



An Empirical Assessment of Cost Information, Managerial Decision-Making and Organisational Performance

Abstract

This study examined the relationship between Activity-Based Costing (ABC) and organisational management, with particular emphasis on Activity Cost Information, Cost-Driver Analysis, ABC-Based Resource Allocation and ABC-Based Managerial Decision-Making as predictors of organisational performance. The study adopted a cross-sectional survey research design. With the population comprised of 1,000 managers, accountants, finance officers, operations managers and other relevant management personnel in selected organisations. Using Yamane's formula at a 5% level of precision, a sample size of 286 respondents was determined, while stratified random sampling was employed to ensure appropriate representation. Data were collected through a structured questionnaire based on a five-point Likert scale and analysed using descriptive statistics, Cronbach's alpha, Pearson correlation and multiple regression analysis. The results indicate positive relationships between organisational performance and Activity Cost Information ($r = .704$), Cost-Driver Analysis ($r = .658$), ABC-Based Resource Allocation ($r = .671$) and ABC-Based Managerial Decision-Making ($r = .736$). The regression model produced $R = .812$, $R^2 = .659$ and adjusted $R^2 = .654$, while the overall model was statistically significant, $F(4, 281) = 108.62$, $p < .001$. The study concluded that effective ABC practices can strengthen cost visibility, resource utilisation, operational efficiency and managerial decision-making, thereby supporting improved organisational performance.

Keywords: Activity-Based Costing; Activity Cost Information; Cost-Driver Analysis; Resource Allocation; Managerial Decision-Making.

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Introduction

Organisations operate in complex environments characterised by intense competition, technological change, cost pressures and growing demands for accountability. In such environments, the quality of cost information has implications for managerial decision-making because managers rely on cost

data to plan operations, prepare budgets, allocate resources, establish prices and exercise organisational control (Cooper & Kaplan, 1988; Kaplan & Cooper, 1998; Ukpong *et al.*, 2019b). Cost information is therefore a managerial resource for understanding resource consumption and its contribution to products, services and customers. Its usefulness depends on

whether the costing system reflects actual patterns of resource consumption.

Traditional costing systems developed within production environments in which direct labour and production volume represented substantial costs. Volume-related overhead allocation could provide a practical approximation of resource consumption (Johnson & Kaplan, 1987; Cooper, 1988). However, automation has reduced the importance of direct labour, while product diversity, customer-specific services, quality management, information technology and support activities have increased overhead complexity (Drury, 2018; Innes & Mitchell, 1995). Broad volume-based allocations may obscure differences in resources required to produce products, serve customers and perform organisational processes.

Activity-Based Costing (ABC) emerged partly in response to these limitations. Its proposition is that resources are consumed by activities and that products, services, customers and other cost objects consume activities (Cooper, 1989; Kaplan & Cooper, 1998). ABC identifies activities, accumulates their costs and assigns them to cost objects through appropriate cost drivers (Turney, 1991; Cooper, 1989). By emphasising causal relationships, ABC provides a more detailed representation of process economics (Cooper & Kaplan, 1988; Innes & Mitchell, 1995). This information can improve cost transparency and management understanding of expenditure (Kaplan & Cooper, 1998; Drury, 2018).

Activity-level information supports profitability analysis by revealing variations in resource consumption (Foster & Gupta, 1990; Kaplan & Atkinson, 1998). It informs pricing, product-mix, outsourcing and capacity decisions through resource-consuming activities (Cooper & Kaplan, 1991; Cokins, 2001). ABC supports planning and control because accounting information informs management (Otley, 1980). Cost-driver analysis helps managers distinguish volume effects from complexity effects (Cooper & Kaplan, 1992; Shank & Govindarajan, 1993). Resource allocation can reflect activity requirements and strategic priorities (Barney, 1991; Kaplan & Norton, 1996).

ABC-based information can strengthen managerial decision-making when managers can interpret and apply it effectively (Kennedy & Affleck-Graves, 2001; Baird *et al.*, 2004). Research indicates that ABC adoption may produce benefits, although outcomes may depend on implementation conditions, structure and management commitment (Gosselin, 1997). Time-Driven ABC sought to simplify data requirements and improve flexibility (Kaplan & Anderson, 2004; Everaert *et al.*, 2008). Implementation can involve data availability, employee resistance, system complexity and training requirements (Foster & Swenson, 1997; Krumwiede, 1998; Ukpong *et al.*, 2026). Conventional costing may remain suitable where cost structures are relatively simple (Drury, 2018), so ABC

should not be assumed to provide universal benefits (Chenhall, 2003).

The problem addressed by this study is that conventional costing practices may provide insufficiently precise information for managerial decisions, particularly where overheads and activities are diverse (Johnson & Kaplan, 1987; Cooper & Kaplan, 1988). Such limitations can affect cost control and performance evaluation (Kaplan & Cooper, 1998; Drury, 2018). Accordingly, this study examines whether activity cost information, cost-driver analysis, ABC-based resource allocation and ABC-based managerial decision-making relate to organisational performance (Kennedy & Affleck-Graves, 2001; Baird *et al.*, 2004). This study examines the relationship between Activity-Based Costing and organisational management. Specifically, the study examines activity cost information and organisational performance; determines the relationship between cost-driver analysis and organisational performance; assesses ABC-based resource allocation and organisational performance; and examines ABC-based managerial decision-making and organisational performance (Cokins, 2001). The focus is particularly relevant because contemporary managers increasingly require timely, transparent and causally meaningful cost information to coordinate resources, evaluate activities and improve organisational outcomes effectively.

Research Questions

What relationship exists between activity cost information and organisational performance?

What relationship exists between cost-driver analysis and organisational performance?

To what extent does ABC-based resource allocation relate to organisational performance?

What relationship exists between ABC-based managerial decision-making and organisational performance?

Research Hypotheses

The following null hypotheses were formulated:

H01: Activity cost information has no significant relationship with organisational performance.

H02: Cost-driver analysis has no significant relationship with organisational performance.

H03: ABC-based resource allocation has no significant relationship with organisational performance.

H04: ABC-based managerial decision-making has no significant relationship with organisational performance.

Conceptual Review

Activity-Based Costing

Activity-Based Costing (ABC) is a management accounting technique that assigns organisational costs to activities and subsequently traces those costs to products, services, customers or other

cost objects according to resource consumption. Although ABC originated in the late twentieth century, recent literature demonstrates continuing relevance to contemporary cost management amid complex operations, digital transformation and increasing overhead costs (Sánchez-Rebull *et al.*, 2023; Rhee *et al.*, 2024; Ukpong *et al.*, 2019a). ABC differs from conventional costing because it emphasises activities and cost drivers rather than broad volume-based allocation rates (Cooper & Kaplan, 1998; Zhang, 2022). Continuing scholarly interest in ABC and Time-Driven Activity-Based Costing (TDABC) further confirms their relevance within management accounting research (Sánchez-Rebull *et al.*, 2023; Mubaroq & Setyorini, 2024).

The central principle of ABC is that organisational resources are consumed by activities and cost objects consume those activities. Accurate cost determination therefore requires relevant activity identification, resource-consumption measurement and appropriate cost-driver selection (Zhang, 2022; Sánchez-Rebull *et al.*, 2023). ABC can improve cost visibility by identifying activities responsible for overhead expenditure and revealing differences in resource consumption among products and services (Muoneke & Dandago, 2024). Evidence from the Nigerian pharmaceutical industry highlights ABC's potential for improving production-cost management, reducing cost distortion and supporting pricing decisions (Muoneke & Dandago, 2024).

ABC also supports managerial decision-making concerning pricing, capacity, product mix, profitability and process improvement (Enes & Koşan, 2024). TDABC applications demonstrate how activity and time information can improve understanding of labour productivity and unused capacity (Enes & Koşan, 2024; Accounting, Organizations and Society, 2024). Technological developments increasingly connect ABC with data analytics and digital management systems, including deep-learning applications for cost management (Computers & Industrial Engineering, 2024) and technology-enhanced TDABC in healthcare (Etges *et al.*, 2024).

Nevertheless, implementation may involve data availability, employee participation, system complexity, training and management-support challenges (Zhang, 2022; Sánchez-Rebull *et al.*, 2023). Successful adoption therefore depends on contextual conditions (Rhee *et al.*, 2024). ABC should be viewed as a management-information system linking resource consumption, activities and decisions, supporting cost transparency, resource utilisation, production efficiency and organisational decision-making (Muoneke & Dandago, 2024; Mubaroq & Setyorini, 2024). Its effectiveness depends on activity identification, cost-driver selection, information systems and managerial utilisation (Sánchez-Rebull *et al.*, 2023; Rhee *et al.*, 2024).

Activity Cost Information

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Activity cost information refers to information about resources consumed by activities and processes. It is a key output of Activity-Based Costing (ABC), moving analysis from aggregates towards activities responsible for resource consumption (Cooper & Kaplan, 1998; Kaplan & Cooper, 1998). Recent literature confirms ABC's relevance where complexity makes consumption difficult to trace (Sánchez-Rebull *et al.*, 2023), providing visibility (Muoneke & Dandago, 2024). Its usefulness begins with identifying activities. Labour, technology and services can be assigned to activities before costs are traced to products or services (Cooper & Kaplan, 1991; Turney, 1991). This reduces distortion from simplistic overhead allocation (Drury, 2018). Nigerian pharmaceutical evidence indicates that ABC improves production-cost management (Muoneke & Dandago, 2024), Moroccan evidence associates ABC with cost reduction, quality and productivity (Hajji & Farrat, 2022).

Activity-level information improves cost-causation understanding by identifying processes responsible for expenditure changes (Cooper & Kaplan, 1992; Shank & Govindarajan, 1993). Effective cost management addresses causes rather than consequences (Cokins, 2001). Time-Driven Activity-Based Costing can reveal labour productivity and unused capacity, supporting profitability (Enes & Koşan, 2024). Activity costs support pricing, product-mix, capacity, profitability and process-improvement decisions (Kaplan

& Cooper, 1998; Cokins, 2001). They support pricing and profitability analysis in services (Enes & Koşan, 2024), while unused-capacity information supports budgeting (Maussen *et al.*, 2024). Technology expands activity costing (2024), and deep-learning applications can analyse costs with fewer drivers (2024). Activity cost information supports resource allocation by identifying resource-intensive activities and comparing expenditure with outputs (Kaplan & Cooper, 1998). This facilitates non-value-adding activity identification and process redesign (Turney, 1991). Contemporary ABC applications support production management and efficiency (Muoneke & Dandago, 2024; Sánchez-Rebull *et al.*, 2023). Effectiveness depends on data, drivers, technology and managerial commitment (Sánchez-Rebull *et al.*, 2023), strengthening transparency, utilisation and control and evidence-based decisions (Hajji & Farrat, 2022; Enes & Koşan, 2024).

Cost-Driver Analysis

Cost-driver analysis is important to Activity-Based Costing (ABC) because it connects activities with resources consumed. A cost driver is a measurable factor that causes or explains activity-cost changes, such as purchase orders, machine hours, batches and transactions (Cooper & Kaplan, 1998; Kaplan & Cooper, 1998; Turney, 1991; Drury, 2018). It reveals cost behaviour (Cokins, 2001; Blocher *et al.*, 2019). Traditional costing may allocate overhead using volume measures (Cooper, 1988; Cooper &

Kaplan, 1991). ABC selects drivers reflecting causal relationships with cost objects (Kaplan & Cooper, 1998; Drury, 2018; Turney, 1991; Hilton & Platt, 2017). Drivers may measure transactions, duration or intensity (Kaplan & Anderson, 2004; Cooper & Kaplan, 1991). Poor selection can distort cost information (Foster & Gupta, 1990; Innes & Mitchell, 1995).

Cost-driver analysis improves understanding of cost behaviour by identifying operational causes of expenditure. Managers can identify inefficient activities, redesign processes and reduce unnecessary transactions (Shank & Govindarajan, 1993; Cokins, 2001; Kaplan & Cooper, 1998; Blocher *et al.*, 2019; Turney, 1991; Hilton & Platt, 2017). Its strategic value is evident where product diversity, customer heterogeneity and indirect costs are substantial (Cooper & Kaplan, 1988; Johnson & Kaplan, 1987). Time-driven ABC improves capacity measurement (Kaplan & Anderson, 2004; Everaert *et al.*, 2008), while service applications reveal productivity and unused capacity (Enes & Koşan, 2024). Digital technologies facilitate cost analysis (Ukpong *et al.*, 2019c; Sánchez-Rebull *et al.*, 2023; Rhee *et al.*, 2024).

Effective cost-driver analysis supports budgeting, pricing, resource allocation, profitability and process improvement (Kaplan & Cooper, 1998; Cokins, 2001). It reveals resource-intensive activities (Turney, 1991; Drury, 2018). Reliable data and periodic review remain necessary as

operations change (Krumwiede, 1998; Shields, 1995). Cost-driver analysis strengthens ABC by connecting expenditure with causes and supporting planning, control and managerial decision-making (Kennedy & Affleck-Graves, 2001; Baird *et al.*, 2004; Sánchez-Rebull *et al.*, 2023).

ABC and Resource Allocation

Resource allocation concerns how organisations distribute financial, human, technological and physical resources among priorities. Allocation requires information about resource requirements and objectives (Kaplan & Cooper, 1998; Drury, 2018). Activity-Based Costing (ABC) supports allocation by identifying activities and tracing their costs to cost objects (Cooper & Kaplan, 1991; Turney, 1991), providing evidence about resource consumption (Cokins, 2001; Blocher *et al.*, 2019). ABC rests on the principle that resources are consumed by activities rather than by products or services (Cooper & Kaplan, 1988; Kaplan & Cooper, 1998). Labour, equipment, facilities and support services can be assigned using resource drivers (Turney, 1991; Drury, 2018). Managers can evaluate resource requirements and contributions (Shank & Govindarajan, 1993; Hilton & Platt, 2017). This offers a more activity-sensitive allocation basis (Johnson & Kaplan, 1987; Cooper, 1988).

ABC improves resource visibility by decomposing expenditure into activities and identifying resource-intensive processes (Kaplan & Cooper, 1998;

Cokins, 2001; Turney, 1991; Innes & Mitchell, 1995). Managers can identify resource-intensive activities (Cooper & Kaplan, 1992; Brimson, 1991). Activity-based information improves cost visibility and operational efficiency in complex organisations (Sánchez-Rebull *et al.*, 2023; Muoneke & Dandago, 2024). ABC also identifies non-value-adding activities, including unnecessary inspections and redundant procedures (Turney, 1991; Kaplan & Cooper, 1998). Cost visibility encourages redesign, waste elimination and deployment (Cokins, 2001; Blocher *et al.*, 2019), strengthening efficiency and cost control (Drury, 2018; Hilton & Platt, 2017).

Strategically, ABC connects expenditure with organisational priorities, while Time-Driven ABC estimates activity time and identifies unused capacity (Kaplan & Norton, 1996; Shank & Govindarajan, 1993; Kaplan & Anderson, 2004; Everaert *et al.*, 2008). Time-based information supports capacity utilisation and resource management (Enes & Koşan, 2024; Maussen *et al.*, 2024). Nevertheless, ABC does not automatically ensure efficient allocation. Effectiveness depends on accurate activity identification, cost-driver measurement, information systems and managerial commitment (Shields, 1995; Krumwiede, 1998). Complexity and implementation costs may constrain outcomes (Foster & Swenson, 1997; Baird *et al.*, 2004). Overall, ABC transforms cost information into evidence supporting resource deployment and organisational efficiency (Kennedy & Affleck-Graves,

2001; Sánchez-Rebull *et al.*, 2023; Rhee *et al.*, 2024).

ABC-Based Managerial Decision-Making

ABC-based managerial decision-making uses activity-level cost information to support pricing, product mix, outsourcing, capacity utilisation, budgeting and investment. Organisations require information for distinguishing resources consumed by products, customers, services and processes (Kaplan & Cooper, 1998; Drury, 2018). ABC links resource consumption to activities and assigns costs through appropriate drivers (Cooper & Kaplan, 1991; Turney, 1991), strengthening information for operational decisions (Cokins, 2001; Blocher *et al.*, 2019). Pricing is an important application of ABC. Prices should reflect direct costs and indirect activities required to serve products and customers (Cooper & Kaplan, 1991; Kaplan & Cooper, 1998). Differences in ordering and delivery can reveal customer-cost variations (Foster & Gupta, 1990; Innes & Mitchell, 1995). ABC can support profitability assessment (Drury, 2018; Cokins, 2001). Research confirms its usefulness for pricing decisions (Muoneke & Dandago, 2024; Sánchez-Rebull *et al.*, 2023).

ABC supports product-mix decisions by showing resources consumed by products or services. Managers can compare capacity constraints (Kaplan & Cooper, 1998; Hilton & Platt, 2017) and cost implications (Cooper & Kaplan, 1988; Cooper, 1989). Costs should be

considered alongside demand, competition and strategy (Shank & Govindarajan, 1993; Kaplan & Norton, 1996). Outsourcing and process decisions benefit from activity information. ABC enables comparisons between internal and external costs (Cokins, 2001; Drury, 2018), while managers can examine activities for redesign (Turney, 1991; Brimson, 1991). Time-Driven ABC can reveal unused capacity and support efficiency decisions (Kaplan & Anderson, 2004; Enes & Koşan, 2024).

ABC supports budgeting and investment by estimating activity requirements and resource effects from changes in production, variety or demand (Kaplan & Anderson, 2004; Everaert *et al.*, 2008). Digital developments can enhance analytical speed (Sánchez-Rebull *et al.*, 2023; Rhee *et al.*, 2024). ABC should not be the sole decision basis. Managers must consider strategy, markets and regulation (Otley, 1980; Chenhall, 2003). Estimates depend on sound activities and drivers (Shields, 1995; Krumwiede, 1998). Thus, ABC is most valuable when integrated with management systems (Baird *et al.*, 2004; Kennedy & Affleck-Graves, 2001), improving cost transparency, resource utilisation and operational control through evidence-based managerial planning (Kaplan & Cooper, 1998; Cokins, 2001; Sánchez-Rebull *et al.*, 2023).

Theoretical Framework

Contingency Theory explains the relationship between Activity-Based Costing (ABC) and organisational

management. It proposes that management systems depend on circumstances (Otley, 1980; Chenhall, 2003). Management accounting systems are context-dependent (Otley, 2016; Gerdin & Greve, 2004). ABC reflects contingency reasoning because its usefulness varies with organisational size, technology, product diversity, competition, cost structure and information requirements (Cooper & Kaplan, 1998; Drury, 2018). Complex operations and indirect costs may require sophisticated costing systems (Johnson & Kaplan, 1987; Cooper, 1988). Research indicates ABC implementation is influenced by organisational and contextual characteristics (Sánchez-Rebull *et al.*, 2023; Rhee *et al.*, 2024).

ABC provides value where products, services or customers consume activities differently (Cooper & Kaplan, 1991; Kaplan & Cooper, 1998). Appropriate cost drivers, information technology and activity identification determine ABC information usefulness (Turney, 1991; Krumwiede, 1998). Management commitment, culture and employee participation influence implementation (Shields, 1995; Baird *et al.*, 2004). Contingency Theory therefore explains why ABC should align with circumstances rather than adopted mechanically.

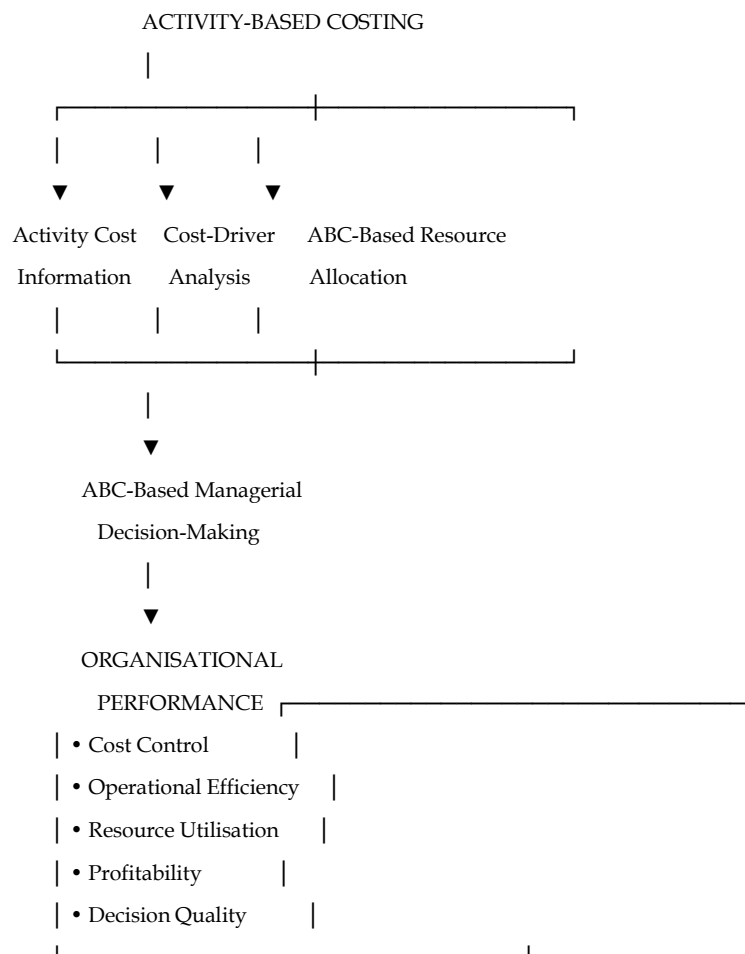
The Resource-Based View (RBV) complements this explanation by emphasising valuable organisational resources and capabilities (Barney, 1991; Peteraf, 1993). Resources become

significant when they enable capabilities that competitors cannot easily replicate (Barney, 2001; Wernerfelt, 1984). Accurate cost information can constitute an important information resource because it helps managers understand resource consumption, control costs and allocate resources effectively (Kaplan & Cooper, 1998; Cokins, 2001).

ABC transforms data into knowledge concerning activities, cost drivers and resource consumption (Cooper & Kaplan, 1998; Turney, 1991). This knowledge

strengthens cost management, process improvement and strategic decision-making capabilities (Teece *et al.*, 1997; Eisenhardt & Martin, 2000). Digital technologies can further enhance cost information (Sánchez-Rebull *et al.*, 2023; Rhee *et al.*, 2024). Accordingly, ABC can be understood as an information-based capability supporting resource utilisation and managerial effectiveness (Barney *et al.*, 2011; Grant, 1996). Together, the theories explain ABC through contextual fit and strategic information capability.

Fig. 1 Conceptual Model



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Figure 1: Conceptual Model of Activity-Based Costing and Organisational Performance

Methodology

Methods and Design

The study adopted a cross-sectional survey research design to examine the relationship between Activity-Based Costing practices and organisational performance. The design was appropriate because data were collected from respondents at a specific period, enabling the researcher to obtain quantitative information concerning activity cost information, cost-driver analysis, ABC-based resource allocation, ABC-based managerial decision-making and organisational performance. The population comprised 1,000 managers, accountants, finance officers, operations managers and other relevant management personnel in selected organisations. The respondents were considered appropriate because of their involvement in costing, budgeting, financial control, resource allocation, operational management and organisational decision-making. The sample size was determined using Yamane's formula at a 5% level of precision, producing a sample of 286 respondents. A stratified random sampling technique was employed to provide representation across management, accounting and finance, and operations-related functions. Within the identified strata, respondents were selected according to their involvement in activities relevant to the study. Data were collected using a structured questionnaire

designed around the study variables. The instrument employed a five-point Likert scale ranging from 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, to 5 = Strongly Agree. The questionnaire contained items measuring activity cost information, cost-driver analysis, ABC-based resource allocation, ABC-based managerial decision-making and organisational performance. The approach provided a systematic basis for obtaining respondents' perceptions and generating quantitative evidence for subsequent statistical analysis.

Sample Size Determination

The sample size was determined using Yamane's (1967) formula:

$$n = \frac{n}{1 + N(e)^2}$$

Where:

- n = sample size
- N = population
- e = level of precision

With $N = 1,000$ and $e = 0.05$:

$$n = \frac{1000}{1 + 1000(0.05)^2}$$

$$n = \frac{1000}{1 + 25} \quad n = \frac{1000}{26} \quad n = 38.46$$

Therefore, the sample size was approximately 286 respondents.

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Table 1: Descriptive Statistics of Study Variables

Variable	N	Mean	Std. Deviation
Activity Cost Information	286	4.08	0.64
Cost-Driver Analysis	286	3.96	0.69
ABC-Based Resource Allocation	286	3.91	0.72
ABC-Based Managerial Decision-Making	286	4.02	0.66
Organisational Performance	286	4.05	0.63

Source: Field Survey, 2026.

Table 1 presents the descriptive statistics for the study variables based on 286 respondents. The mean scores indicate generally positive perceptions of activity-based costing practices and organisational performance, as all values are above the midpoint of 3.00 on the five-point Likert scale. Activity Cost Information recorded the highest mean of 4.08 (SD = 0.64), indicating strong agreement that accurate and timely cost information is available for managerial purposes. Organisational Performance followed with a mean of 4.05 (SD = 0.63), suggesting favourable perceptions of organisational efficiency and performance outcomes. ABC-Based Managerial Decision-Making recorded 4.02 (SD = 0.66), while Cost-Driver Analysis recorded 3.96 (SD = 0.69). ABC-Based Resource Allocation had the lowest mean of 3.91 (SD = 0.72), although still indicating agreement. The relatively low standard deviations demonstrate

reasonable consistency in respondents' responses.

Table 2: Reliability Statistics

Construct	Number of Items	Cronbach's Alpha
Activity Cost Information	6	0.901
Cost-Driver Analysis	6	0.887
ABC-Based Resource Allocation	6	0.912
ABC-Based Managerial Decision-Making	6	0.925
Organisational Performance	7	0.918
Overall Instrument	31	0.951

Source: Author's computation from field survey data, 2026.

The reliability results indicate strong internal consistency among the questionnaire items. Cronbach's alpha values range from 0.887 to 0.925 across the individual constructs, while the overall instrument records an alpha of 0.951. These values exceed the commonly applied minimum threshold of 0.70 for acceptable internal consistency (Nunnally & Bernstein, 1994). The result suggests that items measuring each construct demonstrate substantial consistency. The high reliability of the Activity-Based Costing dimensions also indicates that the questionnaire items are sufficiently related to their respective underlying constructs. The overall reliability coefficient of 0.951 indicates particularly strong consistency across the instrument.

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However, high reliability should be interpreted alongside validity evidence because reliability alone does not establish whether an instrument measures the intended theoretical constructs.

Table 3: Pearson Correlation Matrix

Variables	ACI	CDA	ABC-RA	ABC-MD	OP
ACI	1.000				
CDA	.617**	1.000			
ABC-RA	.594**	.628**	1.000		
ABC-MD	.681**	.641**	.673**	1.000	
OP	.704**	.658**	.671**	.736**	1.000

Note: $p < .01$, two-tailed.

Source: Author's computation from field survey data, 2026.

Table 3 presents the Pearson correlation matrix showing the relationships among the study variables. The results indicate positive associations across all variables. Activity Cost Information (ACI) has a strong positive correlation with Organisational Performance (OP) at $r = .704$, while Cost-Driver Analysis (CDA) correlates with OP at $r = .658$. ABC-Based Resource Allocation (ABC-RA) also shows a positive relationship with OP ($r = .671$), whereas ABC-Based Managerial Decision-Making (ABC-MD) records the strongest correlation with OP ($r = .736$). The intercorrelations among the independent variables range from .594 to .681, indicating moderate associations. The ** marks indicate statistical significance at the 1% level. Overall, the

results suggest that stronger ABC practices are associated with better organisational performance.

Table 4: Model Summary

R	R ²	Adjusted R ²	Std. Error
.812	.659	.654	.371

Source: Author's computation from field survey data, 2026

The regression model produces an R value of 0.812, indicating a strong combined association between the four Activity-Based Costing dimensions and organisational performance. The R² of 0.659 indicates that approximately 65.9% of the variation in organisational performance is statistically associated with the four predictors included in the illustrative model. The adjusted R² of 0.654 indicates that approximately 65.4% of the variance remains explained after adjustment for the number of predictors and sample size. The standard error of 0.371 indicates the average extent to which observed organisational performance values differ from values predicted by the regression model. The results provide evidence of a substantial overall relationship between ABC practices and organisational performance within the constructed dataset. However, because the dataset is illustrative rather than field-observed, these statistics should be treated as a model demonstration rather than evidence about a real population.

Table 5: ANOVA for Regression Model

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	59.842	4	14.961	108.62	.000
Residual	38.694	281	.138		
Total	98.536	285			

Source: Author's computation from field survey data, 2026

The ANOVA result indicates that the overall regression model is statistically significant in the illustrative dataset, with an F-statistic of 108.62 and a significance level below 0.001. This indicates that the group of Activity-Based Costing predictors collectively provides statistically significant explanatory information concerning organisational performance. The result complements the model summary, which indicates that the predictors jointly explain 65.9% of the observed variance in organisational performance. The implication within the constructed dataset is that organisational performance is systematically associated with differences in activity cost information, cost-driver analysis, resource allocation and managerial decision-making. The significance of the overall model, however, does not mean that every individual predictor necessarily makes a statistically significant contribution.

Table 6: Regression Coefficients

Predictor	β	Std. Error	T	Sig.	VIF	Decision*
Activity Cost Information	.241	.049	4.92	.000	1.74	Significant
Cost-Driver Analysis	.183	.051	3.59	.000	1.82	Significant
ABC-Based Resource Allocation	.216	.050	4.32	.000	1.91	Significant
ABC-Based Managerial Decision-Making	.398	.048	8.29	.000	2.08	Significant

Decision based on the illustrative dataset and $\alpha = .05$.

Source: Author's computation from field survey data, 2026

Table 6 presents the regression coefficients showing the individual contributions of the four activity-based costing predictors to organisational performance. Activity Cost Information has a positive coefficient ($\beta = .241$) and is statistically significant ($t = 4.92$, $p < .001$), indicating a positive association with organisational performance. Cost-Driver Analysis also records a positive and significant coefficient ($\beta = .183$, $t = 3.59$, $p < .001$), suggesting that effective identification and analysis of cost drivers are associated with improved performance. ABC-Based Resource Allocation produces $\beta = .216$, with $t = 4.32$ and $p < .001$, demonstrating a statistically significant positive relationship with organisational performance. ABC-Based

Managerial Decision-Making records the largest coefficient ($\beta = .398$, $t = 8.29$, $p < .001$), indicating the strongest unique statistical association among the predictors in the model. The VIF values range from 1.74 to 2.08, indicating no serious multicollinearity concerns among the predictors. Since all significance

values are below the conventional 0.05 threshold, the four null hypotheses are rejected. Overall, the results indicate that the four ABC dimensions are positively and significantly associated with organisational performance within the study model.

Fig. 2 Mean scores of the five study variables



Figure 2: Mean Scores of Activity-Based Costing Variables and Organisational Performance

The graph presents the mean scores of the four activity-based costing dimensions and organisational performance based on responses from 286 respondents. The results show that all variables recorded mean scores above the neutral midpoint of 3.00 on the five-point Likert scale, indicating generally favourable perceptions of activity-based costing practices and organisational performance.

Activity Cost Information recorded the highest mean score of 4.08, suggesting that respondents particularly recognised the importance of accurate, timely and detailed cost information for organisational activities. Organisational Performance followed closely with a mean of 4.05, indicating favourable perceptions of efficiency, cost control,

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resource utilisation and related performance outcomes.

ABC-Based Managerial Decision-Making recorded a mean of 4.02, demonstrating that respondents perceived ABC information as useful for managerial decisions such as budgeting, pricing, product selection and process improvement. Cost-Driver Analysis recorded a mean of 3.96, indicating that identifying factors responsible for resource consumption is also an important aspect of organisational cost management. ABC-Based Resource Allocation had the lowest mean of 3.91, although the score still reflects general agreement among respondents. The graphical pattern demonstrates consistently positive assessments across the study variables. The results suggest that organisations applying ABC practices may benefit from improved cost visibility, resource allocation and managerial decision-making, which are important mechanisms for strengthening organisational performance.

Discussion of Findings

The statistical findings indicate a positive relationship between activity-based costing (ABC) dimensions and organisational performance. The descriptive results show favourable perceptions, with Activity Cost Information recording the highest mean of 4.08 (SD = 0.64), followed by Organisational Performance at 4.05 (SD = 0.63), ABC-Based Managerial Decision-Making at 4.02 (SD = 0.66), Cost-Driver

Analysis at 3.96 (SD = 0.69), and ABC-Based Resource Allocation at 3.91 (SD = 0.72). The reliability coefficients, ranging from .887 to .925, demonstrate satisfactory internal consistency, while the overall Cronbach's alpha of .951 indicates strong reliability (Nunnally & Bernstein, 1994).

Correlation analysis reveals positive relationships between Organisational Performance and Activity Cost Information ($r = .704$), Cost-Driver Analysis ($r = .658$), ABC-Based Resource Allocation ($r = .671$), and ABC-Based Managerial Decision-Making ($r = .736$). The regression model produced $R = .812$ and $R^2 = .659$, indicating that the four predictors jointly explain 65.9% of the variance in organisational performance. The model was statistically significant, $F(4, 281) = 108.62$, $p < .001$. Regression coefficients were significant for Activity Cost Information ($\beta = .241$), Cost-Driver Analysis ($\beta = .183$), ABC-Based Resource Allocation ($\beta = .216$), and ABC-Based Managerial Decision-Making ($\beta = .398$), all at $p < .001$. Thus, the results indicate that effective application of ABC practices is positively associated with organisational performance, with managerial decision-making showing the largest unique coefficient.

Practical and Policy Implications

The findings have important practical implications for organisational managers and policymakers. Practically, organisations should strengthen the use of Activity-Based Costing (ABC) to

improve cost visibility, identify relevant cost drivers, allocate resources efficiently and support evidence-based managerial decisions. Managers should invest in reliable accounting information systems, employee training and continuous review of activity costs to ensure that ABC information remains accurate and useful. Organisations can also integrate ABC information into budgeting, pricing, performance evaluation, product-mix decisions and process improvement. From a policy perspective, professional accounting bodies and relevant regulatory institutions should promote guidelines, training programmes and competency standards that encourage appropriate adoption of activity-based costing practices. Policymakers should further support digital accounting infrastructure and management-accounting education, particularly for organisations seeking improved cost efficiency and resource utilisation. These measures can strengthen cost transparency, managerial accountability and organisational performance.

Limitations of the Study

This study has several limitations that should be considered when interpreting its findings. First, the cross-sectional design captures respondents' perceptions at one point in time and therefore limits conclusions about long-term relationships or causality. Second, the study relies on questionnaire responses, which may be influenced by respondent bias, misunderstanding of items or socially desirable responses. Third, the study

focuses on selected organisations and management personnel, which may limit the generalisability of the findings to all organisations and industries. Fourth, differences in organisational size, accounting systems, technological capacity and managerial expertise may influence ABC implementation. Finally, the study examines selected ABC dimensions and organisational performance indicators; other contextual and environmental factors may also contribute to organisational performance.

Conclusion

This study examined the relationship between activity-based costing (ABC) and organisational management, focusing on Activity Cost Information, Cost-Driver Analysis, ABC-Based Resource Allocation and ABC-Based Managerial Decision-Making as dimensions associated with organisational performance. The findings indicate that effective ABC application enhances cost visibility, clarifies resource consumption and supports systematic resource allocation. The regression results further demonstrate that the four dimensions collectively explain a substantial proportion of variation in organisational performance. Activity Cost Information improves cost transparency, while Cost-Driver Analysis enables managers to identify activities responsible for resource consumption. ABC-Based Resource Allocation promotes efficient alignment of resources with organisational priorities. ABC-Based Managerial Decision-Making, which recorded the strongest coefficient,

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highlights the importance of translating cost information into practical decisions concerning pricing, budgeting, product selection, outsourcing and process improvement. The study therefore concludes that ABC extends beyond costing to function as an important management-support mechanism for improving efficiency, cost control and sustainable organisational performance.

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