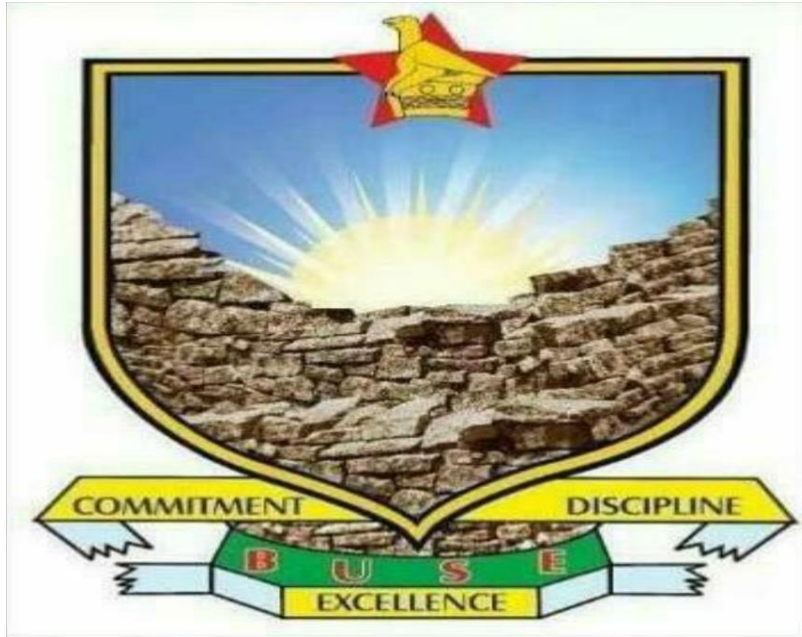


BINDURA UNVIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTANCY



**IMPACT OF ACTIVITY BASED COSTING ON THE FINANCIAL PERFOMANCE OF
MANUFACTURING FIRMS IN ZIMAMBABWE. BUKAMA CRAFT BREWERY PRIVATE
LIMITED CASE STUDY**

BY

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**DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE BACHELOR OF
ACCOUNTANCY HONOURS DEGREE.**

JUNE 2024

RELEASE FORM

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FINANCIAL PERFORMANCE OF MANUFACTURING FIRMS BUKAMA CRAFT BREWERY
PRIVATE LIMITED CASE STUDY.

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I, GABRIELLA MHLANGA, declare this research study is a result of my efforts and which has never been handed in fully or partly to any other university as a degree. Except as indicated by the sums indicated in the report body comments, references, and acknowledgements... The declaration was made in compliance with university regulations, which mandate that all work toward a degree to be original.

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APPROVAL FORM

Gabriella Mhlanga, a student at the Department of Accountancy at Bindura University of Science Education, submitted a case study of Bukama Craft Brewery Private Limited as part of the requirements for the Bachelor of Accountancy Honours Degree. The case study focused on the impact of the suggested project ABC costing's on the financial performance of manufacturing firms, and the signatories attested to reviewing the relevant information.

Name of Supervisor's

MR N HOVE

Signature

Date.....

DEDICATION

This endeavor has been devoted to the All-Powerful God, my father, and a dear friend who has supported me through thick and thin throughout the years.

ACKNOWLEDGEMENTS

I would want to thank God for providing me with the strength. to endure the four years that I spent attending Bindura University of Science Education. Despite the many obstacles encountered along the way, this road required persistence.

Additionally, it would be my pleasure to take this chance to thank my supervisor, Mr. N. HOVE, who gave up his time to counsel and oversee me throughout the project without making any excuses or displaying any signs of dissatisfaction. Furthermore, he motivated me to work hard, which is a trait that will help me in all of my future undertakings. To conclude, for all the unwavering support, I would want to thank my lovely father without his assistance, encouragement and support, I would not be in my current position.

ABSTRACT

This study looks at how manufacturing organizations' financial performance is impacted by the Activity Based Costing method (ABC). The research's objective was determining Bukama Craft Brewery Private Limited Company's financial performance could be improved by using contemporary costing approaches. The research philosophy of pragmatism was applied to fully tackle the primary motivator for the researcher to gain a sense of the situation in order to better grasp the nature of the problem, participant views, and experiences. The study employed questionnaires as methods of data collection. Through the use of a questionnaire, it was determined that while some of the procedures and elements often linked to a successful ABC implementation were being followed, difficulties were still being encountered as a result of inadequate training and outdated technology. The research design is the general organization of a research study that asks questions regarding the types of evidence that are collected, where they are collected, and how they are analyzed effectively answering the study inquiries.

The study used deductive study approach, which provides more informed decision about the research design. Staff members from several departments of Bukama Craft Brewery Private Limited Company comprised the research sample of thirty-one participants. Expert sampling, a non-probability cluster sampling and simple random sampling strategy, was employed to obtain information from interviewees who have superior expertise in the studied area. Pie charts, tables, and Pearson's regression were employed in the data's analysis and display. The investigation found that manufacturing firms should adopt the ABC system, but first they should evaluate the requirements needed for a full ABC implementation, including technology, personnel training, and backing from upper management. Regression analysis revealed a moderate positive correlation between ABC and financial performance.

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CHAPTER 1

1.0 Introduction

The subject of whether traditional cost accounting methods are still adequate in manufacturing organizations has gained attention due to the growth and complexity of production technologies in Zimbabwe. Robotics, flexible production systems, the just-in-time mentality, and similar issues face modern manufacturing firms. Granof, et al (2000) contend that the origins of traditional cost information systems can be found during the manufacturing era, when labor served as the main production input. The conventional method of production costing approach adds a percentage of overheads, typically in the form of machine hours or direct labor hours (also known as direct pay)., to the direct cost of a product. These overheads are charged to items based on output volume. All overheads are assumed to be primarily connected to production volume in order for this method to function. With today's information-driven businesses and their simultaneous computerization and automation, there is growing controversy over this method of calculating production costs.

1.1 Background of the study

Manufacturing firms in Zimbabwe have been facing stiff competition from international markets and Delta Beverages therefore posing challenges for growth and expansion in firms as high-quality products are produced as a lower cost of production by these. Drury (2011), suggests that the value of the firm is derived from what is delivered to customers, for them to be competitive, improve decision making, planning and pricing they have to use using activity-based costing when allocating different cost to different costs centers. If the manufacturing firms fail to keep a proper record of costs and their allocation to different cost centers it leads to poor financial performance of the firms and they will end up overpricing or underpricing the goods.

According to Ezegba (2014), manufacturing firms are now faced with adaptable production methods and just-in-time concept because of the innovation complexity of manufacturing technology, which has made traditional costing accounting methods inadequate. Bukama Craft Brewery Private Limited without information regarding production costs and the tasks carried out for the production of their product only considering the raw materials and labor not involving other activities done during production. However,

some manufacturing firms in Zimbabwe use the traditional costing method approach which results in over-pricing of the products in this sector. Hence the application of costs based on activities systems were necessary to examine how it impacts Zimbabwean manufacturing companies' financial performance.

Direct labor and material expenses are the only costs that exist in standard costing accounting systems, that can be directly linked to the final product, according to Effiong and Akpan (2019). By employing activities are taken into consideration in substitution of systems that bring value and those that fails to an activity-based costing system are eliminated determining towards boosting efficient systems. Lewis (2015), suggests that this provides accurate costing, requiring additional labor and expenditure to acquire the information needed.

The Bukama Craft Brewery Private Limited has been facing stiff competition over pricing due to its use of the traditional costing accounting method allocating the direct raw materials and labor not accounting only whilst other manufacturers were using the modern costing accounting method leading to its poor financial performance. Traditional accounting methods are associated with reliance on arbitrary overhead allocation rather than cause effect relationships leading to inaccuracy in product cost calculations and inaccurate product costs in multiproduct companies when dealing with a variety of products each with different resources requirements and overhead allocation.

Therefore, manufacturing firms in Zimbabwe must use an activity-based costing approach to enhance their financial outcomes. A case study examining how outcome of is impacted by the activity-based costing strategy organizations Thailand determines that the widespread application pertaining to activity-based costing approach enhances operational functionality and financial performance leading towards better management costs, processes, resource allocation and financial outcome, Vetchagool et al (2019).The outline determination of the present study is how activity-based costing approach will affect the financial functionality that of Bukaman Craft Brewery Private Limited.

1.2 Problem Statement

Manufacturing firms have searching for ways to enhance their financial and operational performances. As the Bukama Craft Brewery Private limited has been using standard costing of late and has been financially performing averagely overpricing and underpricing their products. Faced with this its financial performance has been declining of late due to competition from its rivalries Delta Beverages and Bespoke Brewery. Hence the company has decided should use an activity-based approach to enhance its financial performance. The reason behind the present investigation is ascertaining effects of activities-based costing methods' setting up on the financial performance.

1.3 Research objectives

1. To analyze the methods and methods used in the successful and efficient employing the methodology of activity-based costing.
2. To establish compliance actions and procedures needed for the successful implementation of Activity-Based Costing method.
3. To examine relationship between financial performance of manufacturing firms and activity-based costing in Zimbabwe.

1.4 Research questions

To achieve the primary investigational goals, the study looked into the succeeding concerns.

- 1 What are the ways in which activity-based costing enhances financial performance of Bukama Craft Brewery Private Limited?
- 2 What procedures have to be taken in order for the activity-based costing system's implementation in Bukama Craft Brewery Private Limited to be successful?
- 3 How will Bukama Craft Brewery Private Limited adhere to the procedures and criteria for applying the Activity based costing system approach successfully?

1.5 Significance of the study

Understanding how activity-based costing methodology complements other analyses examining effect of activity-based costing has on manufacturing organizations' financial outcome in Zimbabwe, profitability product lines, target costing, and product costing analysis are examined.

This research assists emerging and existing firms to examine how their existing costing systems and evaluate how the placing activity-based costing into practice will affect the financial performance.

An approach called "activity- based costing" used by manufacturing firms to allocate overhead costs more accurately based on specific activities. Langfield-Smith et al (2018), suggests this (ABC) enhances corporate performance by offering vital resources for cost control, resource management, process improvement, value addition, and strategic decision making. The implementation ABC benefits Bukama Craft Brewery Private Limited through increased competitiveness by accurately assessing costs and making informed decisions, the firm can enhance its competitiveness in the market.

1.6 Research assumption

The following assumptions were made in this study:

1. Respondents gave honest truthful and sincere replies.
2. The study was undertaken using the appropriate research techniques.
3. The research study was done under similar economic conditions as they are now.
4. Respondents were knowledgeable about Activity based costing to provide the correct information.
5. Respondents were anxious to participate in the interviews.
6. There was plenty time for the researcher to carry out and complete the investigation.

1.7 Delimitations of the study

The research was affected by its conceptual framework, geographical location and temporal range.

1.7.1 Conceptual delimitation

Activity-based costing's effect on manufacturing companies' financial performance in Zimbabwe was undertaken as the main agenda in the study. To take the necessary decisions, the participants involved in the decision making are expected to recognize Activity based costing system.

1.7. 2 Physical delimitation

The province of Mashonaland West was designated as the research area.due to its closeness, Bukama Craft Brewery Private Limited was undertaken as the case study. The employees of this firm were taken as the target sample. The targeted sample did not include stakeholders they are not directly engaged in the profitability performance of Bukama Craft Brewery Private Limited while utilizing the activity-based costing system.

1.7.3 Time scope delimitation

The study was timed from August 2023- June 2024 to examine how Bukama Craft Brewery Private Limited's financial performance is impacted by the activity-based costing method.

1.8 Limitation of the study

The research was affected by several constraints. Limitations on the study are those that the researcher cannot control, Simon (2018). The study was affected by a variety of constraints, nevertheless the researcher still adhered to standard approaches to the research being conducted in order to obtain precise findings.

1.8.2 Physical constraint

The researcher had to travel on a tight schedule to Norton where Bukama Craft Brewery Private Limited is situated. Moreover, due to the tight working conditions and working conditions the researcher found it challenging to do the research in person.

1.8.3 Time constraint

The researcher had a restricted amount of time to comprehend the investigation and fulfill the deadlines. The researcher made use of the university's online resources during weekends and evenings to get the data.

1.8.4 Physical constraint

The researcher was affected by the current economic situation to cover for the communication costs, travelling and printing.

1.8.5 Company policy constraint

The confidentiality principle limited the accounts department of Bukama Craft Brewery Private Limited Company's ability to disclose some of the important information. The face-to-face interviews and online based questionnaires, helped the researcher gather the accurate data needed to conduct the research.

1.9 Key words defined

1.9.1 Activity based costing

CIMA Official Terminology (2017), activity-based costing approach allocates indirect and overhead expenses to goods and services according to activities.

Activities receive their resources., while cost objects are allocated to activities. ABC is defined as "a method of activity costing and monitoring that entails tracking resource consumption and final costing outputs." Activities are allocated resources, and activities are allocated costs to objects.

1.9.2 Financial Performance

Harthill (2021), financial performance is an indicator of how well an organization makes use of the resources derived from the company's main activity to generate revenue. It provides insights of revenue generation, asset management, liabilities and the interests of the stakeholders and stockholders.

1.9.3 Manufacturing firm

Manufacturing firms are organizations that carry out large-scale production by turning raw materials parts and components into completed commodities. In this context Bukama Craft Brewery Private Limited processing its raw materials (hops, malt, yeast and sugars) into craft beer.

1.10 Research outline

This chapter explains the topic under study, while the chapter following discusses the literature related to activity based costing and financial performance. Chapter 3 addresses the research methodology adopted within the study as they are reviewed. The research findings are examined and provided in Chapter 4, and Chapter 5 discusses the findings and suggestions.

1.11 Chapter summary

The first chapter covered the outcome which activity-based costing methods have in Zimbabwe on manufacturing organizations' financial outcome. It addressed the study's significance, problem definition, research background, and introduction. In Chapter Two, will discuss about the impact of activity-based costing systems on the financial performance of manufacturing environments with the relevant research.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter's main goal is to give a summary of the literature that the research study is supported by investigation, the researcher thoroughly examined current developments in the field with the assistance of literature reviews. The purpose of the case study, which concentrated on Bukama Craft Brewery Private Limited, was to assess how Activity-Based Costing, or ABC, affected the financial performance of manufacturing firms in Zimbabwe. The conceptual framework, empirical studies, and theoretical framework related to the study activity are covered in.

2.1 Theoretical framework

2.1.1 Resource- based theory

Opinions of resource-based management maintains significance of businesses' internal possessions and proficiencies in obtaining a continuous modest benefit. Barney (1991), a company's distinct resources, such as priceless possessions, skills, and expertise, might result in better performance than rivals.

Like all theories, resource-based logic is predicated on a number of assumptions. These assumptions include that that businesses are entities that seek the highest possible profits and that managers are merely rational (Simon, 1945). In addition to fundamental presumptions, resource-based logic raises additional points setting apart various strategic management philosophies. These points are primarily related to persistent superior firm performance theories how to quantify exceptional performance to evaluate the competitiveness of a company. Two presumptions underlie the resource-based paradigm. Like all theories, resource-based logic is predicated on a number of assumptions. Among these presumptions are that businesses maximize profits and that managers have finite rationality (Simon, 1945). Resource-based reasoning goes beyond fundamental presumptions it also highlights more points of differentiation from other theories of strategic management. These points are primarily related to persistent superior firm performance theories and center on how to assess exceptional performance to determine the competitiveness of a company.

The resource-based theory has two assumptions which are diverse resource bundles may be possessed by rival companies due to resource heterogeneity. The concepts of resource heterogeneity and resource immobility set resource-based logic apart from other strategic management theories, in addition to these fundamental presumptions (Barney, 1991b). The following presumptions apply:

- i. Resource heterogeneity: rival businesses may have various stacks of materials.
- ii. There is a possibility that these differences in resources will not go away.

Diverse resource bundles may be possessed by rival companies due to resource heterogeneity.

A resource is said to be scarce when there is a greater demand for it than there is availability. An asset is considered non-replaceable if it cannot be replaced by another resource and still enable a company to create and implement the same strategy. Inelasticity in supply, or the lack of availability of more of a resource despite a higher demand than supply, is the primary concern associated with the idea of immobility. The degree of scarcity, non-substitutability, and supply inelasticity of firm resources might differ significantly.

2.1.2 The transaction cost theory

A framework known as "transaction cost theory" aims to explain why businesses exist and what their limitations are in relation to the expenses incurred in carrying out transactions in the market. This hypothesis was first proposed by Coase (1937), and many other academics have subsequently developed and improved upon it.

Transaction costs, according to Coase (1937), are what motivate people to undertake economic activity inside a corporation as opposed to through market exchanges. The expenses involved in looking for, negotiating, and enforcing contracts with other parties are known as transaction costs. Information collecting, contract drafting, monitoring, and enforcement are some of these expenses. According to the idea, businesses arise when it is less expensive to coordinate economic activity inside an organization than it is to execute transactions on the open market.

The transaction cost theory was expanded upon by Williamson (1975), who distinguished between two categories of transaction costs: the price of information and search; the price of bargaining and enforcement. The costs associated with looking for possible suppliers or clients, obtaining and processing pertinent data, and weighing your alternatives are referred to like the price of information and search. On the other hand, the costs incurred during negotiation and enforcement entail contract negotiation and establishment, behaviour monitoring, and dispute resolution or agreement violations.

The significance of asset uniqueness is further emphasized by transaction cost theory Williamson, (1985). The degree to which a resource or asset is specialized and customized for a certain transaction or connection is known as asset specificity. Highly specialized assets make finding alternate uses for them more difficult and expensive, which increases reliance on long-term connections and decreases the possibility of accessing the open market. There are some key points to consider on the transaction cost theory which are:

- i. Institutional setting and transaction costs: According to transaction cost theory, transaction costs can be influenced by the institutional setting in which transactions take place. The price of entering into and upholding agreements might vary depending on the legal, regulatory, and property rights regimes (North, 1990). For instance, transaction costs can be decreased by robust legal frameworks that uphold property rights and offer effective means of enforcing contracts La Porta et al., (1997).
- ii. Market failures and transaction cost economics: Transaction cost theory also emphasizes the role that transaction costs may play in causing market failures. Market transactions may become unfeasible or inefficient in circumstances when transaction costs are unnecessarily elevated. In order to get around these restrictions caused by transaction costs, non-market governance structures like hierarchical organizations or cooperatives may evolve (Williamson, 1985).
- iii. Transaction costs are significantly influenced by the asymmetry of information, which happens when one side has greater access to information than the other. Transaction expenses could go up in situations when there is a lack of knowledge or uncertainty regarding the nature or attributes of an item or service because more information must be gathered, verified, and monitored. The importance of knowledge asymmetry in forming commercial agreements is highlighted by transaction cost theory (Holmström & Milgrom, 1991).
- iv. Theory integrating transaction costs and outsourcing decisions: The theory of transaction cost is widely applied to analyses outsourcing decisions. Firms consider transaction costs when deciding whether to outsource certain activities or keep them in-house. Regarding the transaction expenses related outsourcing, for example monitoring enforcing contracts, exceed the costs of internal production, firms are more likely to choose in-house production (Grossman & Hart, 1986).
- v. Transaction cost theory's empirical applications: The theory has been used in a number of empirical investigations in a range of settings and sectors. For example, studies have looked at how transaction costs affect international business (Buckley & Casson, 1976), supply chain

management Cachon & Fisher, (2000), and organizational form selection (Klein et al., 1978). The aforementioned research offers empirical proof in favour of the notion that transaction costs influence economic structure and decision-making.

In conclusion, transaction cost theory highlights that businesses are there to offset the expenses incurred by engaging in market transactions. Businesses can increase efficiency and lower transaction.

2.1.3 The behavioural theory of the firm

The Behavioral Theory of the Firm, as proposed by Cyert and March (1963), is a key theoretical framework relevant to this research project, which emphasizes importance understanding how administrative behaviour and policymaking processes influence the firm's performance. This theory suggests that individuals within organizations may not always act in a purely rational and profit-maximizing manner. Instead, it recognizes the significance of psychological and sociological factors in shaping organizational behaviour. First, knowledge, estimates, and expectations that often deviate significantly from reality are used to guide organizational choices. A few traits impact these perceptions of the organization of the company and its practices. The techniques provide estimates that are tangible, albeit not always correct (Cyert & March, 1955). Second, businesses only take a small number of options into account while making decisions. The range of options under consideration is contingent upon certain features of the organizational structure as well as the location of search duty within the organization. This reliance appears to be most noticeable in planning procedures like price-output determination and budgeting (Alt, 1949). Organizations also differ in how much of their resources are allocated to individual and sub organizational goals in addition to organizational goals. Specifically, partial and conflict interests. Lastly, different companies have different resource allocations for different organizational purposes, individual, as well as sub organizational, goals on the other. Specifically, most companies have conflicts and partial conflicts of interest, and in some situations, they acquire significant internal slack that may be reduced in response to external pressure (Cyert & March, 19. %).

To sum up, the behavioural theory of the company highlights the significance of social variables, constrained rationality, and cognitive biases in comprehending the behaviour and decision-making of organizations. This viewpoint has been shaped in part by references such as Herbert Simon's work on limited rationality and "A Behavioral Theory of the Firm" by James March and Richard Cyert.

Furthermore, sociological and psychological theories like social identity theory help us understand how people act both individually and in groups inside companies.

2.1.4 Activity Based Management (ABM) Theory

The management accounting technique known as "activity-based management," or "ABM," is centered on comprehending and controlling organizational activities (Cooper & Kaplan, 1991). The theory emphasizes the identification and analysis of activities to enhance decision-making processes.

According to Trussel and Britner (1998), activity-based management encompasses two main perspectives: the process view and the cost view. From a cost perspective, ABM is a system of cost accounting known as pricing depending on activities). This technique allows for more accurate overall cost calculation of goods and services. Using of this system, service activities' costs (such payroll accounting and replication of), as well as the price of goods, services, and other cost items. Core activity costs include those of manufacturing processes.

ABM is used to create both financial and non-financial performance metrics for each activity centre's output under the process perspective. The two ABM points of view are compiled. The process perspective aims to assess performance, whereas the cost view seeks to ascertain the cost of a good or service. The fact that both objectives are achieved by the same information system makes ABM appealing. Decisions on resource allocation, performance assessment, and budgeting may all be made using the ABM principles. Similar to reengineering, ABM focuses more on organizing and managing a company's numerous operations or processes according Trussel and Britner (1998).

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A two-stage procedure is used in an ABM system. Prior to assigning resource costs to activities, activity costs are allocated to items with costs. The ABM system's initial phase involves tracking expenses to processes or activities, or "activity centres." An activity centre is made up of all completed activities or work that produces a useful product. The expenses of running each activity centre are calculated and presented using ABM. Activity centre costs are linked to cost objects (i.e., goods, departments, divisions, clients, or other defined services) at the second stage. The cost drivers are used in both phases of the cost

allocation process to allocate expenses because there is a causal relationship between the activity and the cost object, Trussel and Bitner (1998).

2.2 Empirical Literature Review

2.2.1 Impact of activity -based costing system on financial performance of SMEs: A case study of Lester Private Limited (2023)

Paradzai et al. (2023) state that the study showed that SMEs faced a number of difficulties while implementing activity-based systems, such as a lack of management support and difficulty identifying the system's cost driver due to a lack of implementation knowledge. The economic performance of SMEs was therefore unrelated to activity-based costing, cost control, or both.

2.2.2 Effects of activity-based costing on financial performance of consumer goods manufacturing companies Nigeria (2022).

George et al. (2022), adopting activity-based costing had no appreciable influence on the return on capital used by consumer products manufacturing enterprises in Nigeria of these businesses. Nigeria has no appreciable impact on adopters' firms' asset turnover. Once more, the ABC has no appreciable impact on Nigerian consumer products manufacturers' capacity to fulfil their immediate financial commitments.

2.2.3 Effects of managerial accounting practices on financial performance of manufacturing firms Nairobi (2019).

Waihenya (2019), 52.4% of respondents believed that the organization deployment of the activity-based costing method management review did not find any compelling evidence that performance in terms of finances is affected by activity-based costing. of 53 trade companies (Nairobi) surveyed, and 50% of the respondents said they agreed very much, 47.6% said they agreed somewhat, and 2.4% said they agreed little or not at all. The analysis also showed that the company adopted ABC as a result of expanding product offerings, more competition, and higher overhead required to run this business as planned. Firm as agreed by 64.3% of the respondents.

2.2.4 The impact of activity based on the financial performance of firms in Saudi Arabia 2017

Saji et al (2017), performances of businesses in Saudi Arabia were used to activity- based costing, the findings indicated that private organizations in Riyadh region of Saudi-Arabia, frequently use AB costing systems. Most of the respondents had used it from the employees to the management. Lastly, activity-based costing has been adopted by most firms in Saudi Arabia including Almarai and SABIC.

2.2.5 Measuring the success of activity- based costing within enterprise resource planning environment Greek companies.

Kitsantas et al (2021), the outcomes in the investigation show that the degree to which ABC systems are implemented positively motivates their use, improving user performance, productivity, and use satisfaction. As a result, the general attitude toward the implementation of ABC systems was positive and they were viewed as superior to traditional accounting systems.

2.2.6 The Implementing Activity-based Costing Technique and Its Impact on Profitability: A Study of Listed Manufacturing Companies in Jordan (2017).

According to Al-Qudah and Al-Hroot (2017), there have not been a noticeable gain overall the manufacturing industries in Jordan's profitability as a result of using the ABC strategy. Generally speaking, these outcomes are connected with the results of Pokorná (2016), who found that businesses using ABC perform financially either on par with or worse than businesses not using ABC strategies overall. According to the study more conferences on modern management accounting techniques should be held in Jordanian to boost quantity in businesses applying the ABC method.

2.2.7 Impact of activity- based costing on financial performance in Czech Republic (2016).

Porkona (2016), in Czech Republic out of the 548 firms in the data, 120 (or 22%) said they utilize ABC. It is possible for one to generalize the findings from the analysis of the financial accounts and questionnaire data to the entire population. Introduce a very simple ABC model that consists of just a few activities, and limit its application to a few key operations. Consequently, the amount of information that can be gathered and used to inform decisions is necessarily constrained. That is most likely the cause of companies that use ABC don't show better financial accounts.

2.28 The influence of activity-based costing implementation on firm performance Vietnam (2021)

Pham et al (2021), the study evaluates the external factors that affect business performance and the ability to properly implement the ABC accounting technique based on research methodologies that combine quantitative and qualitative aspects. Vietnam's manufacturing enterprises can also improve their performance through the way in which ABC implementation facilitates in the relationships between market orientation as well as surrounding uncertainty firm efficiency. The study's findings demonstrate how crucial it is to use contemporary management techniques to boost businesses.

2.2.9 The association between activity based costing and firm performance Morocco (2022)

According to Charaf et al. (2022), businesses who implemented ABC were able to greatly enhance their financial performance. This improvement in performance was seen in enhanced communication, decision-

making, product quality, and customer happiness. Findings indicate that the implementation of Activity-Based Costing (ABC) has a more substantial positive influence or impact on a company's non-financial performance than the old way. Because of this, businesses in Morocco have been able to implement new production techniques, enhance decision-making processes for process management, product design, and pricing strategies, compute costs more accurately, foster better communication, and produce goods of a higher caliber. Nevertheless, there was no correlation found between the financial performance improvement and the application of ABC.

2.2.10 Impact of activity-based costing on organizational performance Thailand (2020)

According to Vetchagool et al (2020), the empirical analysis demonstrates that implementing ABC widely helps to enhance operational performance. Moreover, it enhances operational performance, which in turn enhances financial success. Crucially, nevertheless, the data presented refutes the theory that widespread ABC usage enhances financial success either directly or indirectly through improved operational performance. These results hold true for both large and small businesses, as well as manufacturing and nonmanufacturing organizations.

2.3.1 Background History of Activity Based Costing

Activity-based costing first appeared in the United States in the 1980s, and since it can be applied to a variety of industries, it has grown in popularity as a means of helping businesses manage their expenses and remain competitive. Allain and Laurin. (2018). Activity-based costing was developed to give feedback concerning product costs, manufacturing expenses, and support operations, allowing management to focus on high-resource products and production processes, Cooper, (1990). The activity-based costing system (essential instrument) for the management because it gives accurate and reliable information based on cost and profitability. According to Park et al (2017), activity-based costing emerged to cover up for the gaps of traditional costing system hence as an innovation management tool. The implementation of activity-based costing systems has boosted global market rivalry, guaranteeing that businesses generate goods of superior quality. Rundora et al (2013), suggests that manufacturing companies must be more interconnected, adaptable, and highly automated to make this happen.

The goals of activity-based costing are: Helberg et al (1994).

- i. Establish transparency in the area of overhead;

- ii. Distribute costs based on the activities that are consumed.
- iii. Provide data for management objectives;
- iv. Connect to the business's strategy; and
- v. Enhance all operational actions.

Activity based costing has helped the firms improve their operational performance and competitiveness by empowering in managerial decision making due to the efficient cost allocation to the products manufactured. According to Azubike et al (2017), with this cost of a unit is determined by the events needed to manufacture goods or services because manufacturing process involves resource-consuming activities.

2.3.2 Concept of activity-based costing

Activity based costing emerged due to old techniques, which depended upon on single overhead absorption rate, became inadequate in the face of increasing complexity in manufacturing along with service environments, Copper and Kaplan (1988). The key principles of activity-based costing are as follows:

- i. Identification of activities, finding the primary activities that cause overhead expenses is the first stage in ABC. which could range from machine set ups and quality inspections to order processing and customer service, Kaplan and Anderson (2004).
- ii. Cost assignment: After activities are recognized, expenses are allocated to each one according to the resources it uses. This necessitates careful monitoring of resource usage, including labor hours, machine hours, and material consumption.
- iii. Activity cost pools, costs are collected into activity price proportion for every activity corresponds to an engagement, creating more granular view of where resources are being consumed.
- iv. Cost drivers: The following step is to determine the costs associated with each activity. The things that raise or lower an activity's cost are known as cost drivers. For instance, the quantity of machine setups may be a factor in setup-related expenses.
- v. Allocation to products or services lastly, costs are assigned to goods or services according to how they are used in activities; departing from overly simplified or overly optimistic assumptions to grasp the complexities of the phenomena being studied. organizations actually spend. to price their offering more efficiently and identify areas for cost reduction, Cooper and Kaplan (1991).

2.3.3 Advantages of activity-based costing

Positive aspects of activity-based pricing in its use by firms which are improved accuracy, better decision making, improved costs control, identification of cost drivers, increased profitability and accurate performance measurement to support management in order to achieve organizational goal, Azubike et al (2017) which are explained as follows:

- i. Improved cost accuracy a more precise picture of the actual costs of goods, services, and activities is given by pricing and tracking depending on activities the indirect cost of products to costs more precisely than traditional volume-based costing methods, Horngren et al (2018).
- ii. Better decision-making activity -based costing gives managers more detailed and relevant cost information allowing enabling them to decide more effectively on pricing, product mix, process enhancements, and resource allocation, Drury (2018).
- iii. Activities-based costing aids to determine the factors that influence overhead costs, which may enhance awareness of expenditure patterns while highlighting chances for cost-cutting. et al. Garrison (2018)
- iv. Improved cost control by understanding the underlying activities and their associated costs, managers can more effectively control and manage overhead expenses, Bhimani et al (2018).
- v. Increased profitability the improved cost information from activity- based costing can help organizations identify and eliminate unprofitable products, services or customers leading to increased profitability, Lanen et al (2017).
- vi. Accurate performance measurement activity- based costing provides a more accurate basis for performance measurement and evaluation, as it links costs more directly to the activities that consume resources, Hilton and Platt (2013).
- vii. Encourages continuous improvement the insights gained from activity- based costing can inspire process improvements and elimination of non- value -added activities, leading to increased efficiency and competitiveness, Kaplan and Anderson (2007).

2.3.4 Disadvantages of activity -based costing

- i. Implementation complexity Activity-based costing deployment may be laborious and time-consuming. requiring significant resources and effort to identify the relevant activities, cost drivers and cost allocation bases, Drury (2018).
- ii. According to Horngren et al. (2018), activity-based pricing necessitates the gathering and analysis of substantial amounts of data, which can be expensive and not always easily accessible.

- iii. Subjectivity in the distribution of overhead expenses among cost objects and activities in activity-based costing can be subjective, as it involves judgement and assumptions that may be difficult to validate, Lanen et al (2017).
- iv. Potential inaccuracy although activity-based costing aims to provide more accurate cost information, the quality of the data and the suitability of the cost drivers employed ultimately determine how accurate the system is, Hilton and Platt (2019).
- v. Ongoing maintenance, maintaining an activity-based costing requires continuous monitoring and updating to ensure that the cost drivers and allocations remain relevant as the surroundings and how to operate the organization Kaplan & Anderson (2007).

2.4 Research gap

The common perception is that Activity-Based Costing (ABC) is primarily used for cost reduction through more accurate cost allocation. However, there is limited research on how ABC might also contribute to value creation, such as by improving product quality, customer satisfaction, or innovation. The impact of these value-enhancing factors on a company's financial performance is not well understood. some studies have looked at the short-term financial impacts of implementing Activity-Based Costing (ABC), longitudinal research tracking performance over time could offer deeper insights into the sustainability and long-term effects of ABC. Longitudinal studies could shed light on whether the benefits of ABC, beyond just cost reduction, are maintained over the long run and how they ultimately impact a company's financial performance.

2.6 Chapter summary

The chapter tackled the subject of academic framework, empirical evidence and conceptual framework concerning Activity Based Costing and how it affects the financial outcomes Bukama Craft Brewery Private Limited. The next chapter will give a summary of the employed methods.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

Several theories regarding how activity-based charging affects manufacturing organizations' financial performance were covered in the chapter before. This chapter will concentrate regarding the research approach used in the study taken from Saunders et al 2019. The study examined aspects such as the study plan, data collection, sample size, research framework, target population, and sampling techniques, guaranteeing the validity and dependability of the study were taken into consideration.

3.1 Research design

Saunders et al (2019), implies that the general plan and framework of a research design guides process of conducting research which outlines the theories, strategies and tactics used in the study to organize the different parts of the research ensuring that research aims meet the data collected with validity and reliability. Sekaran et al (2009), discusses the different research designs which can be adopted under a study which are descriptive, experimental, correlational, casual and exploratory depending on the type of study. Lissa (2018), suggests that researchers should understand the nature of study carried out and research design to be adopted.

3.1.1 Casual explanatory research

Zimkund et al (2012), defines casual research as a study done to determine the scope and nature of associations between variables and to evaluate the influence of particular changes on accepted norms while providing an analysis of a particular problem or situation to explain the patterns of relationships and aspects. The correlation between activity-based pricing together with the financial outcomes of the of the study has been determined by the researcher adopting the casual explanatory research design Bukama Craft Brewery Private Limited as to how the implementation ABC will affect the company's pricing and profitability. George and Merkus (2021), the explanatory in the form of a causal model, it examines for patterns and tendencies in the information that is currently present but had not been looked into before, like in the instance of Bukama Craft Brewery Private Limited.

3.2 Population and Sampling

3.2.1 Target population

Saunders et al (2019), those in the target population are all those who researchers are interested in studying and whom they generalize the findings of their study designed to investigate and draw insights from. The study relied from target group of thirty -one respondents from Bukama Craft Brewery Private Limited, which was made up of twenty -five employees and six top management selected for validity in the investigation. Hence the size of the population was the subject of this case study because workers from Bukama Craft Brewery Private Limited participated mainly from the finance and manufacturing departments.

3.2.2 Sample Frame

A sample frame is a compilation of each component which can be any entity or group of individuals, which is usually a comprehensive and accurate representation of individuals with attributes that are in the target population of interest Kayode- Sanni (2018). The researcher obtained the target population from through the Personnel Departments of the active participants involved in the study of Bukama Craft Brewery Private Limited .The finance and manufacturing departments were the targeted population as their involved in the costing ,pricing of the manufactured product and as to how Activity based costing may impact them which is vital in the research findings. The sample frame is crucial in research in order to ensure that it represents the total population accurately and how it would be possible to apply the study's findings to the broader population Saunders et al (.2019)

3.3 Sampling procedure

3.3.1 Sampling methods and techniques

Saunders et al (2009), sampling techniques are methods that allow researcher to collect data from as a subset as opposed to every possible situation or component. In the study, both probability and non-probability approaches were used. as two sets of sampling techniques (Saunders et al 2023). Using a strategy drawn from a larger population, the researcher selects samples using probability theory. this process is known as probability sampling as basic random sampling and systematic sampling, for instance. Techniques for non-probability sampling, such as quota, convenience, and purposeful sampling, provide certain individuals of the general population has a decreased likelihood of being a part of the research.

3.3.2 Cluster sampling

Thomas (2023) suggests that, a probability sampling approach called cluster sampling is frequently implemented to assess large populations, especially ones that are geographically separated. Etikan et al (2017), suggests that the entire population should be split up into smaller units from clusters of smaller units, and that a random selection of some of this cluster should be made in order to incorporate it in the general population. The person conducting the investigation has divided the targeted population from Bukama Craft Brewery Private Limited into segments. These segments constitute the management and workers respectively of Bukama Craft Brewery Private Limited. Thomas (2023), when combined, the clusters are meant to represent the total population; each cluster's characteristic distribution should be comparable to the distribution of the entire group. The researcher developed the map for the study.

Table 3.4 Cluster Development (Bukama Brewery Private Limited)

Segment	Respondents
1	Workers
2	Management

3.3.3 Simple random sampling

Bhardwaj (2019), a common method for sampling probability is simple random sampling, in which employees in a marked populace have an equal chance of being selected randomly which implies that one variable is independent of others. After division of the target population into segments of the workers and management respectively the researcher went on to pick a random sample from each segment. This removes bias given that the smaller group's subset has an exactly the same chance of being selected and making it a widely utilized sampling method in quantitative studies due to its efficiency. However, a small population representing the entire population might be compromised Bhardwaj (2019).

3.4 Research Instruments

Research instruments are tools or techniques to collect and assess information emphasizing the importance that of choosing the right method for collecting data to guarantee accuracy and dependability on research findings Saunders et al (2009). According to Bhandari (2023), there is quantitative research requires gathering and evaluating data which are surveys, observations, experiments and interviews these can be used in descriptive research, correlational research and experimental research. In order to comprehend ideas or opinions, qualitative research entails gathering and analysing non-numerical data. which uses focus groups, observations, document analysis and field notes these should align with the

research goals, Bhandari (2023). The researcher used the closed ended questionnaire to facilitate the quantitative analysis because they are easier to analyse, Kronick and Presser (2009).

3.4.1 Questionnaire Design

A closed-ended Likert scale questionnaire was employed by the investigator, investigating for data collection from the employees and management responding their rate on a scale (strongly disagree or strongly agree). There are four subsections on the questionnaire. Part A, which addressed demography, Section B, Section C and Section D which answer the research objectives and questions. The research objectives on questionnaires answered discuss influence that financial results will be impacted by activity-based costing. of Bukama Craft Brewery Private Limited when responded by the employees. The close ended questionnaire was used because of it is easy and efficient respondents can quickly choose an answer, making data collection faster, standardized data fixed options ensure consistent responses and minimize ambiguity predefined answers reduce misinterpretation of questions (Saunders et al 2009).

3.5 Data collection

The study got information from Bukama Craft Brewery Private Limited's management and employees needed for research findings. The investigator asked for permission from the Personnel Department towards undertaking the case of the company.

After granted the permission to do the study accounting in to the company's core values and ethics the researcher ensured the employees (respondents) it was from free will to answer the questionnaires by respectfully asking them to respond. Afterwards the researcher distributed close ended questionnaires to the staff workers (respondents) through emails. These were supposed to take 8-10 minutes to finish as per the pilot test. The researcher helps when needed and after submission of the questionnaire the results were available online and collected. According to Sekaran and Bougie (2009), mail questionnaires cover wide geographic areas and respondents can more time to complete at convenience which can be administered electronically whilst response rate is low and 30% is acceptable.

3.6 Data analysis and presentation

After data collection, summarizing it, gaining insights of data the aim of discovering how Activity-Based Costing affects the bottom line of revenue Bukama Craft Brewery Private Limited. The collected data was modified, coded, entered and checked errors by the researcher, the software used is Microsoft Excel and the Statistical Package for Social Science (SPSS) version 26. Saunders et al (2019), the SPSS covers all the the analytics lifecycle's several components, including data management and preparation analysis

documenting procedures offering complex methods for statistical computation to ensure precision and superior expertise in decision making therefore it was applied to the investigation.

Saunders et al (2009), descriptive statistics is used to describe and compare numerical values which involves research questions and objectives as applied in the study Bukama Craft Brewery Private Limited. The financial performance of Bukama Craft Brewery Private Limited was found to be correlated with Activity based costing, analysis of regression using linear models employing Pearson's Product Moment Correlation Coefficient. was employed, this enables assessing activity-based costing and financial performance's strength how they are which must have been randomly selected from a sample, (Saunders et al 2009). The study used the chi-square to investigate the relationship between Activity Based Costing and Bukama Craft Brewery Private Limited's financial performance., chi-square analysis enables to find out how two variables are associated (Saunders et al 2009).

The linear regression equation was computed using the Statistical Package for Social Science (SPSS), thereby establishing Activity-based costing's correspondence to the study's results in finance. Saunders et al (2019), suggests that 5 Point Likert scale be employed to statistically code data in a quick and precise manner. Most of the data has been presented using statistical tables for easier understanding.

3.7 Reliability and Validity

Scale validity and reliability are important for robust measurements in carrying out researches. Reliability ensures consistency while validity ensures accuracy and alignment with the intended study Baum M, M (2013). The researcher had to carefully consider these to enhance the quality of research.

3.7.1 Reliability

Reliability refers to the possibility that, if the data collection methods and analyzing techniques had been repeated or duplicated by another researcher, the results would be consistent Saunders et al (2009). Middleton (2023), suggests that reliability of tests, which evaluates the uniformity results when the exact same test is given to the same sample multiple times, represents a particular sort of dependability that can be used in research. , confidence of the interrater, which evaluates the degree of agreement between multiple participants parallel forms reliability It examines internal consistency reliability and the correlation between two equivalent test versions which has two methods the average correlation between items in a collection of data created to assess the same construct and divided the other half according to dependability where you divide at random the compilation of activities and calculate correlation between the two sets. The researcher adopted the average inter-item and the Cronbach's alpha

reliability methods to examine how closely related score on one item are to scores on all other items in the same item and assess the consistency among items respectively, Cohen and Swerdlik (2005).

The Cronbach's alpha is reliability method analysts frequently use when designing and testing a new survey or an assessment instrument which indicates whether the responses are consistent between items on a questionnaire, Robbitt (2021). Cronbach's alpha is a scale that goes from 0 to 1, where a higher number means the questionnaire is trustworthy. Robbitt (2021) defines the ranges as follows:

- Superb: $\alpha > 0.9$
- Acceptable: $0.7 < \alpha < 0.8$;
- A positive level: $0.8 < \alpha < 0.9$;
- Approval: $0.7 < \alpha < 0.9$;
- Query able: 0.6
- Insufficient: $0.5 < \alpha < 0.6$
- < 0.5 is unacceptable.

3.7.2 Validity

Surrucu and Maslakci (2020), explains validity as an indication of how well the instrument of measurement fulfills its stated purpose by assessing the conduct or quality that it is meant to assess. Surrucu and Maslakci (2020), suggests that they are four types of validity methods which include construct validity, which assesses whether a measuring instrument accurately ensures that the measurement accurately reflects the intended concept or idea. When evaluating whether a test accurately captures matter intended to measure, content validity is considered. Assessment of a test's face validity is subjective and depends on how well it appears to measure the intended outcome. Criterion validity, conversely, assesses if the outcomes of the test genuinely correspond to the desired result.

The researcher adopted the content validity, constructive validity, predictive validity and concurrent validity to ensure that measurements accurately represent the phenomena studied. The researcher used construct validity which is based on logical relationships between variables how Bukama Craft Brewery Private Limited's financial performance is affected by activity-based costing. Surruci and Maslakci (2020), suggest that assessing similarities and differences validates resulting in construct validity test necessary in attaining better results, as a designed fit for the research is not enough. When evaluating validity. Content validity was added to the study's data gathering, analysis, as well as presentation using linear regression and the chi-square normal distribution.

According to Ayre and Scally (2014), both the number and quality of experts play a major role in the objective findings of computations used to assess content validity. The researcher used predictive validity assessing the manner in which activity-based costing impacted the financial outcomes Bukama Craft Brewery Private Limited ensuring that the management and the employees in the company answer the questionnaire to establish association amid independent variable (activity-based costing) with dependant variable (financial performance).

3.8 Research Ethics

A collection of guidelines known as ethical considerations direct research designs and procedures to ensure that study participants are permitted to take part, informed, and safe. Bhandari (2023). The study undertook the following ethical considerations in the investigation.

Permission: The researcher asked for permission from the Personnel Department in Bukama Craft Brewery Private Limited before carrying out the investigation and was granted permission to continue administer the questionnaires while carrying out the study.

Both employees and senior management participated willingly, providing their consent voluntarily and were not intimidated participate. Individuals were able to quit participation at any time without being compelled to do so.

The researcher indicated that the participants reluctance to engage in the investigation did not have any adverse effects.

Informed consent: The employees were provided with all the key information they required on how to attempt the questionnaire which contained details regarding the institutional clearance of the study.

Anonymity: The researcher avoided collecting any personally identifiable information, including names, contact details (phone and email), and physical features.

Confidentiality: The researcher ensured confidentiality making sure that every participant has an entitlement to privacy, and that was observed whenever feasible—even when anonymous collecting of information took place.

In addition to the above, the researcher made close ended questionnaire which did not include the identification section which was in accordance with the anonymity ethic observed during the interviews.

3.9 Chapter summary

The primary focus of this chapter centered on the research methods employed, particularly the utilization of the Bukama Craft Brewery case study and questionnaires for data collection. Subsequently, the upcoming chapter will delve into the analysis of the collected data.

CHAPTER 4

DATA ANALYSIS AND PRESENTATION

4.0 Introduction

This chapter offers a concise overview of the data analysis conducted during the study. It covers topics such as the questionnaire response rate, measurement scale reliability, demographic variable-categorized findings, and objectives related to the Activity-based costing (ABC) system implementation.

4.1 Questionnaire Response Rate

Table 4.1

	Number	Rate %
Questionnaires Given back	110	91.67
Questionnaires Misplaced	10	8.33
Questionnaires Issued	<u>120</u>	<u>100</u>

The study has a high response rate of 91.67%, ensuring representativeness and reducing non-response bias. However, 8.33% of questionnaires were misplaced, suggesting effective data management. The potential impact of missing data on analysis and conclusions is still considered, requiring appropriate techniques like imputation or sensitivity analysis.

4.2 Reliability

Table 4.2

Reliability Statistics	
Cronbach's Alpha	N of Items
.852	26

The scale's high **Cronbach's Alpha** value of 0.852 indicates its consistent measurement of the construct of interest, indicating its internal consistency reliability. This reliability is crucial for the validity of the study findings and its suitability for future studies due to its well-designed items.

4.3 Results by Demographic

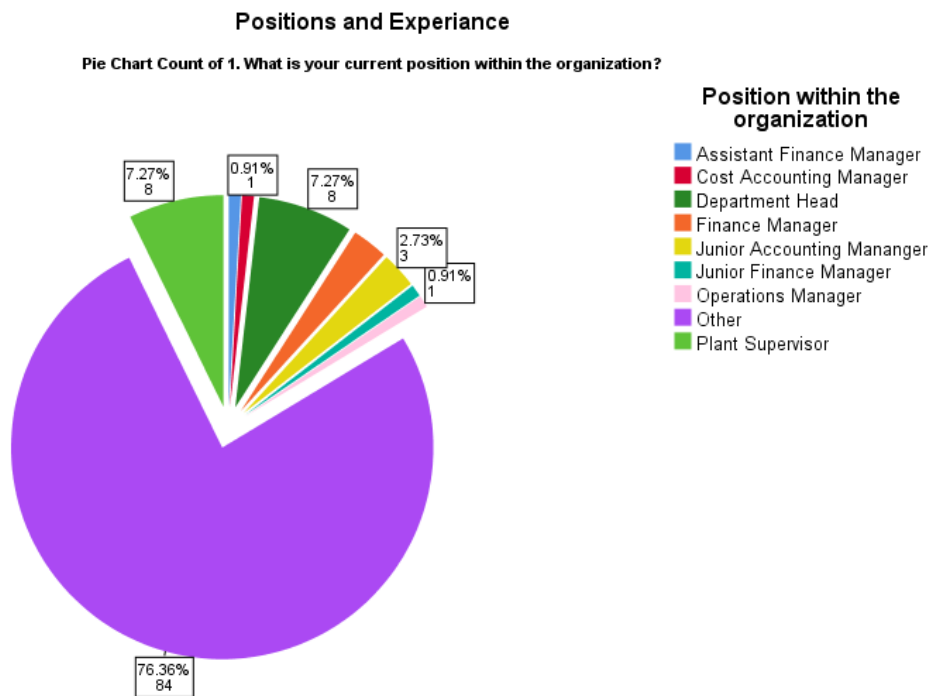


Figure 4.1

The pie chart reveals that 76.36% of the organization's current positions are "Other" roles, with the majority of respondents holding roles outside the listed titles. The next largest slices are Department Head, Plant Supervisor, Cost Accounting Manager, Assistant Finance Manager, Finance Manager, Junior Accounting Manager, and Operations Manager. This diversity in roles indicates a wide range of job functions and levels within the organization, aiding in understanding the structure and identifying potential areas for focus or development.

4.4 Objective 1: To analyze the methods used in the successful and efficient employing the methodology of activity-based costing

4.4.1 The Implementation Stages and Evolving Drivers of Activity-Based Costing (ABC): A Comprehensive Analysis

Table 4.3

			your organization first implemented an activity-based costing ABC				Total
			1	2	3	4	
key drivers or motivations behind ABC ^a	Improve cost management and control	Count	2	17	46	5	70
		% within your organization first implemented an activity-based costing ABC	9.5%	68.0%	95.8%	31.3%	
	Enhance pricing decisions	Count	0	2	27	0	29
		% within your organization first implemented an activity-based costing ABC	0.0%	8.0%	56.3%	0.0%	
	Comply with regulatory requirements	Count	7	10	29	0	46
		% within your organization first implemented an activity-based costing ABC	33.3%	40.0%	60.4%	0.0%	
	Gain a competitive advantage	Count	7	14	16	11	48
		% within your organization first implemented an activity-based costing ABC	33.3%	56.0%	33.3%	68.8%	
	Other	Count	12	0	0	11	23
		% within your organization first implemented an activity-based costing ABC	57.1%	0.0%	0.0%	68.8%	
Total		Count	21	25	48	16	110

Percentages and totals are based on respondents.

a. Dichotomy group tabulated at value 1.

The implementation of ABC (Activity-Based Costing Control) was primarily driven by improving cost management and control, which increased in importance as organizations progressed through the stages. Enhancing pricing decisions was also a key driver, with 56.3% of organizations in stage 3 indicating this as a critical objective. Compliance with regulatory requirements was a driver for 60.4% of organizations in Stage 3 while gaining a competitive advantage was a key driver for 68.8% of organizations in Stage 4.

4.4.2 Key Strategies and Job Role Collaboration in Overcoming Activity-Based Costing Implementation Challenges

The ABC system implementation strategy was primarily implemented by employees in various roles, with training and change management support being the most common strategy. This was particularly prevalent among Cost Accounting Managers, Operations Managers, and Junior Accounting Managers. The use of external consultants or experts was also a common strategy, particularly among Department Heads, Cost

Accounting Managers, Operations Managers, and Plant Supervisors. The ABC system design was revised based on user feedback, with the majority of respondents indicating this as a step taken. The quality and reliability of data used in the ABC system were also emphasized, with 61.9% of respondents stating this as a strategy. These findings highlight the importance of effective training, change management, and data collection in the ABC system implementation process.

Table 4.4

			jobposition									
			Department Head	Finance Manager	Assistant Finance Manager	Cost Accounting Manager	Operations Manager	Operations Manager	Junior Accounting Manager	Plant Supervisor	Other	Total
steps to overcome the challenges ^a	Provided training and change management support	Count	5	1	0	1	1	2	1	3	72	86
		% within jobposition	62.5%	33.3%	0.0%	100.0%	100.0%	66.7%	100.0%	37.5%	85.7%	
	Engaged external consultants or experts	Count	7	0	0	1	1	3	0	5	59	76
		% within jobposition	87.5%	0.0%	0.0%	100.0%	100.0%	100.0%	0.0%	62.5%	70.2%	
	Revised the ABC system design based on feedback	Count	2	2	1	1	1	2	0	3	42	54
		% within jobposition	25.0%	66.7%	100.0%	100.0%	100.0%	66.7%	0.0%	37.5%	50.0%	
	Improved data collection and analysis processes	Count	5	2	1	0	1	2	0	3	52	66
		% within jobposition	62.5%	66.7%	100.0%	0.0%	100.0%	66.7%	0.0%	37.5%	61.9%	
	OTHER	Count	1	0	0	0	0	1	0	0	9	11
		% within jobposition	12.5%	0.0%	0.0%	0.0%	0.0%	33.3%	0.0%	0.0%	10.7%	
Total	Count	8	3	1	1	1	3	1	8	84	110	

Percentages and totals are based on respondents.

a. Dichotomy group tabulated at value 1.

4.5 Objective 2: To establish compliance actions and procedures needed for the successful use of the Activity-based costing system method.

4.5.1 Key Success Factors and Their Impact on Activity-Based Costing (ABC) System Implementation Across Years of Involvement

The ABC system's success is largely attributed to strong management support and commitment, effective change management, and the availability of skilled personnel and technical expertise. A majority of respondents (73.6%) cited strong executive-level support as a key factor. Effective change management and employee engagement were also crucial, especially for those with 2 or 3 years of involvement. The availability of skilled personnel and technical expertise was also a key factor, especially for those with 3 or 4 years of involvement. Robust data collection and analysis processes were also crucial, especially for those with 3 years of involvement. Continuous monitoring and refinement of the ABC system were also identified as key factors, especially for those with 3 years of involvement.

Table 4.5

			onghaveyoubeeninvolvedinthefinancialmanagementandcostacco				Total
			1	2	3	4	
key factors that contributed to ABC succ ^a	Strong management support and commitment	Count	35	21	25	0	81
		% within onghaveyoubeeninvolvedinthefinancialmanagemen tandcostacco	85.4%	67.7%	100.0%	0.0%	
	Effective change management and employee engagement	Count	15	21	13	0	49
		% within onghaveyoubeeninvolvedinthefinancialmanagemen tandcostacco	36.6%	67.7%	52.0%	0.0%	
	Availability of skilled personnel and technical expertise	Count	29	21	23	13	86
		% within onghaveyoubeeninvolvedinthefinancialmanagemen tandcostacco	70.7%	67.7%	92.0%	100.0%	
	Robust data collection and analysis processes	Count	17	21	21	0	59
		% within onghaveyoubeeninvolvedinthefinancialmanagemen tandcostacco	41.5%	67.7%	84.0%	0.0%	
	Continuous monitoring and refinement of the ABC system	Count	14	12	19	0	45
		% within onghaveyoubeeninvolvedinthefinancialmanagemen tandcostacco	34.1%	38.7%	76.0%	0.0%	
	Total	Count	41	31	25	13	110

Percentages and totals are based on respondents.

a. Dichotomy group tabulated at value 1.

4.5.2 The Role-Specific Impacts and Benefits of Activity-Based Costing (ABC) System Implementation Across Job Positions

The Activity-Based Costing (ABC) system has significantly impacted various job positions, with the most widely reported impact being improved cost control and management (86.4%). This was particularly prevalent among department heads, cost accounting managers, operations managers, and junior accounting managers. The system also enhanced profitability and margins (55.5%), particularly among assistant finance managers and finance managers. It also helped inform pricing and product mix decisions (33.6%), aligning resource allocation and utilization with operational and strategic needs (62.7%). Additionally, the ABC system improved compliance with regulatory requirements (57.3%), highlighting the diverse benefits organizations can achieve through the implementation of an effective ABC system. The specific benefits realized may depend on the individual's role and responsibilities within the organization.

Table 4.6

			jobposition									
			Department Head	Finance Manager	Assistant Finance Manager	Cost Accounting Manager	Operations Manager	Operations Manager	Junior Accounting Manager	Plant Supervisor	Other	Total
areas that ABC system had impacted ^a	Improved cost control and management	Count	8	1	0	1	1	2	1	7	74	95
		% within jobposition	100.0%	33.3%	0.0%	100.0%	100.0%	66.7%	100.0%	87.5%	88.1%	
	Enhanced profitability and margins	Count	3	2	1	1	0	1	0	3	50	61
		% within jobposition	37.5%	66.7%	100.0%	100.0%	0.0%	33.3%	0.0%	37.5%	59.5%	
	Informed pricing and product mix decisions	Count	1	0	0	1	1	2	0	0	32	37
		% within jobposition	12.5%	0.0%	0.0%	100.0%	100.0%	66.7%	0.0%	0.0%	38.1%	
	Optimized resource allocation and utilization	Count	3	0	0	1	1	3	0	4	57	69
		% within jobposition	37.5%	0.0%	0.0%	100.0%	100.0%	100.0%	0.0%	50.0%	67.9%	
	Improved compliance with regulatory	Count	4	0	0	1	1	2	0	3	52	63
		% within jobposition	50.0%	0.0%	0.0%	100.0%	100.0%	66.7%	0.0%	37.5%	61.9%	
	other	Count	2	0	0	0	0	1	0	0	19	22
		% within jobposition	25.0%	0.0%	0.0%	0.0%	0.0%	33.3%	0.0%	0.0%	22.6%	
Total	Count	8	3	1	1	1	3	1	8	84	110	

Percentages and totals are based on respondents.

a. Dichotomy group tabulated at value 1.

4.6 Objective 3: To examine the relationship between Activity-based costing and financial performance of manufacturing firms in Zimbabwe.

4.6.1 Analysing the Influence of Activity-Based Costing Implementation Factors

Table 4.7

		Correlations					
		Improve cost management and control	Enhance pricing decisions	Lack of management support	Difficulties in identifying and allocating overhead costs	Provided training and change management support	Improved data collection and analysis processes
Improve cost management and control	Pearson Correlation	1	.111	. ^a	-.212*	-.309**	-.419**
	Sig. (2-tailed)		.249	.	.026	.001	.000
	N	110	110	110	110	110	110
Enhance pricing decisions	Pearson Correlation	.111	1	. ^a	-.053	.319**	-.370**
	Sig. (2-tailed)	.249		.	.580	.001	.000
	N	110	110	110	110	110	110
Lack of management support	Pearson Correlation	. ^a	. ^a	. ^a	. ^a	. ^a	. ^a
	Sig. (2-tailed)	.	.		.	.	.
	N	110	110	110	110	110	110

Difficulties in identifying and allocating overhead costs	Pearson Correlation	-.212*	-.053	. ^a	1	.257**	.149
	Sig. (2-tailed)	.026	.580	.		.007	.122
	N	110	110	110	110	110	110
Provided training and change management support	Pearson Correlation	-.309**	.319**	. ^a	.257**	1	.113
	Sig. (2-tailed)	.001	.001	.	.007		.239
	N	110	110	110	110	110	110
Improved data collection and analysis processes	Pearson Correlation	-.419**	-.370**	. ^a	.149	.113	1
	Sig. (2-tailed)	.000	.000	.	.122	.239	
	N	110	110	110	110	110	110

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

a. Cannot be computed because at least one of the variables is constant.

From the correlation matrix provided, the researcher focused on the following variables in the analysis:

1. Improve cost management and control:

- This variable has significant negative correlations with "Difficulties in identifying and allocating overhead costs" ($r = -0.212, p < 0.05$) and "Provided training and change management support" ($r = -0.309, p < 0.01$). These relationships suggest that cost management and control improvements are associated with fewer difficulties in allocating overhead costs and providing training and change management support.
- Additionally, this variable has a strong negative correlation with "Improved data collection and analysis processes" ($r = -0.419, p < 0.01$). This indicates that better data collection and analysis processes are linked to improved cost management and control.

2. Enhance pricing decisions:

- This variable has a significant positive correlation with "Provided training and change management support" ($r = 0.319, p < 0.01$). This suggests that the provision of training and change management support is associated with enhanced pricing decisions.
- However, it has a significant negative correlation with "Improved data collection and analysis processes" ($r = -0.370, p < 0.01$). Suggests that data collection and analysis improvements may not necessarily translate directly into enhanced pricing decisions.

3. Difficulties in identifying and allocating overhead costs:

- This variable has a significant positive correlation with "Provided training and change management support" ($r = 0.257, p < 0.01$). Signifying that organizations facing challenges in identifying and allocating overhead costs may have benefited from the provision of training and change management support.

By focusing on these key variables, a regression model to assess the impact of these independent variables on the perceived financial performance of Bukama Craft Brewery was set to be conducted.

4.6.2 Regression Analysis

Table 4.8

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.647 ^a	.419	.396	.595

a. Predictors: (Constant), company first implement ABC system, Difficulties in identifying and allocating overhead costs, enhance pricing decisions, Improve cost management and control

There is a moderately positive correlation, as indicated by the correlation coefficient (R) of 0.647. R Square, or the coefficient of determination, is 0.419, indicating ABC-related factors can explain approximately 41.9% variance in financial performance. The adjusted **R Square** is **0.396**, suggesting that around 39.6% of the variance is explained after considering adjustments. The **standard error** of the estimate is **0.595**, reflecting the accuracy of the model's predictions. The analysis revealed a strong correlation between the financial success and the ABC-related parameters of manufacturing firms, with approximately **41.9%** of the variance explained by the model.

Coefficients					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	3.895	.191		.000
	Improve cost management and control	.817	.134	.492	.000
	Enhance pricing decisions	.518	.120	.329	.000

Difficulties in identifying and allocating overhead costs	-.230	.131	-.138	-1.763	.081
the company first implemented the ABC system	-.234	.064	-.295	-3.636	.000

a. Dependent Variable: the overall impact of the ABC system on your organization's financial performance

From the findings, it is shown that:

- Improving cost management and control and enhancing pricing decisions positively influence the overall impact of the ABC system on financial performance (coefficients 0.817 and 0.518, respectively; both statistically significant).
- Difficulties in identifying and allocating overhead costs show a non-significant relationship (coefficient of -0.230, $p = 0.081$), requiring further investigation.

The analysis indicates that improving cost management and enhancing pricing decisions, can positively impact the financial performance of Bukama Craft Brewery Private Limited. However, challenges related to overhead cost identification and allocation require further analysis for a conclusive understanding of their impact.

4.7 Conclusion

From this chapter data related to the implementation and impact of the Activity-Based Costing (ABC) system was analysed. Findings revealed a high questionnaire response rate, indicating effective data management. The study identified various drivers and strategies for successful ABC implementation, highlighting the importance of management support, change management, and data quality. The system had significant impacts on job positions, improving cost control, profitability, decision-making, and regulatory compliance. In conclusion, the ABC system proved valuable in enhancing cost management and financial performance. A summary, conclusions, and recommendations will be included in the upcoming chapter. for future research and practical applications.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

In this chapter, activity-based costing's effects on manufacturing organizations' financial performance in Zimbabwe—Bukama Craft Brewery as a case study—is examined in relation to the research topic, based on the primary findings, the researcher highlights areas that warrant additional investigation and provides recommendations.

5.1 Summary of major findings

An overview of the main findings that address the study's main objectives is provided below:

5.1.1 Objective 1 To analyze the methods used in the successful and efficient employing the methodology of activity-based costing.

This works hand in hand with better cost management and control, along with goals including better pricing decisions, regulatory compliance, and gaining a competitive edge, which were the driving forces behind the implementation of ABC. As Bukama Craft Brewery Private Limited progressed through the various stages of implementation, the relative significance of these drivers changed.

5.1.2 To establish compliance actions and procedures needed for the successful implementation of Activity-Based Costing method.

The writer was set out to provide an answer to this query, because she was so keen in learning what it would take for manufacturing companies to effectively adopt ABC as a cutting-edge approach. The writer wanted to make sure Bukama Craft Brewery Private Limited was following the right procedures in order to apply ABC in an efficient manner. As per the responses, the researcher discovered that the Bukama Craft Brewery Private Limited Company did not fulfill for the successful implementation of ABC indicating negligence.

Due to their familiarity with traditional costing methods, some ABC users were not totally motivated to apply the new approach, Bukama Craft Brewery Private Limited was in charge of training its staff on how to use it. Furthermore, technology Bukama Craft Brewery Private Limited was accountable for adopting the new SAP system, which enhances precise cost recording, even though they already had an accounting system Zoho Books. Support from top management is particularly important. The Bukama Craft Brewery

Private Limited Company's top management is supportive of adopting ABC, but in order to expect positive outcomes, they need to give it more attention and educate themselves on expectation theory.

5.1.3 Objective 3 To examine relationship between financial performance of manufacturing firms and activity-based costing in Zimbabwe.

The writer discovered that Bukama Craft Brewery Private Limited made an effort to adhere to the procedures, they encountered certain difficulties in determining whether or not study objective three was achieved. The participants acknowledged that it was challenging to pinpoint certain activities and monitor certain indirect expenses. They went on, putting more effort into allocating costs to the appropriate cost objects and cost centers.

5.1.4 Objective 4 What are the ways in which activity-based costing enhances financial performance of Bukama Brewery Private Limited?

The goal of this analysis was to examine the relationship between activity-based costing (ABC) and financial performance, in order to understand the underlying cause and effect dynamic. The regression analysis conducted found a statistically significant positive correlation between ABC and financial performance, with a 95% confidence level. This suggests that the entity's use of ABC can help predict, with a high degree of accuracy, the movement of the dependent financial performance variable. Specifically, the R-squared value of 99% indicates that 99% of the variation in the dependent variable can be explained by the entity's ABC practices.

In summary, the analysis reveals a strong, positive link between an organization's implementation of activity-based costing and its overall financial performance. The high R-squared value implies that ABC is a highly reliable predictor of the entity's financial outcomes.

5.2 Conclusions

Using the Bukama Brewery Private Limited case study, effects of the current costing technique ABC on the financial performance of manufacturing enterprises were examined. Since all of the study's objectives and questions were answered, it was a success. The study's conclusions showed that while industrial firms do employ ABC, top management is more crucial to the implementation of this strategy. Furthermore, ABC should always have enough resources to support itself. Furthermore, evidence was presented to support management decision-making by ABC's reliable financial data production for cost calculations. Additionally, the writer emphasized that manufacturing organizations face certain difficulties when implementing ABC.

5.3 General Recommendations

Drawing conclusions from the preceding sections, the writer proposed the succeeding suggestions.

1. Trade companies, managers are required to categorize no-value-added operations as well as report slightly premeditated verdict to discontinue them.
2. The author advises manufacturing companies to implement new systems like SAP and new automated equipment as the modern environment encourages technology to eliminate direct labor associated with products.

5.3.1 Recommendations to Bukama Craft Brewery Private Limited

The GEC Private Limited Company's governance officials need to be pursuant to more pressure to clarify how ABC impacts profitability in order to promote cooperation between upper management and lower-level staff toward the common objective.

1. The company's culture has to be embedded with training. All ABC users must get frequent training from the business before they can put ABC into practice and demonstrate its dependability in boosting financial performance.
2. In order to minimize redundancy, top management should thoroughly define organizational activities.
3. ABC users need to remain encouraged to work in a culture that values "change" and anticipate more positive results from the initiative.

5.3.3 Recommendations to policy makers

1. To enable accountants to afford raising their level of expertise, the Zimbabwean government ought to sponsor institutions such as CIMA financially.
2. Manufacturing businesses should receive grants to help them implement new costing techniques and strengthen their working capital position.
3. Zimbabwe's government has to encourage product exports in order to assist manufacturing enterprises in making more money. A company that can now afford to fix the resources needed to implement ABC is more likely to embrace a new system if its working capital situation has improved.

5.3.4 Suggestions for further investigation

1. Zimbabwe's service sector and SME businesses from other industries may be the subject of future research on ABC adoption.

2. More research might be conducted on the assessment of modern systems needed to perform ABC.

5.4 Chapter summaries

In order to evaluate the benefits employing ABC as a method of costing within the framework of Zimbabwean manufacturing, this study used Bukama Craft Brewery Private Limited as a case study. Zhang et al. (2017) assert that in order to make better judgments that will ensure the survival of the company, those in charge of governance must engage in creative thinking and adopt strategic management techniques. The current economic climate is competitive for the manufacturing industries.

The author of this study report followed a research philosophy grounded in pragmatism. The author chose this practical approach because it helped her to stay more grounded in reality thus ensuring that i understand the problem. According to Merriam (2016), the pragmatic research methodology helps researchers understand how people understand their prior experiences and the significance they hold for them. This kind of thinking is in line with the deductive research process since the author is not introducing new theories and notions, but rather testing assumptions that have already been tested.

A descriptive and explanatory study approach was also employed by the researcher because the study's mixed research technique considered social life and its relevance in the actual world, it contributed to a deeper knowledge of the subject. In order to obtain crucial data concerning influence ABC's financial performance on industrial enterprises, the researcher employed The Bukama Craft Brewery Private Limited as a testing ground for in-depth interviews and surveys. Several techniques for identifying and excluding participants were used to determine who the target audience was. Only knowledgeable ABC users and indirect users who formed decisions based on ABC's findings were included in the study.

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APPENDIX A

ABC Implementation Questionnaire

Dear Participant,

Thank you for taking the time to complete this questionnaire. The purpose of this survey is to understand the implementation of activity-based costing (ABC) systems and their impact on the financial performance of manufacturing firms in Zimbabwe.

All responses will be kept strictly confidential, and the data will only be used for research purposes. Please answer the questions to the best of your knowledge and experience.

** Indicates required question*

Background Information

Take your time to answer the questions below.

1. **1. What is your current position within the organization? ***

Mark only one oval.

- ☐ Finance Manager
- ☐ Cost Accounting Manager
- ☐ Production/Operations Manager
- ☐ Other

2. **2. How long have you been involved in the financial management and cost accounting functions of your company?** *

Mark only one oval.

- ☐ Less than 5 years
- ☐ 5-10 years
- ☐ 11-15 years
- ☐ More than 15 years

ABC Implementation

Please answer these questions to show how Bukama Brewery Private Limited has implemented Activity-Based Costing (ABC) system

3. **3. When did your organization first implement an activity-based costing (ABC) system?**

Mark only one oval.

- ☐ Less than 5 years ago
- ☐ 5-10 years ago
- ☐ 11-15 years ago
- ☐ More than 15 years ago

4. **4. What were the key drivers or motivations behind the decision to adopt ABC?**
(Select all that apply)

Check all that apply.

- ☐ Improve cost management and control
- ☐ Enhance pricing decisions
- ☐ Comply with regulatory requirements
- ☐ Gain a competitive advantage
- ☐ Other

5. **5. On a scale of 1 to 5 (1 being "very difficult" and 5 being "very easy"), how would you rate the overall difficulty of implementing the ABC system in your organization?**
1 - 2 - 3 - 4 - 5

Mark only one oval.

	1	2	3	4	5	
<hr/>						
very	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	very easy
<hr/>						

6. **6. What were the major challenges or obstacles encountered during the ABC implementation process?**
(Select all that apply)

Check all that apply.

- ☐ Lack of management support
- ☐ Resistance to change from employees
- ☐ Insufficient technical expertise
- ☐ Difficulties in identifying and allocating overhead costs
- ☐ Other (please specify): _____

**7. 7. How did your organization overcome the challenges faced during the ABC implementation?
(Select all that apply)**

Check all that apply.

- ☐ Provided training and change management support
- ☐ Engaged external consultants or experts
- ☐ Revised the ABC system design based on feedback
- ☐ Improved data collection and analysis processes
- ☐ Other (please specify): _____

Impact of Activity-Based-Costing on Financial Performance

**8. 8. On a scale of 1 to 5 (1 being "no impact" and 5 being "significant impact"), how would you rate the overall impact of the ABC system on your organization's financial performance?
1 - 2 - 3 - 4 - 5**

Mark only one oval.

	1	2	3	4	5	
<hr/>						
no i	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	significant impact
<hr/>						

**9. 9. In which of the following areas has the ABC system had the most significant impact?
(Select all that apply)**

Check all that apply.

- ☐ Improved cost control and management
- ☐ Enhanced profitability and margins
- ☐ Informed pricing and product mix decisions
- ☐ Optimized resource allocation and utilization
- ☐ Improved compliance with regulatory requirements
- ☐ Other (please specify): _____

10. **10. Has the implementation of the ABC system led to any changes in your organization's strategic decision-making processes?**

Mark only one oval.

- ☐ Yes, the ABC system has significantly influenced our strategic decisions.
- ☐ No, the ABC system has had little to no impact on our strategic decision-making.
- ☐ Unsure, the impact on strategic decisions is not clearly evident.

Additional Questions

11. **11. How has the ABC system influenced your organization's budgeting and forecasting processes?**

Mark only one oval.

- ☐ Significantly improved the accuracy and reliability of budgets and forecasts
- ☐ Moderately improved the budgeting and forecasting processes
- ☐ Had little to no impact on budgeting and forecasting
- ☐ Unsure of the impact on budgeting and forecasting

12. **12. To what extent has the ABC system enabled your organization to identify and address cost inefficiencies?**

Mark only one oval.

- ☐ Significantly helped identify and address cost inefficiencies
- ☐ Moderately helped identify and address cost inefficiencies
- ☐ Had little to no impact on identifying and addressing cost inefficiencies
- ☐ Unsure of the impact on cost efficiency

13. **13. Has the implementation of the ABC system led to any changes in your organization's product pricing strategies?**

Mark only one oval.

- ☐ Yes, the ABC system has significantly influenced our pricing decisions
- ☐ No, the ABC system has had little to no impact on our pricing strategies
- ☐ Unsure, the impact on pricing strategies is not clearly evident

14. **14. How would you rate the overall satisfaction of your organization with the ABC system implementation?**

Mark only one oval.

	1	2	3	4	5	
<hr/>						
Very	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very dissatisfied
<hr/>						

15. **15. Based on your experience, what are the key factors that contributed to the successful implementation of the ABC system in your organization?**
(Select all that apply)

Check all that apply.

- ☐ Strong management support and commitment
- ☐ Effective change management and employee engagement
- ☐ Availability of skilled personnel and technical expertise
- ☐ Robust data collection and analysis processes
- ☐ Continuous monitoring and refinement of the ABC system

Google form link

[https://docs.google.com/forms/d/e/1FAIpQLSfYYgousVxuvmb3qWc8YwzhX4GA4xAWhoYjL24FB_Yvks27Q/viewform?usp=sf link](https://docs.google.com/forms/d/e/1FAIpQLSfYYgousVxuvmb3qWc8YwzhX4GA4xAWhoYjL24FB_Yvks27Q/viewform?usp=sf_link)

Or

<https://forms.gle/uD2H5UD2C5HspYBb9>

Appendix B

Multiple Response Sets

Name	Coded As	Counted Value	Data Type	Elementary Variables
\$challengesfacedinABCimplem emention	Dichotomies	1	Numeric	Lack of management support Resistance to change from employees Insufficient technical expertise Difficulties in identifying and allocating overhead costs OTHER
\$driversforABCimplemetion	Dichotomies	1	Numeric	Improve cost management and control Enhance pricing decisions Comply with regulatory requirements Gain a competitive advantage Other

\$procedurestakentoovercomechallenges	Dichotomies	1	Numeric	Provided training and change management support Engaged external consultants or experts Revised the ABC system design based on feedback Improved data collection and analysis processes OTHER
---------------------------------------	-------------	---	---------	---

Case Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
\$ChallengesorObstaclesfacedduringABCimplementation ^a	110	100.0%	0	0.0%	110	100.0%

a. Dichotomy group tabulated at value 1.

\$ChallengesorObstaclesfacedduringABCimplementation Frequencies

		Responses		Percent of
		N	Percent	Cases
ChallengesorObstaclesfacedduringABCimple ^a	Lack of management support	110	29.3%	100.0%
	Resistance to change from employees	97	25.8%	88.2%
	Insufficient technical expertise	58	15.4%	52.7%
	Difficulties in identifying and allocating overhead costs	77	20.5%	70.0%
	OTHER	34	9.0%	30.9%
Total		376	100.0%	341.8%

a. Dichotomy group tabulated at value 1.

Case Summary

	Cases		Missing		Total	
	Valid N	Percent	N	Percent	N	Percent
\$DriversorMotivationsforABC adoption ^a	110	100.0%	0	0.0%	110	100.0%
\$MeasurestakentoovercomeABCimplementationchallenges ^a	110	100.0%	0	0.0%	110	100.0%
\$keyfactorsthatcontributedtothesuccessfulimplementationofABC ^a	110	100.0%	0	0.0%	110	100.0%
\$areastheABCsystemhadimpacted ^a	110	100.0%	0	0.0%	110	100.0%

a. Dichotomy group tabulated at value 1.

\$DriversorMotivationsforABCadoption Frequencies

		Responses		Percent of Cases
		N	Percent	
DriversorMotivations for ABC adoption ^a	Improve cost management and control	77	29.7%	70.0%
	Enhance pricing decisions	65	25.1%	59.1%
	Comply with regulatory requirements	46	17.8%	41.8%
	Gain a competitive advantage	48	18.5%	43.6%
	Other	23	8.9%	20.9%
Total		259	100.0%	235.5%

a. Dichotomy group tabulated at value 1.

\$MeasurestakentoovercomeABCimplementationchallenges Frequencies

		Responses		Percent of Cases
		N	Percent	
MeasurestakentoovercomeABCimplementation ^a	Provided training and change management support	90	28.1%	81.8%
	Engaged external consultants or experts	87	27.2%	79.1%

	Revised the ABC system design based on feedback	54	16.9%	49.1%
	Improved data collection and analysis processes	78	24.4%	70.9%
	OTHER	11	3.4%	10.0%
Total		320	100.0%	290.9%

a. Dichotomy group tabulated at value 1.

\$keyfactorsthatcontributedtothesuccessfulimplementationofABC Frequencies

		Responses		Percent of
		N	Percent	Cases
keyfactorsthatcontributedtothesuccess ^a	Strong management support and commitment	81	25.3%	73.6%
	Effective change management and employee engagement	49	15.3%	44.5%
	Availability of skilled personnel and technical expertise	86	26.9%	78.2%
	Robust data collection and analysis processes	59	18.4%	53.6%
	Continuous monitoring and refinement of the ABC system	45	14.1%	40.9%
Total		320	100.0%	290.9%

a. Dichotomy group tabulated at value 1.

\$areastheABCsystemhadimpacted Frequencies

		Responses		Percent of
		N	Percent	Cases
areas the ABC system had impacted ^a	Improved cost control and management	95	27.4%	86.4%
	Enhanced profitability and margins	61	17.6%	55.5%
	Informed pricing and product mix decisions	37	10.7%	33.6%
	Optimized resource allocation and utilization	69	19.9%	62.7%

	Improved compliance with regulatory	63	18.2%	57.3%
	other	22	6.3%	20.0%
Total		347	100.0%	315.5%

a. Dichotomy group tabulated at value 1.

CORRELATION TABLE

Correlations

			Improve cost management and control	Enhance pricing decisions	Lack of management support	Difficulties in identifying and allocating overhead costs	Provided training and change management support	Improved data collection and analysis processes
Improve cost management and control	Pearson Correlation		1	.111	. ^a	-.212 [*]	-.309 ^{**}	-.419 ^{**}
	Sig. (2-tailed)			.249	.	.026	.001	.000
	N		110	110	110	110	110	110
Enhance pricing decisions	Pearson Correlation		.111	1	. ^a	-.053	.319 ^{**}	-.370 ^{**}
	Sig. (2-tailed)		.249		.	.580	.001	.000
	N		110	110	110	110	110	110
Lack of management support	Pearson Correlation		. ^a	. ^a	. ^a	. ^a	. ^a	. ^a
	Sig. (2-tailed)		.	.		.	.	.
	N		110	110	110	110	110	110
Difficulties in identifying and allocating overhead costs	Pearson Correlation		-.212 [*]	-.053	. ^a	1	.257 ^{**}	.149
	Sig. (2-tailed)		.026	.580	.		.007	.122
	N		110	110	110	110	110	110
Provided training and change management support	Pearson Correlation		-.309 ^{**}	.319 ^{**}	. ^a	.257 ^{**}	1	.113
	Sig. (2-tailed)		.001	.001	.	.007		.239
	N		110	110	110	110	110	110

Improved data collection analysis processes	Pearson Correlation		-.419**	-.370**	. ^a	.149	.113	1
	Sig. (2-tailed)		.000	.000	.	.122	.239	
	N		110	110	110	110	110	110

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

a. Cannot be computed because at least one of the variables is constant.

REGRESSION

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	companyfirstimp lementABCsystem, Difficulties in identifying and allocating overhead costs, Enhance pricing decisions, Improve cost management and control ^b	.	Enter

a. Dependent Variable: 8. On a scale of 1 to 5 (1 being "no impact" and 5 being "significant impact"), how would you rate the overall impact of the ABC system on your organization's financial performance?

1 - 2 - 3 - 4 - 5

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted Square	Std. Error of the Estimate

1	.647 ^a	.419	.396	.595
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a. Predictors: (Constant), company first implement ABC system, Difficulties in identifying and allocating overhead costs, enhance pricing decisions, Improve cost management and control