) defines reliability as the accuracy or precision of an instrument, and the degree of consistency or agreement between two independently derived sets of scores or the degree to which independent administration of the same instrument yields the same results under comparable conditions. In simple words, reliability in research is about research being consistent in its measurement, scoring and rating.

To ensure reliability, copies of the questionnaire were physically delivered to the three campuses and handed over to the lecturers, senior lecturers, heads of departments, support staff, corporate staff and students. The lecturers who collected the questionnaire from the students, with the senior lecturers assisting with the collection from the lecturers, while the senior administrative officers collected the questionnaires from the administrative staff and the support staff.

The questionnaires and interview items were 100% based on the questions raised about the research topic and most of the tasks were conducted on a daily basis. The researcher took advantage as an employee at the Mafikeng Campus where he is based, to interview and administer most of the questionnaires to the respondents to ensure that nothing unwanted happens during the instrument administration (Philip and Woller, 2001:13).

3.10. ACCESS AND ETHICAL CONSIDERATIONS

In planning our research, we are ethically and morally obliged to consider carefully that ethical issues are complied with, especially when working with people. According to Leedy and Ormond,2005:101) most ethical issues fall under four categories, namely, protection from harm, informed consent, right to privacy and honesty with professional colleagues.

3.10.1. PROTECTION FROM HARM

In order not to expose participants to undue physical and psychological harm, during the pilot study participants were observed for uneasiness and anxiety when completing the questionnaires and answering questions during the interview. Where there is a possibility of discomfort participants were informed ahead of time. The participants were given the guarantee that the end product of the study would be exclusively the property of the researcher and the university and no distribution of the research work was intended. The fact that participants were not allowed to write their names or even making hints that would link them to a particular member of the sample, dispelled the fear and uncertainties of the participants (Bundell, 1997).

3.10.2. INFORMED CONSENT

The participants were informed through a covering letter from the researcher that their participation in the study is voluntary and that they could choose to either continue with the study or withdraw if they felt prejudiced in any way during the data collection process or the administration of the questionnaire. The participants were assured that the study is purely academic and would remain confidential and that no commercial distribution of the research report was intended (Emmerson, 2003).

3.10.3. RIGHT TO PRIVACY

The researcher ensured the privacy of the participants through the permission letter from Taletso College and the covering letter accompanying the distribution of the questionnaires. The participants were also assured that the responses would be treated with strict confidentiality. Most participants were at ease particularly with the realization that the questions made no inference to individuals, management, lecturers or students (Allen, 1987).

3.10.4. HONESTY WITH PROFESSIONAL COLLEAGUES

The research study confined itself to the code of ethics as described by the North-West University rules and regulations governing the conduct of research. Each questionnaire was accompanied by the research permission letter bearing the university logo from the School of Business and Government Leadership and the covering letter from the researcher to the participants wherein the purpose of the study was explained. Should errors be discovered after publication or presentation, the researcher commits to make effort to correct the errors by publishing errata, retraction or correction. We further commit not to duplicate significant portion as our own or other previous publication without the permission of the copyright holders. The researcher acted within the boundaries of his competence, use of scientific knowledge from literature and work experience to accept responsibility for his research (Banks, 2006).

3.11. SUMMARY

In this chapter the research design and methodology of the study were discussed. An attempt was made to provide reasons why a particular design and method were preferred for this particular study. The questionnaires and interviews construction were discussed together with the process that was followed in ensuring that instruments conformed to the research principles of validity and reliability. The population and representability of the population as well as the sampling techniques were discussed. Lastly, the ethical issues and access in research on how to safeguard and protect information rights were considered (Theismans, 2000).

CHAPTER 4

4.1. DATA ANALYSIS

4.1.1. INTRODUCTION

This chapter presents data obtained through the questionnaire, interviews and ethnography. Questionnaires and interviews were administered to students, lecturers, senior lecturers, heads of department he corporate staff, the administrative staff and the support staff. The data from the questionnaires is presented and analysed in the order of the research questions, supplemented by interviews and the ethnography as presented in chapter one.

4.1.2. DATA ANALYSIS

4.1.2.1. BIOGRAPHICAL DATA

This section relates to information collected from the respondents regarding their gender, home language, age work experience, educational qualification, to ranking and culture and whether they are from rural or urban areas.

4.1.2.2. GENDER OF RESPONDENTS

Understanding the gender of the respondents plays a critical aspect of research as it apportions characteristics and opinions as perceived by different genders. The gender of the participants is indicated in the figure below.

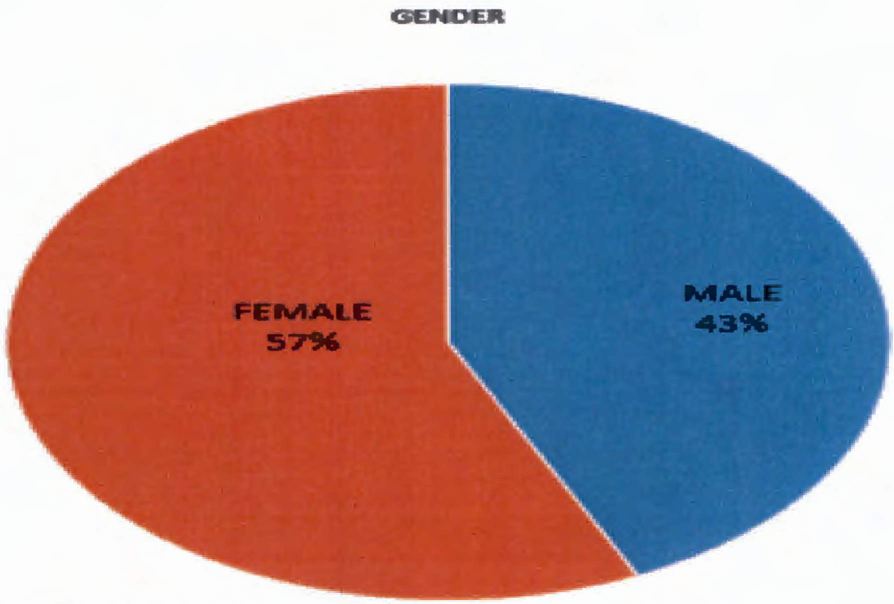


Figure 4.1.2.2

The respondents who participated in the survey were 57% female and the remaining 43% were males. This is in line with the average number of people who work at the college and the number of male (208.1) and female (275.9) students registered at the college for the 2013/14 financial period.

4.1.2.3. HOME LANGUAGE

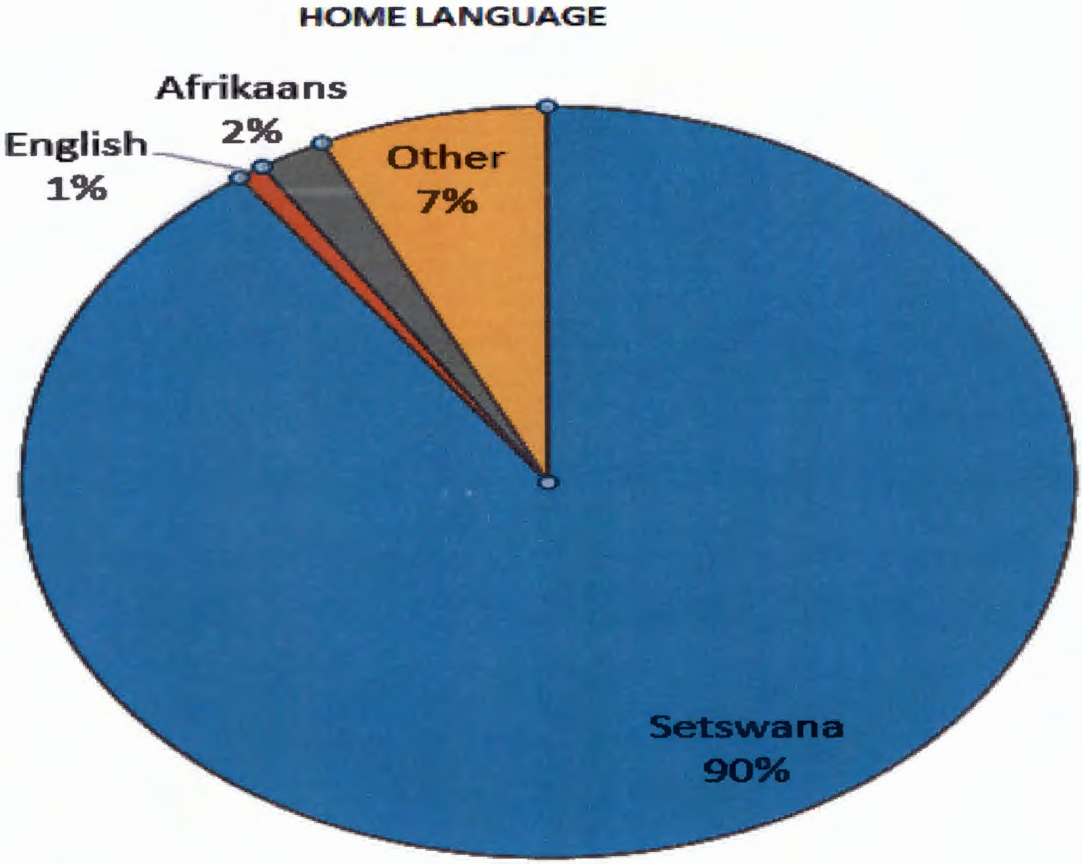
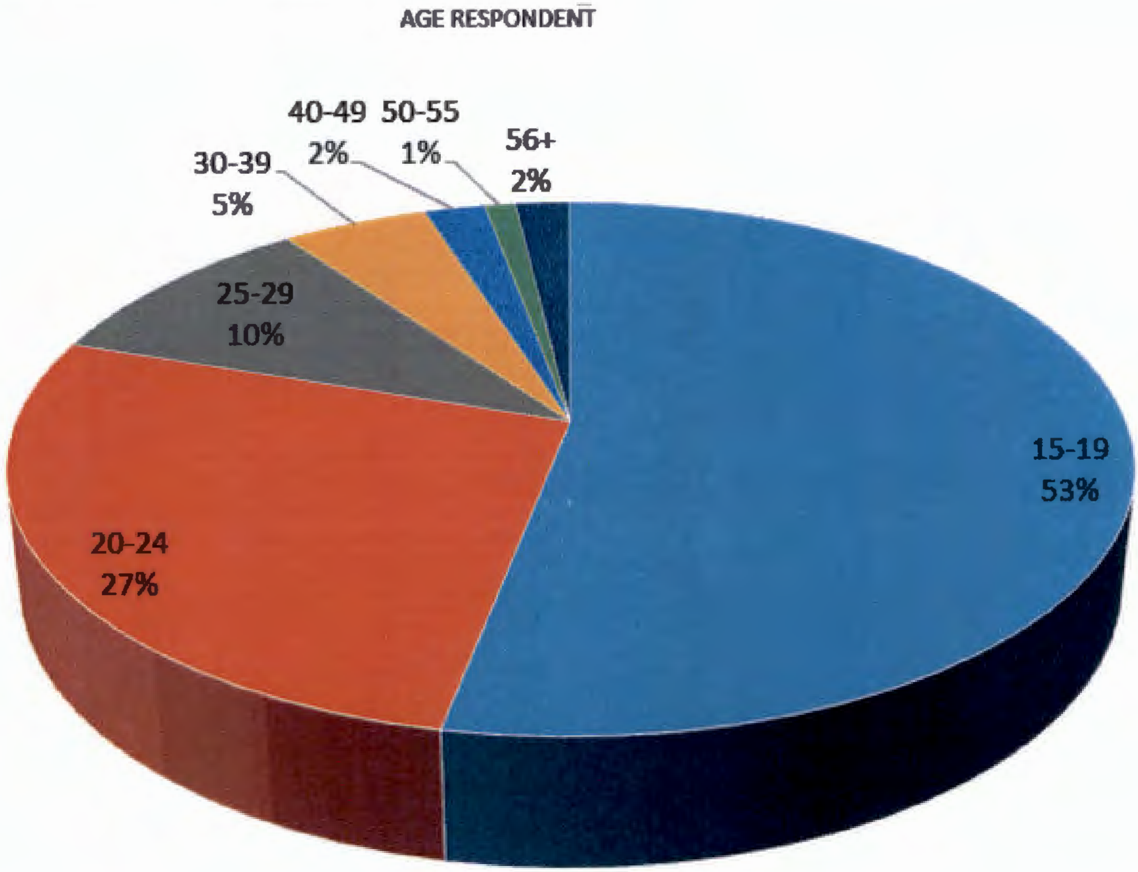


Figure 4.1.2.3

Figure 4.1.2.3.above indicates that 90%of the respondents are Setswana speaking, while 1% where English speaking with 2% spoke Afrikaans, while the last 7% spoke other languages.

4.1.2.4. AGE OF RESPONDENTS



The graph above shows that most respondents age range between 15-19years.This indicates that most students (53%) range between the age 15 to 19,indicating that the majority are of school going age, that is, grade 9-12 while 27%fall within the 20-25 year olds, while most lecturers (10%)are between the age 26-29,with a mixture of lecturers and senior lecturers (5%) falling within the 30-39 and (2%)fall within the 40-49 age group, while3% of the highly experienced lecturers, senior lecturers, administrative staff, including senior corporate management fall within the 50-55 and 56-60 age group.

4.1.2.5 YEARS OF WORKING EXPERIENCE

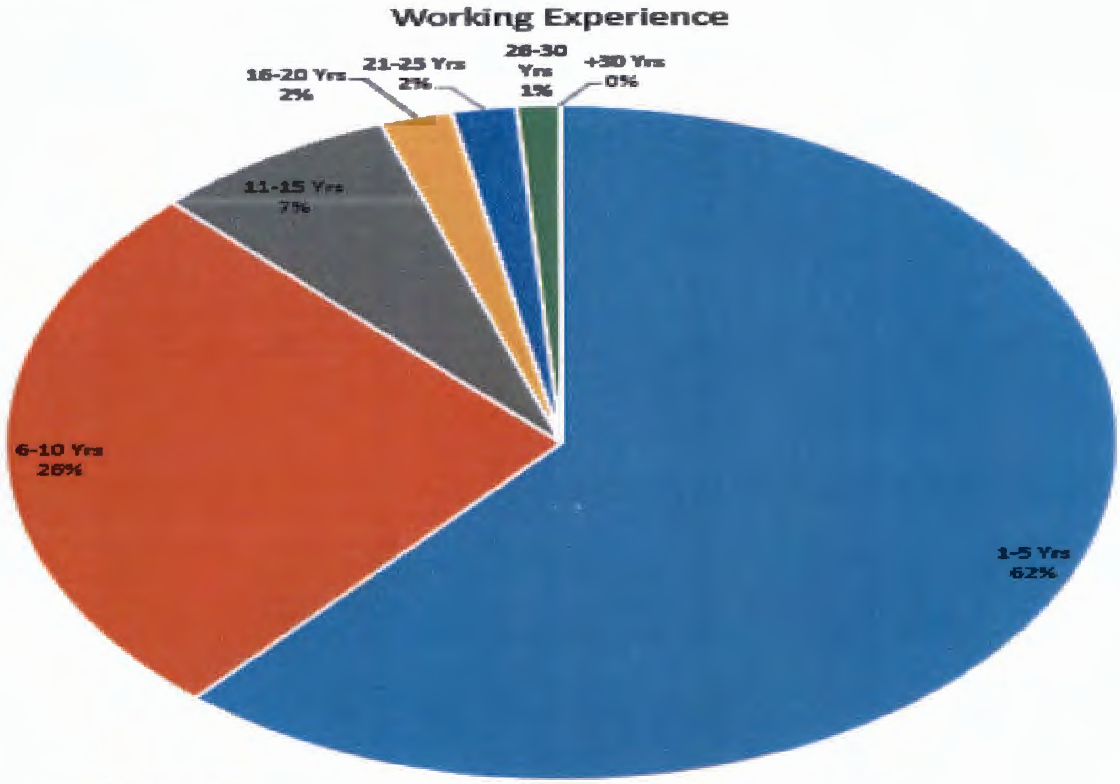


Figure 4.1.2.6.

The highest percentage (61%)from 1-5 years working experience indicate students, lecturers ,administrative staff and support staff including the corporate staff who have recently joined the college and have less than 5 years' work experience, while 26% have 6 to 10 years working experience while 7% are respondents with 11 to 15 years work experience,2%fall within those with 16 to 20 years work experience while 1,8% are those with 21 to 25 years work experience and 1,2%are members with more than 26 years' work experience with most of the last two categories about to exit the work environment for retirement while some as a result of ill health (infirmity).

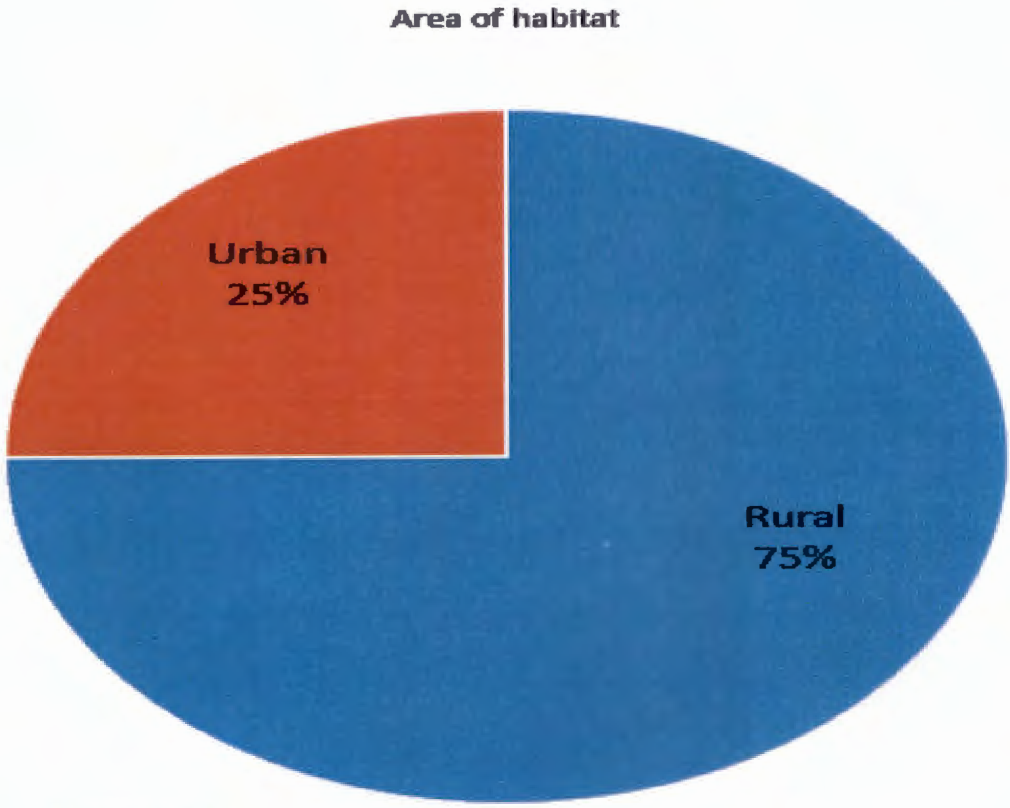


Figure 4.1.2.7

Figure 4.1.2.7. Above indicates that most of the population (75%) of the college are from the rural areas with 25% being from the semi-urban and urban areas'.

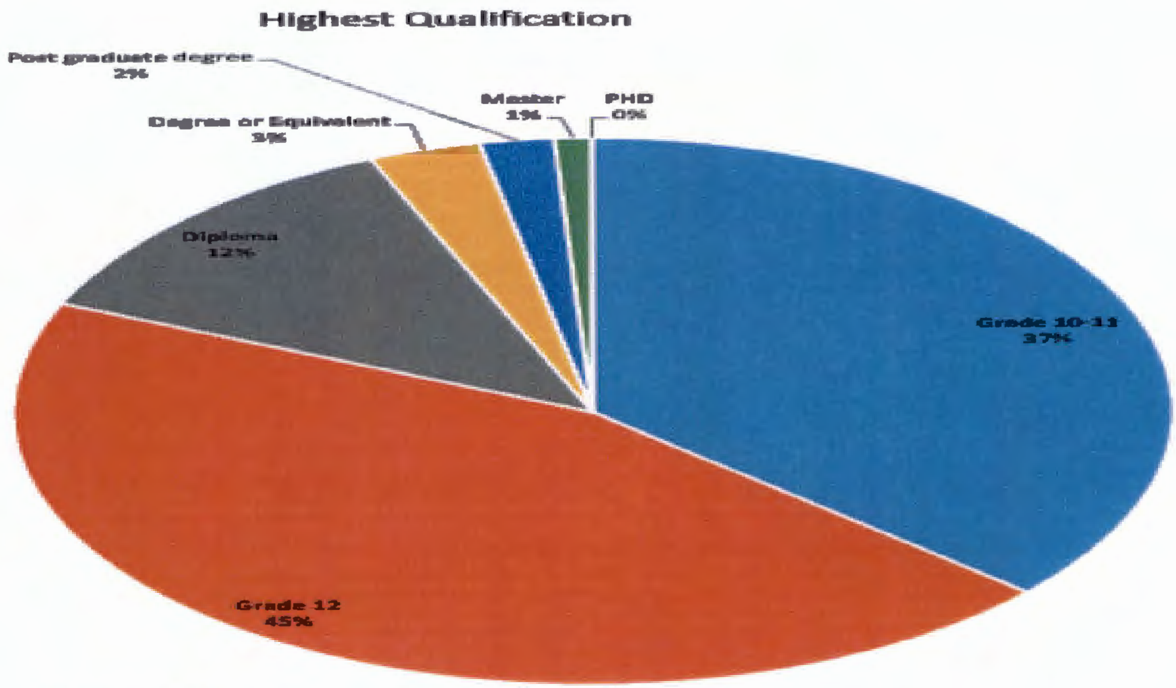


Figure 4.1.2.8.

Figure 4.1.2.8. Indicates that 37% of the respondents fall within the grade 10 to 11 while 45% have done grade 12 with 12% having diplomas while 3% have a degree or equivalent qualification. The remaining 2% of the respondents have post graduate degreeswithonly1% of the respondents having Master 's degree.

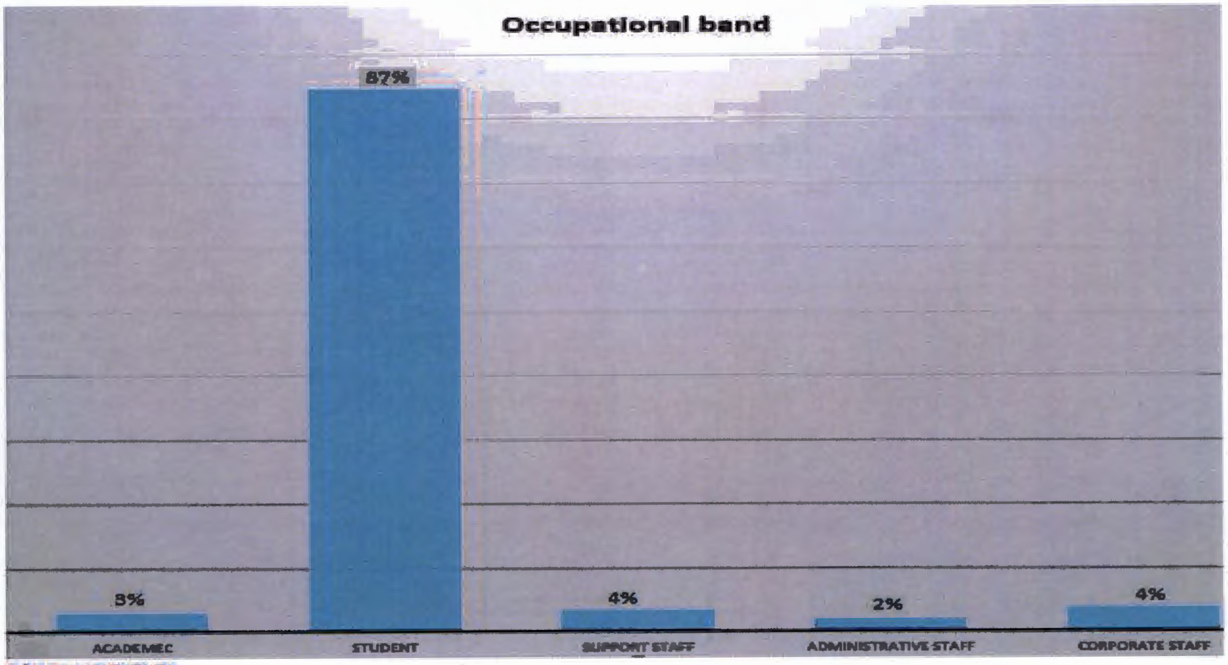


Figure 4.1.2.9.

Figure 4.1.2.9. indicates that 37% of the respondents were academics while 87% were students with 4% being the support staff. There is a mere 2% belonging to the administrative staff while 4% were from the corporate office.

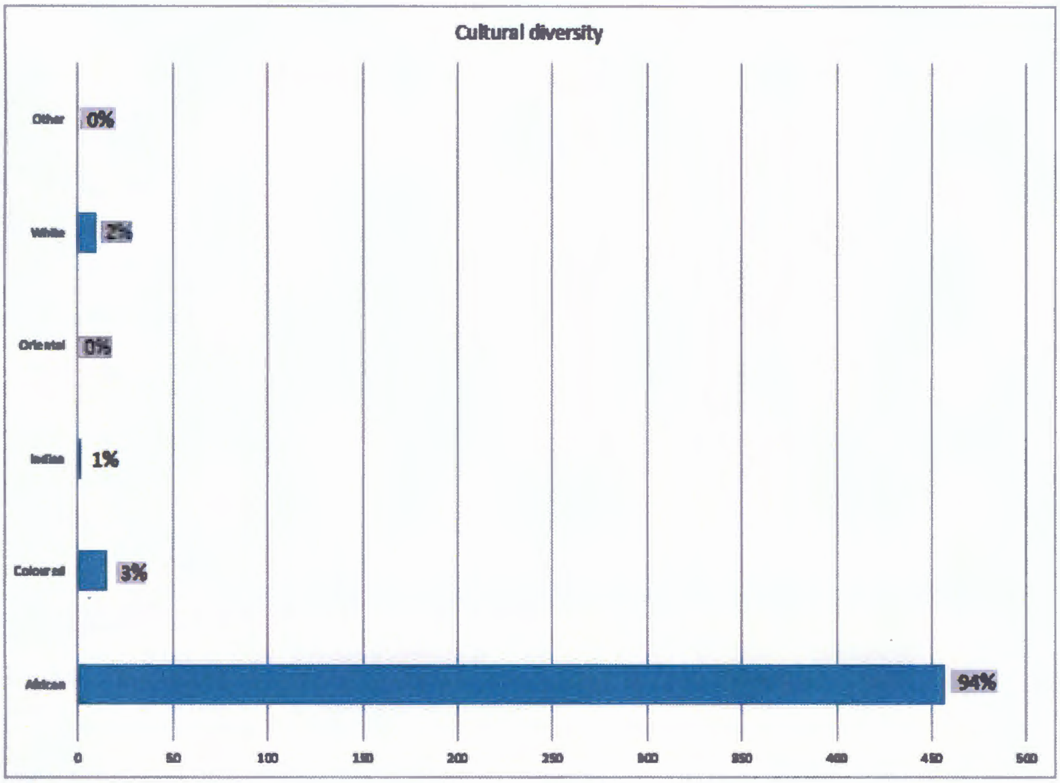


Figure 4.1.2.10.

Figure 4.1.2.10 indicates the cultural diversity of the respondents. Figures indicate that 94 % of the respondents are of African dissent while 3% were coloured with 1% being of Indian origin while 2% were white.

1=Totally Disagree	2=Partially Disagree	3=Do not know	4=Partially Agree	5= Totally Agree

Table 8 . THE NATURE AND SCOPE OF TALETSO COLLEGE COST MANAGEMENT SYSTEM

		1	2	3	4	5	TOTAL
1	Taletso College have a training and development plan for cost management.	48	116	73	126	121	484
		10%	24%	15%	26%	25%	100%
2	Taletso office technology and systems are appropriate.	181	148	97	53	5	484
		37%	31%	20%	11%	1%	100%
3	The corporate management of Taletso has ethical standard operation.	198	165	48	39	34	484
		41%	34%	10%	8%	7%	100%
4	The Taletso College financial management systems are in line with modern cost management practices.	169	145	73	63	34	484
		35%	30%	15%	13%	7%	100%
5	Taletso College has informed employees and customers on how they cost their programmes/services.	77	68	266	53	24	488
		16%	14%	55%	11%	5%	100%
6	The Corporate office is conveniently located?	77	97	73	140	97	484
		16%	20%	15%	29%	20%	100%
7	The stakeholders know how the corporate office relates costs to its programmes /services.	97	48	281	39	19	484
		20%	10%	58%	8%	4%	100%
8	Cost management is considered a process at Taletso College	93	80	66	110	135	484
		19%	17%	14%	23%	28%	100%
9	Cost management is considered an individual activity at Taletso College	65	79	81	114	145	484
		13%	16%	17%	24%	30%	100%
10	Cost management is considered a finance function at Taletso College	63	71	81	116	153	484
		13%	15%	17%	24%	32%	100%
11	Cost management is considered as a multi- functional team approach	163	152	96	34	39	484
		34%	31%	20%	7%	8%	100%
12	A strategic cost management system, likeABC, should be designed and developed in such a way that its structure and life cycle evolve to support the college changing competitive strategy.	15	23	132	150	164	484
		3%	5%	27%	31%	34%	100%

This section relates to the analysis of the data on the nature and scope of Taletso College cost management system. This analysis covers areas which include training and development, technology financial management systems, location of the corporate office resources such as the office technology, the college structure, cost management practices and processes including the location and ethical standard. The respondents were requested to respond to statements and also interviewed. Most respondents (51%) (25%+26%))believe that Taletso College has a training and development plan while interviews revealed that most of the trainees do not complete their training programme thus resulting in wasteful expenditure while most of the engineering lecturers while prefer skill related training rather than academic training. A total of 68%(37,5+34,5%) totally disagree that Taletso College technology and systems are appropriate for cost management while those who use the DB 2000 feel they have not being well trained to operate the system. A significant 75% disagree that Taletso College corporate management has appropriate cost management .A significant total of 65%(41%+34%) disagree that Taletso College financial system are in line with the modern cost management practice and 53%(of the employees and students had no clue how the college cost their programme or services, while 49%(29%+20%) of the respondents (mostly students) agree that the corporate is conveniently located. However, on further investigation through the interviews most lecturers and administrative staff (78%)believe that the close proximity of the corporate office to Mafikeng campus has led to negative and unnecessary interference from the corporate management on the daily operations of the campus(for example, the closure of the hostels and the under-utilization of the workshops which result in loss of revenue for the campus/college)58% of the respondents did not know how the corporate office relates costs to its programme or services while 51%(23+28%) agree that cost management is considered a process at the college. It is noteworthy that 54 %(24%+32%) agree that cost management is considered a finance function at Taletso College while 65 %(34%+31%) disagree that cost management is considered as a multi-functional team approach. From the entire respondents 65% of the respondents agree that ABC, should be designed and developed in such a way that its structure and life cycle evolve to support the college changing competitive strategy.

1=Totally Disagree	2=Partially disagree	3=Do not know	4=Partially Agree	5=Totally Agree

Table 9

OPERATIONAL CHALLENGES WITH THE CURRENT COST MANAGEMENT SYSTEMS.

1	The Management of Taletso College is competent to handle financial control and decision making.	1	2	3	4	5	TOTAL
		184	165	63	44	29	485
		38%	34%	13%	9%	6%	100%
2	Taletso College comply with service level agreement and reach its goal in terms of cost management.	1	2	3	4	5	TOTAL
		165	145	73	44	39	466
		35%	31%	16%	9%	8%	100%
3	Financial records are processed on time and members informed timeously	1	2	3	4	5	TOTAL
		145	121	97	73	48	484
		30%	25%	20%	15%	10%	100%
4	The interaction of the financial department is proactive with students inquires	1	2	3	4	5	TOTAL
		136	121	102	82	44	485
		28%	25%	21%	17%	9%	100%
5	The financial section is accorded priority and is adequately resourced.	1	2	3	4	5	TOTAL
		131	135	121	58	39	484
		27%	28%	25%	12%	8%	100%
6	Lecturers, senior lecturers, support staff and student believe that Taletso cost management are efficient and effective.	1	2	3	4	5	TOTAL
		155	145	97	58	29	484
		32%	30%	20%	12%	6%	100%
7	Financial statements are submitted and processed on time.	1	2	3	4	5	TOTAL
		155	145	73	48	63	484
		32%	30%	15%	10%	13%	100%
8	Business support services and communication units inform the campuses on time on any system change.	1	2	3	4	5	TOTAL
		131	121	0	136	97	485
		27%	25%	0%	28%	20%	100%
9	Taletso staff including students have insight about the cost management.	1	2	3	4	5	TOTAL
		155	145	97	53	34	484
		32%	30%	20%	11%	7%	100%
10	A great deal of information can be lost in the accounting system of the college if it ignores activity and cost relations.	1	2	3	4	5	TOTAL
		19	39	145	136	145	484
		4%	8%	30%	28%	30%	100%
11	Complexity is acceptable only if it add value from the customer's point of view.	1	2	3	4	5	TOTAL
		19	34	145	121	136	455
		4%	7%	32%	27%	30%	100%
12	For ABC to be successful it requires significant amount of time and cost to implement.	1	2	3	4	5	TOTAL
		19	29	102	145	189	484
		4%	6%	21%	30%	39%	100%

This section relates to the operational challenges with the current cost management in the college. The respondents were requested to respond to statements involving competency and decision making, compliance, time management, efficiency and effectiveness including complexity. Most of the respondents, 72% (38%+34%),disagree that management is competent to handle financial control and decision making while 68%(38%+30%) totally disagree that the college comply with the service level agreement and does not reach its goal in terms of cost management. 55%(30%+25%) disagree that records are processed on time and 53%(28%+25%) disagree that the financial department is pro-active with students inquiries while 55%(27%+28%)disagree that the financial department is accorded priority and is adequately resourced, for example, personnel ask with the registration of student lacks the skills to operate DB2000 effectively and efficiently. There is evidence that 62 %(32%+30%) totally disagree that Taletso cost management is effective and efficient. this means that 62% (32%+30%)disagree that financial statements are processed and submitted on time while 52%(27%+25%) disagree that the business support services and communication unit inform the campuses timeously on any system change, however, lack of knowledge and skills to operate the new system (DB2000) leads to poor productivity. The significant 62 %(32%+30%) disagree that Taletso staff including students have insight about cost management while 58 %(28%+30%) agree that a great deal of information can be lost in the accounting system of the college if it ignores activity and cost relations. Evidence shows that 53 %(25%+28%) agree that complexity is acceptable only if it add value from the customer's point of view while 69 %(30%+39%) agree that for ABC to be successful it requires significant amount of the time and cost to implement.

Most respondents (when interviewed) believe that the operational processes in the college need to be improved. Effective and efficient use of state provided resources requires the simultaneous release of accurate and up to date information in order for the college to make proper decisions. The analysis on the table covers areas of challenges which include provision of information, data capturing, processing analysis, storage and retrieval requires technological devices with emanated technological skills in order to deliver the service timeously.

Table 10

THE NATURE AND SCOPE OF THE CURRENT RELATIONSHIP BETWEEN NATIONAL AND PROVINCIAL MANAGEMENT OF COSTS

1	There are appropriate institutional framework for the operation and communication of cost between the DHET and FETC sector.	1	2	3	4	5	TOTAL
		184	145	121	19	15	484
		38%	30%	25%	4%	3%	100%
2	There is a cost management control implementation structure at Taletso college	1	2	3	4	5	TOTAL
		145	136	121	58	24	484
		30%	28%	25%	12%	5%	100%
3	There is an independent internal audit committee in the college council.	1	2	3	4	5	TOTAL
		97	121	44	97	126	485
		20%	25%	9%	20%	26%	100%
4	The DHET developed the necessary capacity in the college sector to resume cost control.	1	2	3	4	5	TOTAL
		126	121	136	53	48	484
		26%	25%	28%	11%	10%	100%
5	Taletso College administrative capacity for cost control and internal audit is being strengthened.	1	2	3	4	5	TOTAL
		131	121	0	136	97	485
		27%	25%	0%	28%	20%	100%
6	DHET developed the necessary capacity at Taletso College to resume cost control.	1	2	3	4	5	TOTAL
		136	116	145	53	34	484
		28%	24%	30%	11%	7%	100%
7	Taletso College top management has been trained for raising awareness of cost management and control.	1	2	3	4	5	TOTAL
		184	145	68	48	39	484
		38%	30%	14%	10%	8%	100%
8	The DHET strengthened the transparency and accountability of Taletso College cost administration.	1	2	3	4	5	TOTAL
		174	121	136	34	19	484
		36%	25%	28%	7%	4%	100%
9	The DHET has presented coherent laws on norms and standards of funding.	1	2	3	4	5	TOTAL
		97	121	24	136	106	484
		20%	25%	5%	28%	22%	100%
10	The DHET developed appropriate systems and mechanisms for the monitoring and evaluation of cost management.	1	2	3	4	5	TOTAL
		145	131	97	63	48	484
		30%	27%	20%	13%	10%	100%
11	There is a clear distribution of responsibilities and authority at Taletso College.	1	2	3	4	5	TOTAL
		184	145	73	48	34	484
		38%	30%	15%	10%	7%	100%

Table 10.depicts data on the nature and scope of relationship between the Department of Higher Education and Training (DHET) and the Provincial Department of Education. This analysis covers areas which include institutional framework, implementation structure, internal audit, administrative capacity, training and development, college financial control policy, transparency and accountability, norms and standard of funding, monitoring and evaluation of cost including distribution of responsibilities and authority .

Respondents were requested to respond to statements. Most respondents itching at 68 %(38%+30%) disagree that there are appropriate institutional framework for the operations and communication of cost between DHET and Taletso College. There is an overwhelming 68%(30%+28%) who also disagree there is a cost management control implementation structure at Taletso College, 46%(20%+26%) agree that there is an internal audit committee and 45%(20%+25%) disagree that there is one on further investigation on documented material one find out that while it was recommended in the year 2000 by the social partners (unions) it was establish in 2012 with the resultant effect that its independence was questionable. Evidence from the study shows 51%(26%+25%) disagree that the central government developed the necessary capacity in the college sector to resume cost control while 52% (27%+25%) disagree that Taletso College has got the administrative capacity for cost control and internal audit is being strengthened 48%(28%+20%) agree. However 52 %(28%+24%) disagree that DHET developed the necessary capacity in the FECT/TVET sector to resume cost control while 30% did not know. There is evidence that 68 %(38%+30%) totally disagree that top management has being trained to raise awareness of cost management and control, 61 %(36%+25%) totally disagree that the central government has strengthened the transparency and accountability of Taletso College administration. At the mid-point, there is 50 %(28%+22%) who totally agree that DHET has presented laws on norms and standards of funding in the FECT sector while 46% disagree. Statistics show that 68% did not know the legislative and institutional capacities are under the guidance of the Minister of Higher Education. Interestingly, 57% (30%+27%) totally disagree that DHET developed appropriate systems and mechanisms for the monitoring and evaluation of quality while 68 %(38%+30%) totally disagree there is a clear distribution of responsibilities and authority at Taletso College.

Table 11.

THE CHALLENGES OF IMPLEMENTING ABC WITHIN THE COLLEGE SECTOR

TABLE 4.1.6.THE CHALLENGES OF IMPLEMENTING ABC WITHIN THE COLLEGE SECTOR

1	The implementation of ABC will lead to cost discipline	1	2	3	4	5	TOTAL
		24	19	192	87	156	484
		5%	4%	40%	18%	32%	100%
2	The implementation of ABC will aggravate cost problems at the DHET	1	2	3	4	5	TOTAL
		36	116	145	48	39	484
		7%	24%	30%	10%	8%	100%
3	The implementation of ABC and value chain analysis will empower the college staff	1	2	3	4	5	TOTAL
		15	34	121	184	131	484
		3%	7%	25%	38%	27%	100%
4	The increase in Taletso College spending leads to increase Provincial spending deficit	1	2	3	4	5	TOTAL
		15	19	63	223	140	484
		3%	4%	13%	46%	29%	100%
5	ABC ,value chain analysis and cost management coordinate difficulties between various levels of the college governanace ,challenges ,micro-economic sustainability of the college funds	1	2	3	4	5	TOTAL
		15	19	68	223	155	484
		3%	4%	14%	46%	32%	100%
6	The incentive for responsible cost behaviour /management is undermined by lack of provincial Autonomy	1	2	3	4	5	TOTAL
		34	24	44	213	169	484
		7%	5%	9%	44%	35%	100%
7	The incentive for responsible cost management behaviour is undermined by over expenditureand revenue decisions	1	2	3	4	5	TOTAL
		48	39	44	203	150	484
		10%	8%	9%	42%	31%	100%
8	The incentive for accountable ,responsible ,efficient and effective cost management is undermined by corruption ,nepotism and favouritism	1	2	3	4	5	TOTAL
		30	37	43	160		484
		6%	8%	9%	33%	0%	100%
9	The implementation of ABC will be associated with large and persistant DHET deficit	1	2	3	4	5	TOTAL
		29	25	145	48	29	484
		6%	5%	30%	10%	6%	100%
10	The college budget institution is weak and undermine responsible cost serving behaviour	1	2	3	4	5	TOTAL
		29	19	97	184	160	484
		6%	4%	20%	38%	33%	100%
11	ABC is appropriate in a company that has experienced problems with its current overhead allocation system	1	2	3	4	5	TOTAL
		24	39	145	174	102	484
		5%	8%	30%	36%	21%	100%
12	ABC is appropriate in a company that has experienced significant changes in its environment ,including widespread adoption of new technologies	1	2	3	4	5	TOTAL
		48	44	121	145	126	484
		10%	9%	25%	30%	26%	100%
13	Traditional cost accounting system has limited value for management decision making and cost control	1	2	3	4	5	TOTAL
		24	19	169	145	126	484
		5%	4%	35%	30%	26%	100%
14	For ABC implementatation to be successful ,substantial support is needed throughout the college	1	2	3	4	5	TOTAL
		19	15	121	184	145	484
		4%	3%	25%	38%	30%	100%
15	Is mangement prepared to create an environment for change that overcome a variety of individual ,organizational and environmental barriers	1	2	3	4	5	TOTAL
		24	34	136	140	150	484
		5%	7%	28%	29%	31%	100%
16	Top management must be involved with and support the implementaion process of ABC	1	2	3	4	5	TOTAL
		24	34	97	169	160	484
		5%	7%	20%	35%	33%	100%
17	Ashortfall in the involvement and support of top management wil make any progress towards the new system slow and difficult	1	2	3	4	5	TOTAL
		19	24	106	165	169	484
		4%	5%	22%	34%	35%	100%
18	Everyone in the college must be educated in the new technology, concepts and performance measurements	1	2	3	4	5	TOTAL
		44	34	121	145	140	484
		9%	7%	25%	30%	29%	100%
19	No accounting technique or system provides management exact cost informatiion for every programme /product or service or the information needed to make consistant perfect decisions	1	2	3	4	5	TOTAL
		44	48	140	131	121	484
		9%	10%	29%	27%	25%	100%
20	A successful implementation of ABC should be based on a careful analysis of the college itself	1	2	3	4	5	TOTAL
		39	48	121	140	136	484
		8%	10%	25%	29%	28%	100%

Table 11. This section relates to the data on the challenges of implementing Activity Based Management (ABM).The analysis shown in the table covers areas of challenges which include cost discipline, fiscal discipline, value chain analysis, provincial spending deficit, governance of college funds, autonomy, incentives, budget, overhead allocation systems, restructuring and transformation of the college business environment and top management philosophy.

The statistics reveal that 51%(33%+18%)agree that the implementation of ABC will lead to cost discipline while 40% did not know.52% which is made up of adding (28%+24%)of the people in the college disagree that the implementation of ABC would aggravate cost problems at the DHET while 30% did not know. A significant 65% of the respondents (38%+27%) strongly agreed that the implementation of ABC will improve throughput while 75%, which is obtained by adding (46%+29%) agree that increase in college spending will lead to increase in provincial spending deficit .80%, which is quite a significant percentage, (46%+32%)totally agree that ABC, value chain analysis and cost management coordinate difficulties between various levels of the college governance, challenge and micro-economic sustainability of the college funds while 73%(42%+31%)agree that the incentive for responsible cost behaviour is undermined by lack of provincial autonomy .79%, another significant number, (44%+35%)totally agree that that the incentive for responsible cost management behaviour is undermined by over expenditure and revenue decisions 54%(29%+25%) disagree that the implementation of ABC would be associated with large and persistent DHET deficit.71% of the respondents (38%+33%) agree that the college budget institution is weak and undermines responsible cost serving behaviour.

57% of the respondents (36%+21%)agree that ABC is appropriate in a company that has experienced problems with its current overhead allocation system .56% of the respondents in this study (29%+27%) agree that ABC is appropriate in accompany that has experienced significant changes in its business environment, including widespread adaptation of new technologies while 25% did not know. A moderate 56%(30%+26%) agree that traditional cost accounting systems have limited value for management decision making and cost control while 35% did not know . A significant 68 %(38%+30%) agree that for implementation of ABC to be successful, substantial support is needed throughout the college. A total of 60 %(29%+31%) agree that management is prepared to create an environment for change that overcome a variety of individual, organizational and environmental barriers while 28% did not know. Quite a significant 68% (35%+33%)agree that top management must be involved with and support the implementation process of ABC while 69%(34%+35%)agree that a shortfall in the involvement and support of top management will make any progress towards the new system slow and difficult. There is evidence from the data that 59 %(30%+29%) agree that everyone in the college must be educated in the new technology, concepts and performance measurements. A moderate 52%(28%+24%) agree that no accounting technique or system provides management exact cost information for every programme or service or the information needed to make consistently perfect decisions while 25% did not know. It was interesting to note that 57% (29%+28%) agree that a successful implementation of ABC should be based on a careful analysis of the college itself and 26% did not know.

Statistics from the data show that 55% agreed that the value chain analysis will empower the staff with 40% not knowing. It is significant to note that 75% (46+29%) totally agree that increase in college spending leads to increase provincial spending deficit while 78%(46%+32%)strongly agreed that the coordinating difficulties between various levels of college governance will challenge the micro economic sustainability of the college fund. An overwhelming 83% agreed that incentive for responsible financial behaviour will be undermined by lack of Provincial autonomy furthermore 79 %(44+35%) agree that incentive for responsible financial behaviour is undermined by over expenditure and poor revenue decisions. It is surprising to note that 54% of the college staff disagree that the implementation of ABC is associated with large and persistent central government deficit,81%(48+33%)totally agree that weak budget institutions undermine responsible financial behaviour. Evidence shows that 57%(36+21%)agreed that ABC is appropriate in a college that has experienced problems with its current overhead allocation system while 56 %agree that ABC is appropriate in a company that has experienced significant changes in its business environment, while 40% did not know.

TABLE 12

TABLE 12

FACTORS THAT ENHANCE THE IMPLEMENTATION OF ABM IN THE COLLEGE SECTOR

	1	2	3	4	5	TOTAL
The installation of ABC system will allow management to see the cost impact of a college cross-functional activities	19	10	169	145	140	484
	4%	2%	35%	30%	29%	100%
The installation of ABC system allows management to understand that fixed cost are in fact long run variable cost that change based on identifiable drives	19	29	155	136	145	484
	4%	6%	32%	28%	30%	100%
The installation of ABC system allows management to realise the value of preparing process maps and value charts	19	24	165	116	140	484
	4%	5%	34%	24%	29%	100%
The installation of ABC system allows management recognise that standard products /services often financially support premium products or services	29	44	160	116	136	484
	6%	9%	33%	24%	28%	100%
The installation of ABC system allows management to determine that traditional bases (direct labour and machine hours)might not produce the most logical costs for products or services	19	24	174	126	140	484
	4%	5%	36%	26%	29%	100%
The installation of ABC system allows management to set prices that reflect the activities needed to produce special or premium products / programs /services	15	24	174	131	140	484
	3%	5%	36%	27%	29%	100%
The installation of ABC system allows management decide whether premium products or low vulume programs are actually profitable for the college	24	19	155	140	145	484
	5%	4%	32%	29%	30%	100%
The installation of ABC system allows management calculate Manufacturing Cycle Efficiency (MCE) and College performance	24	34	150	136	140	484
	5%	7%	31%	28%	29%	100%
The installation of ABC allows management to be aware that the most effective way to control costs is to minimize or eliminate Non Value Adding(NVA) Activities.	15	19	169	136	145	484
	3%	4%	35%	28%	30%	100%
The installation of ABC allows management to accept that customers/Students who are not performing profitable should not necessary be retained	24	39	169	121	131	484
	5%	8%	35%	25%	27%	100%
ABC is effective in supporting continuous improvement	19	29	155	111	169	484
	4%	6%	32%	23%	35%	100%
ABC Identify and monitor significant technology costs	29	39	169	121	126	484
	6%	8%	35%	25%	26%	100%
ABC increase market shares	24	29	194	116	121	484
	5%	6%	40%	24%	25%	100%
ABC identifies the cost drivers that creates or influence cost	10	19	174	140	140	484
	2%	4%	36%	29%	29%	100%

1=Partially Disagree	2=Totally Disagree	3= Do not know	4=Partially Agree	5=Totally Agree

Table 12. Refers to the analysis of data on the factors that will enhance the implementation of ABM in the college sector. Factors discussed include cross functional activities, process maps and value charts, standard products versus premium products, traditional versus ABC.

Statistics indicate that 59 %(30%+29%) of the respondents agree that the installation of ABC system allows management to see the cost impact of a college across functional activities while 35% did not know. The results obtained suggest that 58%(28%+30%) agree that the installation of ABC system allows management to understand that fixed cost are in fact long –run variable costs that change based on an identifiable drive, while 32% did not know. The same results show that 57 %(28%+29%) agree that the installation of ABC allows management realize the value of preparing process maps and value charts while 32% did not know. Evidence reveals that 52 % (24%+28%) agree that the installation of ABC allows management recognise that standard products or services often financially support premium products or services while 33% did not know. From the same question, 55%(26%+29%)agree that the installation of ABC allows management determine that traditional bases (direct labour and machine hours)might not produce the most logical costs for products or services while 36% did not know. In the penultimate analysis on this aspect, 56% (27%+29%) agree that the installation of ABC allows management to set prices that reflects activities needed to produce special or premium products while 36% did not know.59%(29%+30%) agree that the installation of ABC allows management decide whether premium programme or low volume programme are actually profitable for the college while 32% did not know.57% (28%+29%) agree that the installation of ABC allows management calculate Lecturing Cycle Proficiency (LCP) and college performance while 32% did not know.58%(28%+30%)agree that the installation of ABC allows management be aware that most effective way to control costs is to minimize or eliminate Non Value Adding(NVA)Activities while 35% did not know.52%(25%+27%)agree that the installation of ABC allows management to accept that programme / customers /students who are not performing should not necessary be retained while 35% did not know.58%(23%+35%)agree that ABC is effective in supporting continuous improvement while 32% did not know. 51%(25%+26%)agree that ABC identify and monitor significant technology costs while 35% did not know 49%(24%+25%)agree the ABC increase market shares while 40% did not know .58 % (29%+29%) agree that ABC identify the cost drivers that create or influence cost while 36% did not know.58%(29%+29%)agree that a successful installation of ABC should be based on a careful analysis of the college itself while 35% did not know.61%(29%+32%)agree that a successful installation of ABC requires close cooperation among management ,accountants ,HOD's, lecturers and administrative staff while 33% did not know.53%(25%+28%)agree that ABC will generate cost information that that is significantly different from and better than cost information produced by the conventional method while37% did not know 58%(25%+33%)agree that better information generated by ABC change management decision that are dependent on that information while 35% did not know.

Statistics indicate that 69%(48+21%)totally agree that the corporate management does not have the skill to control finances while 65%(39+26%)totally agree that the corporate management does not have the ability to initiate and embrace change,79% (49+39%) totally disagree that the corporate management has the ability to plan, evaluate performance, creative problem solving and budget planning .81%(49+29%) totally disagree that the corporate management has the ability to design work, diagnose and modify college culture, select ,develop people and create high profile teams,78%(48+29%)disagree that the corporate management has the ability to build power based ,motivate and divert employees and students of the college to contribute to the achievement of Taletso College goals.86% of the respondents (58+28%)disagree that the corporate management has the ability to determined standards of cost management and consistently improve standards of cost management .

TABLE: 13

HOW DHET CAN MONITOR AND SUPPORT THE IMPLEMENTATION OF ABM AT TALETSO COLLEGE

		1	2	3	4	5	Total
1	The college sector must be conversant with DHET	20	30	51	286	97	484

	internal control system.	**4%**	**6%**	**11%**	**59%**	**20%**	**100%**
2.	Taletso COLLEGE cost management and internal and internal audit must be incompliance with DHET Internal Control System?	1	2	3	4	5	TOTAL
		10	18	20	298	138	484
		2%	**3%**	**4%**	**62%**	**29%**	**100%**
3	Taletso college community must be conversant with ABC?	1	2	3	4	5	TOTAL
		21	36	50	208	169	484
		4%	**8%**	**10%**	**43%**	**35%**	**100%**
4.	Taletso college must develop and strengthen the administration capacity in the processes of ABM?	1	2	3	4	5	TOTAL
		12	18	28	276	150	484
		3%	**4%**	**6%**	**57%**	**30%**	**100%**
5.	The college management must be conversant and comply with Public Finance Management Act (PFMA)?	1	2	3	4	5	TOTAL
		6	4	10	256	208	484
		1%	**1%**	**2%**	**53%**	**43%**	**100%**
6.	Taletso College management must comply with treasury Regulations?	1	2	3	4	5	TOTAL
		7	5	8	261	203	484
		1%	**1%**	**2%**	**54%**	**42%**	**100%**
7.	The financial staff must be conversant with Generally Accepted Accounting Practice (GAAP) and International Financial Recording Standard (IFRS) disclosure procedures?	1	2	3	4	5	TOTAL
		23	27	50	239	145	484
		5%	**6%**	**10%**	**49%**	**30%**	**100%**

Table 13. Refers to the ways the DHET can monitor and support the implementation of ABM at Taletso College. Statistics reveal that 79% (59+20%) totally agree that the college sector must be conversant with the DHET internal control systems.90%(59+31%) agree that Taletso College cost management and internal audit must be incompliance with DHET Internal Financial Control, on further investigation through interviews and recorded data it was clear that the internal audit committee was recently formed (2012)and very little was recorded as to the duties performed by the established committee.78% agreed that Taletso College community must be conversant with ABC, while 88%(57+31%)totally agreed that it was important that Taletso College developed and strengthen the administrative capacity in the processes of ABM. While 98% (58+40%) agreed that the college management must be conversant and comply with Public Finance Management Act (PFMA), 1999; 96 % (54+42%) agreed that management must comply with treasury Regulations. Furthermore, 79 % (49+30%) agreed that the financial staff must be

conversant with Generally Accepted Accounting Practice and International Financial Recording Systems (IFRS) disclosure procedures (traditional processes).

CHAPTER 5

5. SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5.1. INTRODUCTION

Chapter five presents and discusses findings from the study, supported by findings from literature study. The discussion is based on the results obtained from each of the research questions. Based on the discussion and the conclusions, recommendation are made. Finally, areas that need further research are proposed.

5.2. SUMMARY OF FINDINGS

5.2.1.THE NATURE AND SCOPE OF TALETSO COLLEGE COST MANAGEMENT SYSTEM

The following summary and conclusion were derived from the data analysis.The results indicate that 51%(26%+25%)agree that Taletso College has a training and development plan for lecturers while 345 disagree while the interviews indicated that less is being done to train the support and administration staff.72%(37,5%+34,5%) totally disagree that that the college technology and system is appropriate and need to be improved.75%(41%+34%) disagree that the corporate management has ethical standard operations.65%(35%+30%) disagree that the college financial management system is in line with cost management practice and 53% of the respondents did not have any clue as to how the college cost their programme or services while 49%(29%+20%) of the responded (mostly students) believed that the corporate centre was conveniently located, however, on further investigation through the interviews, most lecturers and the administration staff 78%(43%+35%)believe that the close proximity of the corporate office to Mafikeng Campus lead to negative or unnecessary interference of the corporate management in the daily operations of the campus for example, the underutilization of the workshop, hostel administration, lack of independence from the campus manager, interference of the corporate on the daily operations of the campus. It was clear that 60% (33% +27%) of the respondents totally disagree about the service provided by the Corporate Centre, while 70% did not know how DHET costing relates to the Provincial Education Department.

The evidence from the literature provided by DOE is that the budget allocation to the college is based on the FTE's (i.e. the number of students who were registered in the previous financial period)in other words the budget is allocated according to input (number of students registered)rather that output (number of students who are successful in terms of certification, employability, learnership, pass rate and internships).

The evidence from the research questions and interviews point to the fact that while there is training and development of lecturers in issues relating to teaching methodology, little is done to train and develop personnel in matters relating to cost management and control. While there is lump sum allocation to the college, flexibility and autonomy over its use is very limited. The college has no power to adopt the National Policy on funding without having to comply strictly with its provisions. The college is in no position to identify its priorities and decide how and when this can be used. To manage and control cost, office technology should be appropriate.

THE OPERATIONAL CHALLENGES WITH THE CURRENT COST MANAGEMENT SYSTEMS

The following summary and conclusion in relation to competency and decision making were made. Most of the respondents 72%(38%+34%)totally disagree that the management of Taletso College is competent to handle cost control and decision making, whilst 13% did not know since they had no alternative experience to compare.68%(38%+30%)disagree that Taletso College complies with the service agreement and reach its goal in terms of cost management while 55%(30%+255)disagree that that financial records are processed on time and stakeholders informed timeously.(53%(28%+25%)disagree that the interaction of the financial department is proactive with the student inquires.55% disagree that the financial section is accorded priority and is adequately resourced while 25% did not know.62% of the respondents disagree that Taletso cost management is effective and efficient while 20% did not know.62% disagree that financial statements are submitted and processed on time while 52%(27%+25%) disagree that business support services and communication units inform the campuses on time on any system change while 48%(28%+20%)agree.62 % of the respondents disagree that Taletso staff and students have insight about the cost management while 28% did not know.58%(28%+30%)agree that a great deal of information can be lost in the accounting system of the college if it ignores activity and cost relations while 30% did not know.53%(25%+28%) agree that complexity is acceptable only if it add value from the customers point of view while 30% did not know. Evidence shows that 69 %(30%+39%) agree that for ABC to be successful it requires significant amount of time and funding to implement while 21% did not know.

From the above analysis it is clear that training and development of staff is a source needed for competency capacity building and skill development at the College. The management of training and development staff, programme knowledge, processes and policies, system applications and soft skills are required on an ongoing basis. The Corporate Office (Financial Office) need to be capacitated to give good service delivery to the students. Gilham (2006) assert that effective training is a learning experience, planned in response to identified. It is an attempt to further the goals of the organization while simultaneously providing the opportunity for individual employees to learn and grow while management allows managers to gain experience, skills and attitude to become successful leaders in the organization thus be able to contain and reduce cost.

According to Fernanich (2005) the befit of effective training for any organization,is that it reduces learning time and cost, it improves performance, leads to less supervision. The right attitude are fostered, leads to better recruitment and selection, human resources needs are met and its benefit to employees themselves. This view is supported by Grobler et al (2006) who assert that it is essential that training effort be linked to the organization goals, objectives and business strategy if it is to add value. This process is known as strategic training. According to Grobler et al (2006) training is strategic when it develops essential worker capabilities, encourages adaptability to change, promotes ongoing learning in the College. It facilitates effective communication and focus. To execute the process successfully it requires the development of strategic training plan.

While most of the respondents agree that complexity is acceptable only if it adds value from the customers' point of view, Ledgleyand Jackins (2007) assert that complexity drives overheads, which in turn negatively impacts the ability of traditional management accounting to satisfy managerial information needs. While it is said that complexity will continue to increase, the accounting profession needs to transform itself to address the complexity by addressing the accounting data into strategic decision support information and stop being complacent with old cost management methodologies.

THE NATURE AND SCOPE OF THE CURRENT RELATIONSHIP BETWEEN NATIONAL AND PROVINCIAL MANAGEMENT OF COST

The results from the respondents indicate that 68%(38%+30%0disagree that there are appropriate institutional framework for the operation and communication of cost between the DHET and FETC /TVET sector while 25% did not know.58%(30%+28%)disagree that there is a cost management control implementation structure at Taletso College while 25% did not know. there is evidence that 46 %(20%+26%) agree that there is an independent internal audit committee in the college council while 45 %(20%25%) disagree that there is one.51%(26%+25%)disagree that the DHET developed the necessary capacity in the college sector to resume cost control while 28% did not know. A significant 52%(27%+25%) of the respondents disagree that Taletso College administrative capacity for cost control and internal audit is being strengthened while 48%228%+20%)agree.52%(28%+24%)disagree that that DHET developed the necessary capacity at the college to resume cost control while 305 did not know .68%(38%+30%)disagree that Taletso College top management has been trained for raising awareness of cost management and control.61%(36%+255)disagree that the DHET strengthened the transparency and accountability of Taletso College cost administration while 28% did not know. A total of 50 %(28%+22%) agree that DHET has presented coherent laws on norms and standards of funding while 46 %(20%+26%) disagree. From the responses, 59 %(30%+29%) disagree that DHET has developed appropriate systems and mechanism for the monitoring and evaluation of cost management. Again from the responses, 68 %(38%+30%) disagree that there is a clear distribution of responsibilities and authority at Taletso College while 15% did not know.

From the interviews it was clear that the successful management of cost will require that the college management and staff develop an appropriate framework for the operation and effective communication of such information between the National, provincial and College sector .through observation ,analysing the questionnaires and interviews the participants became clear that communication of cost management between the provincial structure and the college does not emphasize the exchange of effective, efficient and economic information. Therefore, emphasising the need to improve communication.

There must be a cost management control implementation structure at college level assisted by an independent internal audit committee. The national management must assist in developing the necessary capacity at the college in order to strengthen cost control and internal audit. Transparency and accountability of college cost administration must be strengthen by means of coherent laws, norms and standards of cost control. The national government must develop appropriate systems and mechanism for monitoring and evaluation of cost containment and minimization. There must be a clear distribution of responsibilities and authority at Taletso College.

While norms and standard of funding the college are present it was very clear that they did not address the question of cost management ,but present funding based on quantity (FTE's) rather than on quality (i.e. pass rate, certification, workplace, etc.).From the interviews it was clear that the successful management of cost will require that both the college and national management have insight on various aspects of cost management .These include defining cost in operational terms, understanding the benefit of minimizing and managing cost and recognising the consequence of poor cost management and re-energising the need for ethical cost management behaviour.

THE CHALLENGES OF IMPLEMENTING ABC WITHIN THE FETC/TVET COLLEGE SECTOR

The questions in the section are based on several assumptions from the findings both from literature research and empirical research which include the following:

The college financial office has been restructured and integrated activity -based costing with responsibility accounting. The college management should be able to answer the following questions, that is, where should we as a college go? Do we have the resources to go there? Whom should we go with? How much will it cost us? The role of the college finance department should be transformed and restructured to provide them with critical enabler to convert their traditional management accounting role into an analytical one. The college must have a properly constituted cost management structure that will be able to address the question of cost discipline ,the successful implementation of ABC system, decrease provincial spending deficit, coordinate difficulties between various levels of the college governance, give incentive for responsible cost management behaviour, strengthen the college budget institutions and create an environment for change that overcome a variety of individual, organizational and environmental barriers and most important top management must be involved with and support the implementation of ABC processes.

The statistics reveal that 51 %(18%+33%) of the respondents agree that the implementation of ABC will lead to cost discipline, while 40% did not know. 52%(28%+24%)disagree that the implementation of ABC will aggravate cost problems at the DHET while 30% did not know.65%(38%+27%)agree that the implementation of ABC and value chain analysis will empower the college staff, while 20% did not know.78%(46%+32%)agree that ABC,value chain analysis and cost management coordinate difficulties between various levels of the college governance, challenges and micro-economic sustainability of the college funds.73% agree that the incentive for responsible cost behaviour is undermine by over expenditure and revenue decisions .54%(29%+25%)disagree that the implementation of ABC will be associated with large and persistent DHET deficit while 30% did not know.72%(38%+33%)totally agree that the college budget institution is weak and undermine responsible cost serving behaviour while 20% did not know.57%(36%+21%) agree that ABC is appropriate in a company that has experienced problems with its current overhead allocation system, while 30% did not know.56%(30%+26%)agree that ABC is appropriate in a company that has experience significant changes in its business environment, including widespread adoption of new technologies while 25% did not know.56%(30%+26%) agree that traditional cost accounting systems have limited value for management decision making and cost control while 35% did not know.68%(38%+30%) of the respondent agree that for implementation to be successful ,substantial support is needed throughout the college while 25% did not know.60%(29%+31%) agree that management must be prepared to create an environment for change that overcome a variety of individual, organizational and environmental barriers while 285 did not know.68%(35%+33%) of the respondents agree that top management must be involved with and support the implementation process of ABC while 20% did not know.69%(34%+35%) agree that a shortfall in the involvement and support of top management will make any progress towards the new system slow and difficult while 22% did not know.59%(30%+29%) agree that everyone must be educated in the new technology ,concepts and performance measurements while 25%did not know.52%(27%+25%) agree that no accounting technique or system provides management exact cost information for every programme or services or the information needed to make consistently perfect decisions while 29% did not know.57%(29%+28%)agreed that a successful implementation of ABC should be based on a careful analysis of the college itself while 25% did not know the cost discipline.

ABC and Value Chain analysis will empower the college staff assist to decrease the provincial spending deficit. The cost management technique such as ABC, value chain analysis assists in coordinating difficulties between various levels of the college governance and sustaining the college funds. It is the expectation of the respondents that the implementation of ABC will lead to responsible cost management behaviour resulting in good revenue decisions. This would also the college budget institution will assist in emphasising responsible cost serving behaviour. In an environment whereby the college has experience significant change in its business environment, for example, # fees must fall, poor revenue collection including a widespread adoption of new technology (DB2000).

It was noted that most respondents agree with the notion, that traditional cost accounting system have limited value for management decision making and cost control. For ABC, ABM, and value chain analysis implementation to be successful substantial support is needed throughout the college whereby cost management is not seen as a finance issue but a management issue. Furthermore, management must be prepared to create an environment for change that overcome individual, and environmental barriers. Top management according to Donelan and Kaplan, (1998) must be involved with and support the implementation processes of ABC and value chain analysis .A shortfall in the involvement of and support of top management will make any progress towards the new systems slow and difficult. in the college must be educated in the new technology ,concepts and performance measurements

According to Chivaka (2007) no accounting or cost technique or system provides management exact cost information for every programme or service or the information needed to make consistently perfect decision. A successful implementation of ABC should be based on a careful analysis of the college itself.

FACTORS THAT ENHANCE THE IMPLEMENTATION OF ABC IN THE COLLEGE SECTOR

The questionnaires in this section are based on the premise that customers want choice in terms of the programme /services provided by the TVET sector and this choice drives complexity which in turn increases overheads, which then negatively impacts on the ability of the traditional management accounting to satisfy management information needs. The speed of change in the world of technology (i.e. automation and e-commerce) increase the problem of traditional accounting method and in regard of how Taletso College could transform itself to address the problem of cost management. The struggle to convert accounting data into strategic decision support information means that no longer can Taletso College continue using old cost management methodologies especially with the convergence of ABC. It is believed that the installation of ABC will provide Taletso with a critical enabler to convert their traditional management accounting information into a truly analytical information whereby management accountants and operations managers will work together in order to shift their accounting role from that of being glorified bookkeepers to a strategic decision support position (Davis and Meyer,1998).

It is believed that with improved information gathering and formality taking a significant effort, the quality and integrity of the data include its timeliness will improve Furthermore, the installation of ABC is believed will impact on Taletso Enterprise Resource Planning (ERP)which means Taletso will be able to incorporate its vision under one information technology with their management of cost being integrated with operations and logistics thus addressing the issue of simplification of the model, spinning data, merging data and questions of quality (Van Der Merwe and Jackew,1999). In the simplistic traditional cost management environment other non-manufacturing cost information were not considered. The primary objective of implementing ABC is that, It supports proactive decisions making better than what traditional prescriptive reporting does. Achieving vision means converting from traditional management accounting view to a hybrid world, combining the best characteristics of resources and activity based analysis.

Statistics indicate that 59 %(30%+29%) of the respondent agree that the installation of ABC will allow management to see the cost impact of college cross functional activities while 35% did not know. A total of 56% agree that the installation of ABC system allows management to understand that fixed cost are in fact long-run variable costs that change based on an identifiable drives while 32%did not know . A total of 57%(28%+29%)agree that the installation of ABC will allow management realise the value of preparing process maps and value charts while 34% did not know.52% agree that the installation of ABC will allow management recognise that standard services and programme often financially support premium products or services while 33% did not know.55%(26%+29%) agree that the installation of ABC will allow management determine that the traditional bases (i.e. direct labour and machine hours)might not produce the most logical costs for products or services while 36% did not know.56%(27%+29%)agree that the installation of ABC will allow management to set prices that reflect the activities needed to produce special or premium products or services while 36% did not know.59% (29%+30%) agree that the installation of ABC will allow management decide whether premium programme or low volume programme are actually profitable for the college while 32% did not know. 57%(28%+29%)agree that the installation of ABC will allow management calculate Programme Cycle Efficiency (PCE) and college performance while 31% did not know.58%(38%+30%) agree that the installation of ABC will allow management be aware that the most effective way to control costs is to minimize or eliminate Non Value Adding (NVA) Activities while 35% did not know.52%(25%+27%) agree that the installation of ABC will allow management to accept that customers or students who are not performing profitable should not necessary be retained while 35% did not know.58%(23%+35%) agreed that ABC will be effective in supporting continuous improvement while 35% did not know.53%(25%+28%) agree that ABC will identify and monitor significant technology costs while 33% did not know.49%(24%+25%)agree that ABC increase market shares while 40% did not know.58%(29%+29%)agree that ABC will assist identify the cost drivers that create or influence cost while 35% did not know. Of ABC should be based on a careful analysis of the college itself while 35% did not know.58%(29%+29%) agree that a successful installation of ABC should be based on a careful analysis of the college itself while 35% did not know.61%(29%+32%)agree that a successful implementation of ABC will require a close cooperation among the management, accountants, HODs, lecturers and administrative staff while 33% did not know.53%(25%+ 28%) agree that ABC will generate cost information that is significantly different from and better than cost information produced by the conventional method while 37% did not know.58% (25%+33%) agree that better information, generated by ABC, change management decisions that are dependent on that information while 35% did not know.

According to the above statistics the majority of the respondents agreed that there are serious challenges that beset the management or minimization of cost in the TVET/FETC sector in particular Taletso College. These ranged from lack of knowledge and skills to control cost, inability to initiate and embrace change from the traditional methods of cost management to the modern techniques such as ABC and value chain analysis. The interviewed respondents want to see change in terms of the way cost is managed they want to see cost management forming part of the college planning ,decision making and financial management framework they want to see the college achieve meaningful benefit from a cost management system that is designed developed coordinated and form part of the college competitive strategy.

It was clear from the statistics that there was no proper means to evaluate and monitor cost. The capacity of the college financial section is such that they cannot manage and minimize cost in a manner such that they can build power base, motivate and divert employees to be cost conscious. Presently, there is no manpower to contain and minimize cost. Cost containment and minimization, within the college system is based on traditional cost cutting approach.

The above findings support the study of Chivaka (2007) that traditional method of cost management are short-term and specific, with their scope being narrow, while the time frame is short-term and its frequency is periodic. The approach is reactive in that it does not identify the cost drivers (activities) which causes overheads cost. It does not direct management to process areas where waste occurs, resulting in cost serving opportunities being missed.

Simply, installing or integrating ABC and value chain analysis in the college sector cost management strategy is not enough to bring about desirable results on the containment and reduction of cost. Supportive efforts from DHET are needed, taking into consideration the fact that the success of new technology is dependent upon highly skilled employees who can design, operate and service this technologies. College have lost such personnel, as a result of the traditional cost management methods that favours across the board cost reduction methods which result in the elimination of key human and capital resources that are necessary to make the most out of technology. This view is underpinned by the research that found that any attempt to improve college cost management strategy by the central government without empowering the college manpower will not be successful. In order to implement a strategic management approach effectively, Taletso College needs to change the way they do business. minimize cost is that which will allow the college to implement strategic cost management that is long term for sustained competitive advantage, with a broad scope long term time frame, with a frequency, that is continuous .It must be proactive and target the entire value chain or a broad perspective that includes both the internal and external view of the cost management. It must use cost techniques that takes a process view of the college such as Activity Based Costing and value chain analysis.

This means that the college must avoid the traditional cost cutting approaches which are based on short term and specific goals which are narrow, with a short -time frame, based on a frequency that is periodic and reactive (reactive in the sense that they are triggered by immediate threat, for example, poor performance, non- payment of fees by students) in nature. They target a simple production factor such as labour and is based on an airtight or inflexible structure that is functional in nature.

The revelation through the interviews further emphasised the fact that the present Provincial FETC/TVET college structure does not exchange "real" information both internally and externally between the various structures of the college sector and the National Treasury, for example, the college employees who deal with finance are not allowed to be part of an intelligent anticipation of how to achieve Taletso College aims and objectives especially on how to contain and minimize cost. This observation is supported by the research findings by Kroontz and O'Donnell,1996;Banks and Smith,2006)which such that for intelligent participation to take place ,the college employees should participate in the cost management planning process, be part of the forecasting process (estimate the future cost), determine the end result (set objectives),set guidelines inside which objectives or goals can be set and decisions taken, be part of the programming, that is, determine the order and priorities of actions for achieving goals (especially those on minimization and management of cost).They should be part of the procedures (i.e. they should participate in the planning of the methods for the execution of activities. Lastly, they should be part of assessing of sources which are necessary for achieving the goals (Budget).Furthermore, emphasised by the Audit Commission, 2012 that the budget forms a standard against which achievement can be measured. Budget ought to be compiled for each aspect where goals are set and should be achieved. Efficient budget is an indication of good management skills.

RESEARCH RESULTS

The research from the questionnaires, observations and interviews and supported by research evidence reveal that in order to change effectively and efficiently from the present traditional way of managing cost to a strategic cost management approach that contain and minimize cost Taletso College should change from its present tradition and culture of managing cost(cost-cutting and functional approach).Taletso College must restructure and transform itself into a college that is supported by a thinking (philosophy) that support a process view of the college and teamwork. Taletso FETC /TVET College can only achieve the desired results (i.e. effectively and efficiently contain and minimize cost) when guided by the thinking that regards cost management as a managerial issue rather than a financial issue (Chivaka, 2007; 39) which takes a long term view of the business and a broader perspective /position and magnitude) that looks at the college as part of a value chain (Chivaka, 2007).

The acknowledgement of the fact that Taletso FETC/TVET college is influenced by its external and internal environment (i.e. students call for fees must fall, the community and suppliers).

What is clear from the above findings is that, the present method (i.e. cost -cutting method) used at Taletso College, is mere then just traditional costing technique, it is a way of thinking, therefore simply installing costing techniques such as ABC, ABM and Value Chain analysis will not yield the desired results. What is required is a changed mind set. A mind set (philosophy) that recognises that, students want choice in terms of services and programme permutations. This choice drives complexity which in return drives cost. The cost in turn negatively impacts on the ability of the traditional managerial accounting to satisfy managerial information needs. The rise of automation, e-market place and the call for free education escalate the dilemma of the accounting world and therefore the struggle to convert accounting data into strategic decision support information still continue. Therefore, Taletso TVET college can no longer afford to be complacent with old cost management methodologies but understand that in order to be successful in managing and minimizing cost, using ABC,ABM, and value chain analysis Taletso, college must change its mind set because without the right mind set the use of costing techniques is bound to fail. It is therefore, important that Taletso TVET College create the right climate and develop the right mind set /thinking before applying strategic cost techniques.

RECOMMENDATIONS

The proposed recommendations as presented here are based on several assumptions from findings both from literature review and empirical research (Chivaka, 2007; Botha, 2004) which include the following:

Taletso TVET College financial system has been structure and transformed and has established a functioning and properly constituted Activity Based Costing System and value chain analysis.

-The role of DHET national will be to develop a provincial TVET policy document on how to manage and minimize cost guided and supported by a thinking (philosophy) that supports a process and teamwork of the TVET College.

The role of the college financial department staff has been transformed from that of recording and filling to that of planning, organizing, leading and control and coordinating the budget including giving technical advice, guidance and support.

The TVET/FETC sector has a well-developed internal college structure in the form of task teams or committees responsible for various activities and programme including the establishment of an independent internal audit committee (Wohlsetter,2012;Swanson,2004).Articulation of principles of efficiency, equity, effectiveness, redress and cost-benefit analysis to be applied during resources allocation and decision making process. The TVET sector at provincial level, must have a legal mandate to provide essential high quality resources to the colleges. To information generated by ABC, ABM and value chain analysis must direct the TVET management's attention to process areas where waste occurs so as to see cost saving opportunities. The mechanism for sustaining the emphasis on increase enrolment of historically disadvantaged students, for ensuring that college fees do not present an obstacle for the transformation must be proactive and avoid reactive traditional, across the-board solutions which offer result in the diminution of resources, for example, retrenchment of personnel, high turnover.

The college sector must avoid distress tactics or "crash" programme (Chivaka, 2007) that emphasis cutting cost largely via direct labour (payroll) which target all employees and increase student fees. There must be a legal framework dealing significantly with college income charged both for public and private colleges since the use of PED funding infrastructure to cross subsidies private services for other clients is a concern. Public resources should be dedicated towards the monitoring and regulation of private colleges in order to provide government with important information that is needed in the planning of public funding. There must be a clear accounting division between the publicly funded and privately funded services in the college, in order to avoid a situation in which public funding is used to cross -subsidise privately offered services. The medium range planning with respect to enrolment and programme diversification must be done in a manner that is linked to budget.

The college management must not view activity base techniques as a finance issue, a short -term quick fix approach, but a process view which is multi-functional which adapt to a managerial view and is long term with a broad perspective that include an external view of cost management .The college sector management should understand that strategic cost management is more than a group of costing implements or a technical exercise dominated by the use of sophisticated costing implements and IT software. It is a way of thinking, that is, a philosophy that is underpinned by a process view and teamwork ABC ,ABM and Value Chain Analysis should be a joint responsibility of government, the private sector and the public in order to promote a wide spread and appropriate technical and vocational, education and training sector so that historically disadvantaged students who usually are not in a position to purchase their services privately should be afforded an opportunity to acquire a skill(Chivaka,2007).

In conclusion, the rationale for choosing ABM as a method for managing and minimizing cost over the traditional method of accounting, as revealed by the research, is that the college should change the way they do business. ABM requires changed management that resembles the physical business process and not necessarily the functional proceedings. This has to be detailed enough to ascertain reasonably true cost, provide information for life -cycle decision making, that measures wastage and induces the elimination of fruitless expenditure and wastage, identify the non-value adding processes and expenditure, focus less on cost tracking and reporting and more on cost planning and control,(Chivaka,2007)

CONCLUSION

It emerges from the study that cost containment and reduction using strategic cost techniques such as ABC, ABM and Value Chain Analysis requires an understanding from the management of the TVET colleges that strategic cost management is not a technique or a tool, but a way of thinking (philosophy) that underpins how the college integrates its cost management initiatives with its business strategy.

The rationale behind ABC is to assist the TVET sector acquire accurate programme or service cost to establish what should be charged to students in terms of cost plus pricing, and how profitable programme and services are and how best to provide programme and services in a cost -benefit way. The research from both questionnaires and interviews revealed that the DHET and the Provincial Department of Education plays an important role in the management and minimization of cost. It also revealed that because of service delivery, challenges faced by the TVET sector, the introduction of ABC and value chain analysis can become a focal point of decision making and improvement in the college sector.

The research reveal that there is a need to develop a strategic cost management system used as a factor to manage and minimize cost in the TVET sector and as a critical factor for efficient college based financial management. There is a need by the college sector to develop performance induction to assess the impact of state allocated resources on cost improvement. A managerial checklist to gauge the TVET sector preparedness to contain and reduce cost, a need to develop an objective evaluation tool with performance indicators. Questionnaires and interviews revealed that efficient, effective and economic management of cost depends upon highly competent skilled employees who can design operate and service the technology, hence the need for training and development. Emphasis on strategic cost management training shows that the TVET sector employees perceive training and development as important for professional development and thus an essential empowerment tool (Gerber, Nel and Van Dyk, 2004)

The operational challenges with the current cost management system is challenge with the current cost management system is support by the notion that you need competent people to handle financial control and decision making. Students are not familiar with the management of cost, their role and responsibilities, their failure to comply with tuition payment and the college failure to timeously communicate accurate financial invoices and the financial office is not accorded adequate resources. There is an ineffective employer relationship with limited and inaccessible service delivery channels, lack of proactive interaction with students, PED and inappropriate technology and systems which result in TVET sector failure to comply with efficient cost management.

The nature and scope of the current relationship between the DHET and the TVET sector management of cost is that DHET operates in various region of the province of South Africa. According to the present funding norms and standard colleges are permitted to offer occupational and other programme in the form of "fee for service income", however, the full cost of offering these programme is not always recovered and the amount of funding received through this programme is not always documented (report of the FET Steering Committee,2010).A bursary provided by the state to enable poor(but academically capable)students to pay college fees, however the disintegrated nature of the intervention (i.e. the admission policy, lack of career guidance, background, poor performance, etc.)reduced NSFAS to a welfare project throwing money at a problem with less than optional outcome .As a result a culture of entitlement has crept in where by poor students feel they are entitled to funding by using their social status regardless of their academic performance. This means one of the major dysfunction of NSFAS has been that it been funding financially needy students but academically unsuitable students and this is where the waste (non-beneficial cost) of the public funds occur.

The study reveal that there are many challenges beside the ones mentioned above that impact negatively on the management of cost within the TVET sector. These include lack of appropriate institutional framework for the operation and communication of cost between the DHET and PED, lack of cost management control implementation structure, lack of capacity in the college sector to resume cost control. The study reveal that there is a need for DHET to train college management to raise awareness of cost management and control, to strengthen the transparency and accountability of the college cost administration, present coherent laws on how to contain and reduce cost, develop appropriate systems and mechanism for the monitoring and evaluation of cost management.

The study further revealed that the incentive for responsible cost behaviour is undermined by over, wasteful and fruitless expenditure and poor revenue decisions. The weak college budget institution undermines responsible cost behaviour. The traditional cost accounting method presently used by the college sector have limited value for management decision making and cost control. The implementation of ABC, ABM and value chain analysis, to be successful, substantial support is needed throughout the college. Shortfall in the involvement and support of top management will make any progress towards the new system slow and difficult.

Lastly, the study reveals that stakeholder's expert the introduction of activity based techniques to produce timely, relevant and readily understandable information (that is better than the traditional method of accounting) to support decision making. To link strategic direction and planning to operational reporting and develop a strategic support methodology by interpreting, measuring and reporting on critical cost factors. This means the activity based management techniques should produce information that contain and reduce cost, improve process and promote the strategic aims and objectives of the college sector.

CONCLUSION

It emerges from the study that cost containment and reduction using strategic cost techniques such as ABC, ABM and Value Chain Analysis requires an understanding from the management of the TVET colleges that strategic cost management is not a technique or a tool, but a way of thinking (philosophy) that underpins how the college integrates its cost management initiatives with its business strategy.

The rationale behind ABC is to assist the TVET sector acquire accurate programme or service cost to establish what should be charged to students in terms of cost plus pricing, and how profitable programme and services are and how best to provide programme and services in a cost -benefit way. The research from both questionnaires and interviews revealed that the DHET and the Provincial Department of Education plays an important role in the management and minimization of cost. It also revealed that because of service delivery, challenges faced by the

TVET sector, the introduction of ABC and value chain analysis can become a focal point of decision making and improvement in the college sector.

The research reveal that there is a need to develop a strategic cost management system used as a factor to manage and minimize cost in the TVET sector and as a critical factor for efficient college based financial management. There is a need by the college sector to develop performance induction to assess the impact of state allocated resources on cost improvement. A managerial checklist to gauge the TVET sector preparedness to contain and reduce cost, a need to develop an objective evaluation tool with performance indicators. Questionnaires and interviews revealed that efficient, effective and economic management of cost depends upon highly competent skilled employees who can design operate and service the technology, hence the need for training and development. Emphasis on strategic cost management training shows that the TVET sector employees perceive training and development as important for professional development and thus an essential empowerment tool (Gerber, Nel and Van Dyk, 2004)

The operational challenges with the current cost management system is support by the notion that you need competent people to handle financial control and decision making. Students are not familiar with the management of cost, their role and responsibilities, their failure to comply with tuition payment and the college failure to timeously communicate accurate financial invoices and the financial office is not accorded adequate resources. There is an ineffective employer relationship with limited and inaccessible service delivery channels, lack of proactive interaction with students, PED and inappropriate technology and systems which result in TVET sector failure to comply with efficient cost management.

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The study further revealed that the incentive for responsible cost behaviour is undermined by over, wasteful and fruitless expenditure and poor revenue decisions. The weak college budget institution undermines responsible cost behaviour. The traditional cost accounting method presently used by the college sector have limited value for management decision making and cost control. The implementation of ABC, ABM and value chain analysis, to be successful, substantial support is needed throughout the college. Shortfall in the involvement and support of top management will make any progress towards the new system slow and difficult.

Lastly, the study reveals that stakeholder's expert the introduction of activity based techniques to produce timely, relevant and readily understandable information (that is better than the traditional method of accounting) to support decision making. To link strategic direction and planning to operational reporting and develop a strategic support methodology by interpreting, measuring and reporting on critical cost factors. This means the activity based management techniques should produce information that contain and reduce cost, improve process and promote the strategic aims and objectives of the college sector.

EXHIBIT 4.9.

ACTIVITY CENTRE	ACTIVITY DRIVERS
Accounting	Reports requested; Rands expended
Human resources	Job change actions; hiring actions, training hours, counseling Hours
Data Processing	Reports requested, transactions processed, programming Hours, programme change requests
Quality control	Hours spent in each classroom and workshop; job specification Changes requested; programme changes, receipts processed
Material services	rand value of requisitions; number of transactions processes Number of personnel in direct support
Workshop Services	Preventative maintenance cycles; hours spent in each workshop; Repair and maintenance actions

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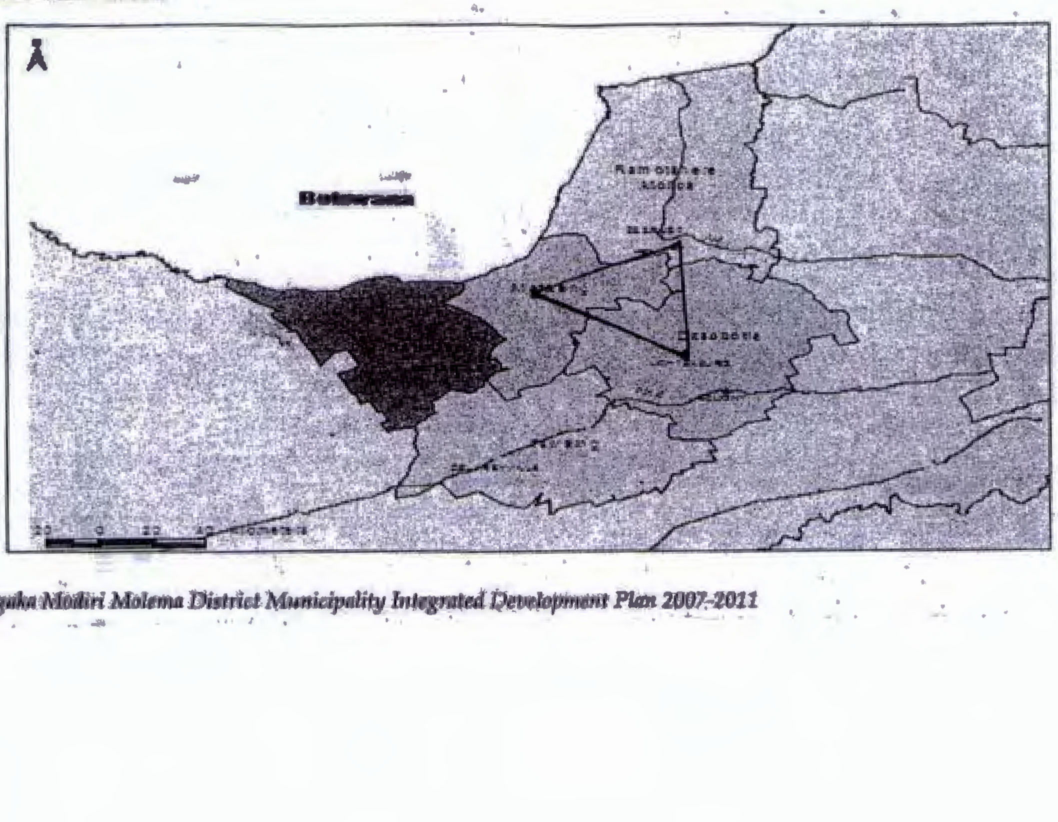
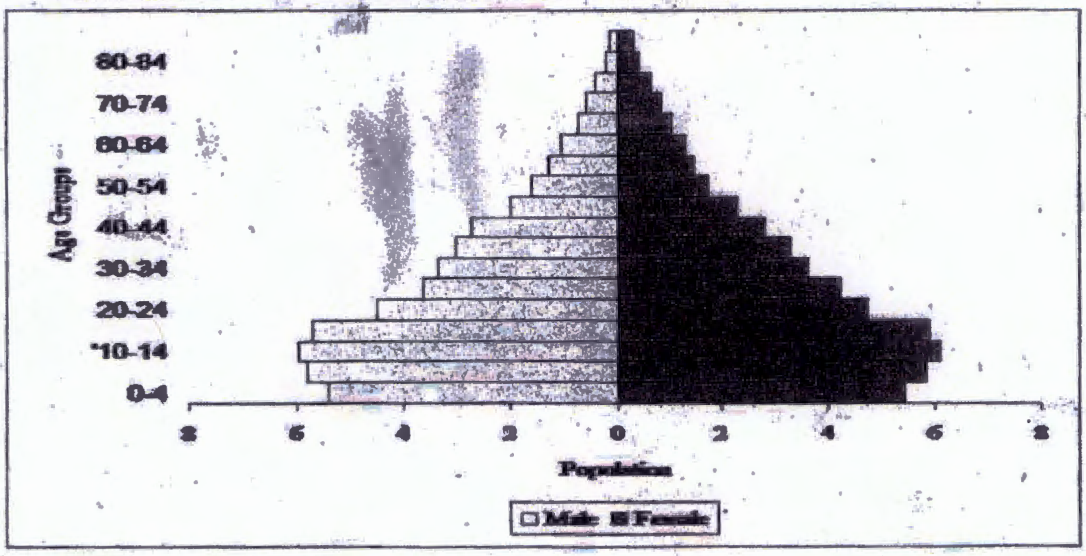
APPENDIX A



APPENDIX B

Figure 5: Population pyramid for Central District Municipality, 2006



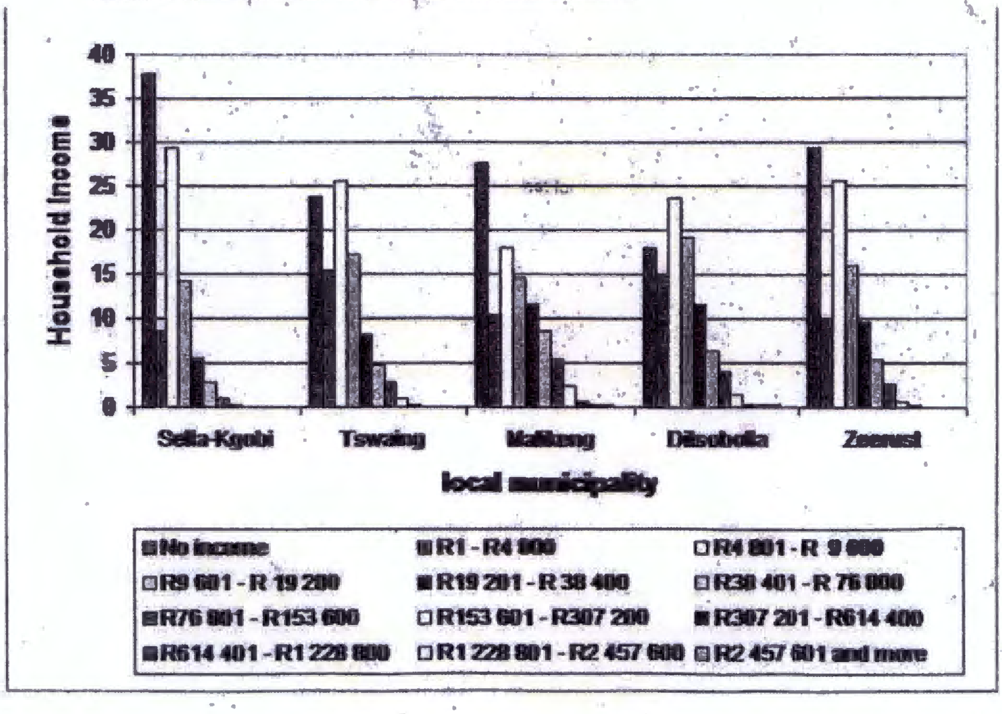
APPENDIX C

Table 3: Distribution of the levels of education in the CDM

Education Level	Local Municipalities					Central District Municipality	
	Mafikeng	Ditsobotla	Ratlou	Tswaing	Ramotshere Moila	Census Figures	%
No formal education	17.2	23.5	40.7	34.1	34.7	110 147	26.8

FIGURE 6

Figure 6: Household Income per local municipality, 2006



QUESTIONNAIRE

The purpose of the questionnaire is to elicit information about how Activity Based Management (ABM)as a strategy that can be used to contain and reduce cost in the Further Education and Training College(FETC) sector (with special reference to Taletso College as a sample in the central region of the North West Province)

The information you provide will be treated with absolute confidentiality and will only be used for the research.

Definition of terms.

Activity=An event that causes the consumption of overheads resources in an organization

Activity based costing (ABC)=A costing method base on activities that is designed to provide managers with cost information for strategic and other decisions that potentially affect capacity and therefore fixed costs.

SECTON A: DEMOGRAPHICS

Please fill in or mark (x) in the appropriate block.

1.Gender	Male		Female				
Home Language	Setswana		English		Afrikaans		Other
What is your age	15-19	20-24	22-29	30-39	40-49	50-55	55+
Working Experience	1-5years	6-10 years	11-15 yrs.	16-20 yrs.	21-25yrs	26-30 years	+30 years
I grew up in a	Rural area	An Urban area					

Highest qualification	Grade 10-11	Grade 12	Diploma	Degree or equivalent	Post graduate degree	Masters	PHD
Occupational Band	Academic	Student	Support staff	Administrative staff	Corporate staff		
Cultural diversity	African	Coloured	Indian	Oriental	White	Other	

10	Cost management is considered a finance function at Taletso College	1	2	3	4	5
11	Cost management is considered as a multi- functional team approach	1	2	3	4	5
12	A strategic cost management system, like ABC, should be designed and developed in such a way that its structure and life cycle evolve to support the college changing competitive strategy.	1	2	3	4	5

THE OPERATIONAL CHALLENGES WITH THE CURRENT COST MANAGEMENT SYSTEMS

Choose the response based on the following scale:

1=Totally Disagree	**2=Partially disagree**	**3=Do not know**	**4=Partially Agree**	**5=Totally Agree**

1.	The Management of Taletso College is competent to handle financial control and decision making.	1	2	3	4	5
2.	Taletso College comply with service level agreement and reach its goal in terms of cost management.	1	2	3	4	5
3.	Financial records are processed on time and members informed timeously	1	2	3	4	5
4.	The interaction of the financial department is proactive with students inquires	1	2	3	4	5
5.	The financial section is accorded priority and is adequately resourced.	1	2	3	4	5
6	Lecturers, senior lecturers, support staff and student believe that	1	2	3	4	5

	Taletso cost management are efficient and effective.					
7.	Financial statements are submitted and processed on time.	1	2	3	4	5
8	Business support services and communication units inform the campuses on time on any system change.	1	2	3	4	5
9	Taletso staff including students have insight about the cost management.	1	2	3	4	5
10	A great deal of information can be lost in the accounting system of the college if it ignores activity and cost relations.	1	2	3	4	5
11	Complexity is acceptable only if it add value from the customer's point of view.	1	2	3	4	5
12	For ABC to be successful it requires significant amount of time and cost to implement.	1	2	3	4	5
						Student Certification

SECTION D: THE NATURE AND SCOPE OF THE CURRENT RELATIONSHIP BETWEEN NATIONAL AND PROVINCIAL MANAGEMENT OF COST

1	There are appropriate institutional framework for the operation and communication of cost between the DHET and FETC sector.	1	2	3	4	5
2.	There is a cost management control implementation structure at Taletso college	1	2	3	4	5
3.	There is an independent internal audit committee in the college council.	1	2	3	4	5
4.	The DHET developed the necessary capacity in the college sector to resume cost control.	1	2	3	4	5
5.	Taletso College administrative capacity for cost control and internal audit is being strengthened.	1	2	3	4	5
6.	DHET developed the necessary capacity at Taletso College to resume cost control.	1	2	3	4	5
7.	Taletso College top management has been trained for raising awareness of cost management and control.	1	2	3	4	5
8.	The DHET strengthened the transparency and accountability of Taletso College cost administration.	1	2	3	4	5
9.	The DHET has presented coherent laws on norms and standards of funding.	1	2	3	4	5
10	The DHET developed appropriate systems and mechanisms for the monitoring and evaluation of cost management.	1	2	3	4	5
11	There is a clear distribution of responsibilities and authority at Taletso College.					

SECTION E: THE CHALLENGES OF IMPLEMENTING ABC WITHIN THE FETC SECTOR

1	The implementation of ABC will lead to cost discipline	1	2	3	4	5
2	The implementation of ABC will aggravate cost problems at the DHET	1	2	3	4	5
3	The implementation of ABC and value chain analysis will empower the college staff	1	2	3	4	5
4	The increase in Taletso College spending leads to increase Provincial spending deficit.	1	2	3	4	5
5	ABC value chain analysis and cost management coordinate difficulties between various levels of the college governance,,challenges,micro-economic sustainability of the college funds	1	2	3	4	5
6	The incentive for responsible cost behaviour /management is undermined by lack of Provincial autonomy	1	2	3	4	5
7	The incentive for responsible cost management behaviour is undermined by over expenditure and revenue decisions	1	2	3	4	5
8	The implementation of ABC would be associated with large and persistent DHET deficit	1	2	3	4	5
9	The College budget institution is weak and undermines responsible cost serving behaviour	1	2	3	4	5
10	ABC is appropriate in a company that has experienced problems with its current overhead allocation system.	1	2	3	4	5
11	ABC is appropriate in a company that has experience significant changes in its business environment,including widespread adoption of new technologies	1	2	3	4	5

12	Traditional cost accounting systems have limited value for management decision making and cost control	1	2	3	4	5
13	For implementation to be successful, substantial support is needed throughout the college	1	2	3	4	5
14	Is management prepared to create an environment for change that overcome a variety of individual, organizational and environmental barriers?	1	2	3	4	5
15	Top management must be involved with and support the implementation of process of ABC.	1	2	3	4	5
16	A shortfall in the involvement and support of top management will make any progress towards the new system slow and difficult.	1	2	3	4	5
17	Everyone in the college must be educated in new technology,concepts and performance measurements	1	2	3	4	5
18	No accounting technique or system provides management exact cost information for every programme/product or services or the information needed to make consistently perfect decisions	1	2	3	4	5
19	A successful implementation of ABC should be based on a careful analysis of the college itself	1	2	3	4	5

SECTION F: THE INSTALLATION OF ABC SYSTEM.

Choose the response based on the following scale:

1=Totally Disagree	2=Partially Disagree	3=Do not know	4=Partially Agree	5=Totally Agree

1	The installation of ABC system allows management to see the cost impact of a college cross-functional activities.	1	2	3	4	5
2	The installation of ABC system allows management to understand that fixed cost are in fact long-run variable costs that change based on an identifiable drives.	1	2	3	4	5
3	The installation of ABC allows management realise the value of preparing process maps and value charts	1	2	3	4	5
4	The installation of ABC allows management recognise that standard products /services often financially support premium products/services	1	2	3	4	5
5	The installation of ABC allows management determine that the traditional bases (direct labour and machine hours)might not produce the most logical costs for products or services	1	2	3	4	5
6	The installation of ABC allows management to set prices that reflect the activities needed to produce special or premium products /programmes/services.	1	2	3	4	5
7	The installation of ABC allows management decide whether premium products or low volume programmes are actually profitable for the college.	1	2	3	4	5

8	The installation of ABC allows management calculate Manufacturing Cycle Efficiency(MCE) and college performance	1	2	3	4	5
9	The installation of ABC allows management be aware that the most effective way to control costs is to minimize or eliminate Non Value Adding (NVA) Activities.	1	2	3	4	5
10	The installation of ABC allows management to accept that customers /students who are not performing /profitable should not necessary be retained.	1	2	3	4	5
11	ABC is effective in supporting continuous improvement	1	2	3	4	5
12	ABC identify and monitor significant technology costs.	1	2	3	4	5
13	ABC increase market shares.	1	2	3	4	5
14	ABC identify the cost drivers that create or influence cost.	1	2	3	4	5
15	A successful installation of ABC should be based on a careful analysis of the college itself	1	2	3	4	5
16	A successful installation of ABC requires close cooperation among management,accountants,HODs, lecturers and administrative staff	1	2	3	4	5
17	ABC will generate cost information that is significantly different from and better than cost information produced by the conventional method.	1	2	3	4	5
18	Better information generated by ABC change management decision that are dependent on that information	1	2	3	4	5

INTERVIEW QUESTIONS FOR TALETSO COLLEGE COMMUNITY7

	STATEMENTS	YES	NO
1.	Are the major decisions of the cost management made in terms of what is best for the student?		
2.	Are the vision and mission of Taletso College unrealistic, or perhaps too modest?		
3.			
4.	Do your financial assistants feel that your senior management does not give priority to cost management?		
5.	Have steps been taken to ensure that management follow good financial control routines?		
6.	We have learned that some college staff do not have the skills to help student to acquaint with career and educational opportunities. Is that a problem here?		
7.	Some community members including former students have spoken to us about the importance of workshop experience in establishing the reality of being in the work environment and raising aspirations regarding vocational /technical education and training. Is that happening to the students here?		
8.	Do you try to provide instructions using a participatory mode, with hand son"tasks leading to cost management learning?		
9.	Are your financial department workers required to submit their department plans at the outset of the financial year? What might cause a plan to be rejected? Comment--- ---------------------------------------		
10	Many of the well-organized public sector department ensure that financial workers keep to the PFMA rules and regulations. Many make the disciplinary of rule breakers well known to		

	other workers so that others can learn the consequences. Tthese are examples of structured disciplinary approach, helping the workers understand and live within a rule based organization.Is this your disciplinary approach here?		
11.	What is your policy regarding cost management? Comment--- --		
12.	What is your policy regarding admission of students with special language needs and those with social, mental and emotional problems? Comment--- --		
13	Will activity based management improve customer value and enhance profitability?		
14	Will activity based management assist the college determine cost more accurately?		
15	Will activity based management assist the college control and evaluate performance more effectively?		
16	Will activity analysis assist the college in studying activity classification?		
17	Activity analysis will assist the college minimize or eliminate activities that increase costs but provide little or no customer value?		
18	Does value added activity increase the worth of a programme or service to a student?		
19	Do you believe that a non-value added –activity increase the time spent on a programme or service but does not increase its worth?		
20	Non-Value-added activities are unnecessary from your perspective?		

21	Do you believe that NVA activities can be reduced, redesigned or eliminated without affecting the programme or service's market value?		
22	As a manager do you believe that the cost of making /developing a programme or performing must be determined so that the college can charge a price for the item that is high enough to cover the costs and produce surplus?		
23.	Activities consume resources, and, in turn, resources consumption increase costs?		
24.	Do you believe that if the college reduce or eliminate NVA this will afford disadvantage students an opportunity to enter the college?		
25.	If the college can charge fees at less than "going "market price because cost has decline ,the college can increase the intake of poor students.		
26	Management should limit cost drivers selected to a reasonable number?		
27.	Management should make certain that the cost of measuring a driver does not exceed the benefit of using it?		
28.	Analysing the cost drivers in conjunction with the activity analysis can highlight activities that do not add value?		
29.	The cost accounting system of the college should focus on the college activities and collect costs on the basis of the underlying nature and extent of those activities?		
30.	The college recognises that costs are incurred at different college levels?		
31.	Activity based costing accumulate costs into related costs pools?		
32.	Activity based costing use multiple cost drivers to assign costs to programmes and services?		

33.	ABC identify activities that do not contribute to perceived customers value?		
34.	ABC understand the impact of new technologies on all elements of performance?		
35.	ABC translate college goals into activity goals?		
36.	ABC analyses the performance of activities across business functions?		
37.	ABC analyses performance problems?		
38.	ABC promote standard of excellence?		
39.	ABC assigns overheads costs to programs and services differently from a traditional overhead allocation system?		
	THE IMPORTANCE OF COST DRIVERS		
40.	Cost drivers identify what causes a cost to be incurred so that it can be controlled?		
41.	Cost drivers should indicate at what level costs occurs?		
42.	Cost drivers allow costs to be pooled together such that they have a common activity base that can be used to allocate those costs to product or services?		
43.	Costs drivers help identify costs related to product variety and product/process complexity?		
	THE DIFFERENCE OF ABC TO TRADITIONAL COST ACCOUNTING SYSTEM ABC differs from the traditional cost accounting system in that:		
44.	ABC identifies several levels of costs rather than the traditional concepts of variable (at the unit level) or fixed?		
45.	ABC collects costs in costs pools based on the underlying nature and extent of activities?		
46.	ABC assigns costs within the multiple costs pools to products or services using multiple drivers (both volume –and –non		

	volume –related) that best reflect the factor causing the cost to be incurred?		
47.	ABC considers some costs that are considered product costs for external reporting as period costs.		
48.	ABC may ,under certain conditions provide a more realistic picture of actual production costs tha n has traditionally being available		
	CONDITIONS FOR EFFECTIVE USE OF ABC		
49.	ABC is appropriate in a college that provide and offer a wide variety of programme or services?		
50.	ABC customize programme /products /services to customer specifications		

INTRERVIEWS FOR STUDENTS

1	How difficult is it for you to cope financially? comment-- --
2.	How would you say financial problems affect your ability to study? Comment-- ---
3.	What part does paid employment play in your financial situation? Comment-- --
4.	What kind of financial help and support do you receive? Comment-- --
5.	How do you think your difficulties compare with other students? Comment-- --------------------------------
6.	How necessary is it to earn money to support yourself?

	Comment-- ------------------------------