

SUMMARY

Activity-Based Costing is a powerful and effective cost management technique. Successful implementation of ABC tool gives organisations competitive advantage and helps them achieve many strategic objectives, efficiency and profitability. However, there are several issues and disadvantages of this approach. Due obstacles many companies fail with the project implementation and the adoption of ABC system by its users. If the implementation of ABC project succeeds, then managers of the system should keep constant collaboration with business partners and develop the system continuously by following the iterative-test approach and constant improvement.

The aim of this master's thesis is to find the possibilities for improvement of Activity-Based Costing system in Luminor Bank and to investigate whether the newly developed and implemented ABC tool was successfully adopted by Luminor Bank's employees. In order to improve the ABC system, it is important to understand the usage of the implemented costing solution, its strengths and weaknesses. To achieve the aim of the research the author of the research used a qualitative method - the interviewing of Luminor Bank's key employees at the beginning of 2022 to find out the issues and problems in the ABC system in Luminor. Secondly, a quantitative method was conducted by using a user experience questionnaire survey to determine adoption of the ABC system. The research was based on the theoretical framework, Luminor Bank's internal methodological documentation and on the data from the survey. Through the survey 11 Activity-Based Costing system key practices (or key attributes) were identified in Luminor. The adoption of ABC system in Luminor provides an empirical context to study how important these 11 key practices are. The results of the survey were analysed using an Importance-Performance Analysis tool, which measured the user satisfaction, the perceived importance and perceived performance of key attributes.

The main conclusion from the research is that the first stages of the implementation process of the ABC approach in Luminor Bank was quick and successful, and that the adoption of the system did not succeed with only few ABC key practices. The overall performance of the ABC system in Luminor is quite satisfied by the users, and the adoption of the ABC system by Luminor Bank's employees is successful. To be successful, the implemented ABC system needs to meet user expectations and create a positive user satisfaction. That is why the recommendation from the author of the research is to continue measuring the ABC key users' satisfaction in Luminor Bank.