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The Impact of Cost Management Practices on Firm Profitability of Sri Lankan Manufacturing Companies during the COVID-19

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ABSTRACT

Purpose: This study examines the effect of cost management practices on the profitability of listed manufacturing companies in Sri Lanka, focusing on the application of Activity-Based Costing (ABC) during the COVID-19 pandemic.

Method: The study employs quantitative methods to analyze secondary data from the annual reports of 70 listed manufacturing companies between 2019 and 2023. Data analysis was conducted using SPSS software, including tests for correlation, multiple regression analysis, data stationarity, autocorrelation, and multicollinearity.

Result: The findings reveal a significant negative correlation between direct material costs and profitability, suggesting that effective management of material costs through ABC enhances financial performance. Similarly, direct labor costs also show a significant negative relationship with profitability, emphasizing ABC's role in optimizing labor costs to increase profits. Factory overhead costs exhibit a significant negative correlation with profitability, highlighting ABC's effectiveness in reducing non-productive overheads. In contrast, administrative expenses have an insignificant impact on profitability, indicating the limited efficacy of ABC in managing these costs. Overall, the results affirm ABC's utility in controlling production-related costs but suggest the need for alternative strategies for managing administrative expenses.

Practical Implications for Economic Growth and Development: The study emphasizes the importance of efficient cost reduction methods, which can improve firm productivity, increase profitability, and support stability and economic recovery in the post-pandemic period.

Keywords: *cost management, profitability, manufacturing, activity-based costing, COVID-19, financial crisis*

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INTRODUCTION

Manufacturing organizations play a crucial role in the economy by producing high-quality, fairly priced products for customers while maximizing shareholder wealth. Customers expect high-quality, cost-effective products, and customer satisfaction and retention are essential for an organization's survival and growth (Anand et al., 2020; Chukwubuikem et al., 2013; Sadek et al., 2011). Conversely, shareholders expect higher profits while keeping costs at an optimal level (Chukwubuikem et al., 2013). To achieve these objectives, organizations use various cost management techniques at the operational level, such as Just-in-Time (JIT), Activity-Based Costing (ABC), Target Costing, Life Cycle Costing, Throughput Accounting, and Kaizen Costing (Anand et al., 2020; Gunarathne et al., 2018; Ogungbade & Tabitha, 2018). JIT and ABC, in particular, are widely used in manufacturing to manage production costs (Ogungbade & Tabitha, 2018).

For manufacturing companies in Sri Lanka, especially amidst the COVID-19 outbreak and the ongoing financial crisis, cost management practices have become a priority (Rasul et al., 2021; Roshana et al., 2020). Effective cost management is now seen as a continuous improvement process that not only enhances organizational productivity but also differentiates companies from their competitors in terms of cost, price, product, and service quality (Dana, 2011; Jadhav et al., 2014). Improvements in production processes lead to more efficient resource use, which boosts productivity (Cooper & Kaplan, 1991; Dana, 2011) and supports long-term profitability and survival (Anand et al., 2020; Cooper & Kaplan, 1991). Therefore, the application of cost management practices is critical for the sustained presence of manufacturing organizations in the market.

However, manufacturing companies in Sri Lanka are facing significant challenges to survival and shareholder interests, particularly due to the COVID-19 pandemic and the existing financial crisis (Kavindi et al., 2021). These challenges have impacted revenue and increased costs, partly due to financial instability and import restrictions (Roshana et al., 2020). Companies have mainly focused on cost reduction strategies while striving to retain customers and protect shareholder interests. In this context, cost management has become a central business strategy for maximizing profitability, with Activity-Based Costing (ABC) being the primary costing method used by listed manufacturing companies in Sri Lanka. Despite these difficulties, many companies have managed to remain in the market, raising concerns about the extent to which cost management practices influence profitability during the crisis.

Recent research has increasingly focused on cost management practices in manufacturing companies, both locally and globally. Several studies have evaluated these practices and identified the best modern and traditional cost management techniques used by organizations (Anand et al., 2020; Gunarathne et al., 2018; Kariyawasam, 2018; Ogungbade & Tabitha, 2018). Cost management has proven essential for controlling production costs and enhancing profitability. Evidence suggests that these practices significantly impact firm profitability (Anand et al., 2020; Dana, 2011; Jadhav et al., 2014; Krishnan et al., 2002). In Sri Lanka, most listed manufacturing companies use ABC as a primary cost management technique (Indrani et al., 2020; Kariyawasam, 2018). However, empirical findings on the application of ABC and other cost management techniques to manage costs and their impact on profitability during the COVID-19 pandemic and ongoing financial crisis in Sri Lanka are lacking.

The current environment for Sri Lanka's listed manufacturing companies is challenging, with rising production costs and shrinking profit margins. Studies have shown that cost management practices can help maximize organizational profitability (Cooper & Kaplan, 1991; Kariyawasam, 2018; Ogungbade & Tabitha, 2018). Nevertheless, evidence on the impact of techniques like ABC on firm profitability during this time remains scarce. This research investigates the extent to which cost management practices, particularly ABC, influenced profitability during the COVID-19 outbreak and economic crisis. The study examines data from listed manufacturing companies in Sri Lanka between 2019 and 2023 to explore the relationship between cost management practices and firm profitability during this period of crisis.

The study aims to investigate the relationship between cost components managed through cost management practices and their impact on firm profitability during the COVID-19 pandemic and economic crisis in listed manufacturing companies in Sri Lanka. It contributes to understanding the effectiveness of ABC and its application at the operational level in Sri Lankan manufacturing organizations.

METHOD

This research is quantitative in nature and aims to evaluate the relationship between cost components supported by cost management practices, such as Activity-Based Costing (ABC), and firm profitability during the crisis, with evidence from listed manufacturing companies in Sri Lanka. The independent variables include direct material costs, direct labor costs, factory overhead costs, and administrative expenses, which are considered cost components managed by cost management practices. The dependent variable is firm profitability, measured by Return on Assets (ROA).

Secondary data was gathered from the annual reports of these companies for the period from 2019 to 2023. The population under study consists of 70 listed manufacturing companies in Sri Lanka, with the sample comprising all these companies to allow the results to be generalized across the entire sector.

The study utilized secondary data collected from the annual reports of 70 listed manufacturing companies in Sri Lanka, covering the period from 2019 to 2023. The population and sample consist of the same 70 companies. Statistical analysis was conducted using descriptive analysis, t-statistics, Pearson correlation analysis, and regression analysis. The Fama-MacBeth regression model was applied to perform the panel regression, using both fixed effects (FE) and random effects (RE), as well as a dynamic panel regression model. The statistical model for the study is provided below:

$$Y_{it} = \beta_{0i} + \beta_1 (DMC)_{it} + \beta_2 (DLC)_{it} + \beta_3 (FOC)_{it} + \beta_4 (AE)_{it} + \beta_5 (FSize)_{it} + \mu_{it} \text{.....} \text{ (Fixed Effect)}$$

$$Y_{it} = \beta_0 + \beta_1 (DMC)_{it} + \beta_2 (DLC)_{it} + \beta_3 (FOC)_{it} + \beta_4 (AE)_{it} + \beta_5 (FSize)_{it} + \mu_{it} \text{.....} \text{ (Random Effect)}$$

Where:
Y = Profitability
DMC = Direct Material Cost
DLC = Direct Labour Cost
FOC = Factory Overhead Cost
AE = Administrative Expenses
FSize = Firm Size

In the model, β_0 represents the constant term, while the coefficients β_i (i = 1...5) are used to measure the sensitivity of the dependent variable (Y) to changes in the predictor variables. μ represents the error term, capturing any unexplained variations in the model.

Hypotheses Development

The Impact of Direct Material Cost on Profitability

The development of cost accounting tools and techniques has enabled industrialists and practitioners to make effective pricing decisions and retain a broad customer base. Firms aim to produce high-quality products at fair prices while maximizing shareholder wealth (Ogungbade & Tabitha, 2018). Efficient allocation and utilization of resources are driven by the best management accounting practices. The Resource-Based View (RBV) theory suggests a relationship between direct material costs and firm profitability in an organizational context. By controlling direct material costs efficiently, organizations can enhance both productivity and profitability.

Effective management of direct material costs is a key factor in driving organizational profitability. Research on this relationship indicates that efficient management of direct material costs significantly influences firm profitability. However, despite numerous studies in this area, findings remain inconclusive (Gunarathne & Alahakoon, 2016; Management & 2017; Rounaghi et al., 2021). Management accounting practices help managers implement effective cost-control strategies to maximize organizational profits (Gunarathne et al., 2018).

However, the use of cost accounting techniques varies by country and organization, depending on the nature of the business. Given this variability, the following null hypothesis is proposed:

H0a: There is no significant negative relationship between direct material costs and firm profitability among listed manufacturing companies in Sri Lanka

The Impact of Direct Labour Cost on Firm Profitability

The Cost-Volume-Profit (CVP) analysis theory examines the influence of direct labor costs on firm profitability. This theory suggests that changes in direct labor costs directly impact profitability. If direct labor costs increase, the firm's profit will decline unless there is an increase in sales volume or an adjustment in sales prices. Effective management of direct labor costs through Activity-Based Costing (ABC) can enhance both productivity and profitability (Ogungbade & Tabitha, 2018).

However, labor costs alone are not the sole determinant of profitability—factors such as sales volume and price adjustments also significantly affect firm profitability (Indrani et al., 2020; Jadhav et al., 2014). Studies have identified positive, negative, and even non-linear relationships between direct labor costs and profitability (Anand et al., 2020; Gunarathne et al., 2018; Indrani et al., 2020; Jadhav et al., 2014; Ogungbade & Tabitha, 2018). While reducing labor costs may improve short-term profitability, it can negatively affect long-term profitability (Bromwich & Scapens, 2016). Based on this, the following null hypothesis is proposed:

H0b: There is no significant negative relationship between direct labor costs and firm profitability among listed manufacturing companies in Sri Lanka

The Impact of Factory Overhead Cost on Firm Profitability

Absorption costing theory suggests that factory overhead costs impact firm profitability. These overhead costs are absorbed into the production process, influencing both product pricing and the firm's profitability. Studies indicate that firms with effective cost control mechanisms tend to report higher profitability (Gunarathne & Alahakoon, 2016; Management & 2017; Rounaghi et al., 2021). Managing factory overhead costs can be challenging due to their fixed and variable nature, but strategic cost management practices and investment techniques can improve profitability. Based on this, the following null hypothesis is proposed:

H0c: There is no significant negative relationship between factory overhead costs and firm profitability among listed manufacturing companies in Sri Lanka

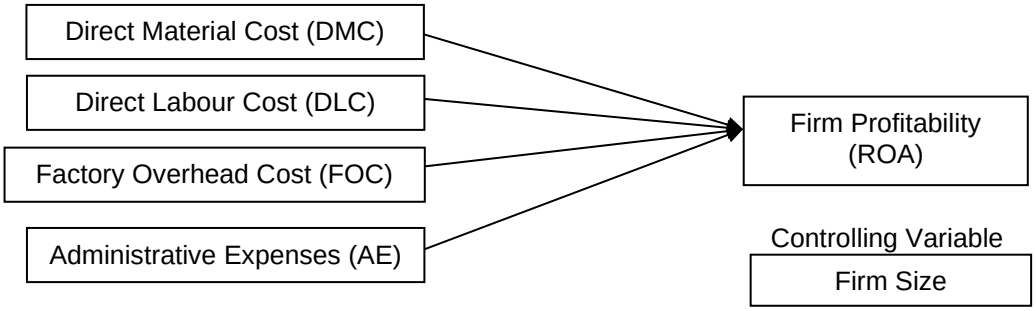
The Impact of Administrative Expenses on Firm Profitability

Agency theory highlights the impact of administrative expenses on firm profitability. Excessive management of administrative expenses can lead to a reduction in profits. This theory focuses on balancing the interests of managers and shareholders, where shareholders seek to maximize profits by minimizing unnecessary organizational expenses. Reducing administrative expenses is seen as a way to enhance profitability (Kariyawasam, 2018; Ogungbade & Tabitha, 2018). According to the theory, excessive administrative expenses negatively affect firm profitability. However, some studies suggest that administrative

expenses can positively influence profitability, as skilled and well-trained staff may contribute to improved performance (Rounaghi et al., 2021). The findings on this relationship remain mixed and inconclusive (Ogungbade & Tabitha, 2018; Unegbu, 2014). Based on this, the following hypothesis is proposed:

H0d: There is no significant negative relationship between administrative expenses and firm profitability among listed manufacturing companies in Sri Lanka

Figure 1. Research Framework



Source: Developed by the authors (2023)

RESULT AND DISCUSSION

Spearman's Correlation Analysis

Correlation analysis measures the strength of the linear relationship between the independent and dependent variables in this study. Table 1 presents the correlation matrix for the variables. The correlation coefficient between direct material cost and firm profitability is -0.825, while the relationship between direct labor cost and firm profitability is -0.728. The correlation between factory overhead and firm profitability is -0.566, and for administrative expenses, it is -0.395. All correlation coefficients are significant at the 5% level. The results indicate a strong negative relationship between direct material cost and direct labor cost with firm profitability. There is a moderate negative relationship between factory overhead cost and firm profitability, and a weak negative relationship between administrative expenses and firm profitability. Additionally, the Levin, Lin, and Chu (2002) unit root test was used to assess the stationarity of the data set. The test results rejected the null hypothesis of a unit root for all variables, confirming that the data is stationary at a 5% significance level, as supported by the LLC model.

Table 1. Correlation Analysis

		Direct Material Cost	Direct Labour Cost	Factory Overhead Costs	Administrative Expenses	Firm Profitability
Direct Material Cost	Pearson Correlation	1	0.207**	0.125**	0.291**	-0.825**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	70	70	70	70	70
Direct Labour Cost	Pearson Correlation	0.207**	1	0.159**	0.252**	-0.728**
	Sig. (2-tailed)	.000		.000	.000	.000

	N	70	70	70	70	70
Factory Overhead Costs	Pearson Correlation	0.125**	0.159**	1	0.103**	-0.566**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	70	70	70	70	70
Administrative Expenses	Pearson Correlation	0.291**	0.252**	0.103**	1	-0.395**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	70	70	70	70	70
Firm Profitability	Pearson Correlation	-0.825**	-0.728**	-0.566**	-0.395**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	70	70	70	70	70

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

Source: Processed data (2023)

Multiple Regression Analysis

The Breusch-Pagan Lagrange Multiplier statistical test was used to evaluate the model. The Chi-Square statistics for both models are high (1.75 and 1.67) and statistically significant ($P < 0.05$) at the 5% level, confirming the presence of panel effects in both models. The Hausman specification test results suggest that both models exhibit fixed effects (19.1 and 18.12). The model's fitness demonstrates a strong positive correlation among the independent variables (direct material cost, direct labor cost, factory overhead cost, and administrative expenses) and firm profitability. Table 2 provides a summary of the model fitness test. The R value for this study is 0.869, while the R^2 is 0.839, indicating that 83.9% of the variance in firm profitability for listed firms in Sri Lanka can be explained by the independent variables. The F-test results, as shown in Table 3, indicate that the model fits the data well, with an overall F-test value of 31.489, which is statistically significant at 0.000 (below the 5% threshold). Table 2 also presents the Durbin-Watson statistic, which is 1.4, suggesting that there is no autocorrelation in the model. Additionally, Variance Inflation Factors (VIF) were tested to detect multicollinearity between the variables. The VIF statistic for the model is 3.23, indicating that there is no multicollinearity among the independent variables in the regression model.

Table 2. Model Summary

Model Summary					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	.869[a]	.839	.833	.246	1.4

a. Predictors: (Constant), Direct Material Costs, Direct Labour Costs, Factory Overhead Costs, Administrative Overhead Costs
b. Dependent Variable: Firm Profitability

Source: Processed data (2023)

Table 3. ANOVA Test

ANOVAa				
Model	**Sum of Squares**	**Mean Square**	**F**	**Sig.**
Regression	91.646	11.456	31.489	0.000
Residual	151.738	0.222		
Total	243.384			

Source: Processed data (2023)

The regression analysis results presented in Table 4 reveal a negative relationship between direct material cost, direct labor cost, factory overhead cost, administrative expenses, and firm profitability for listed companies in Sri Lanka. This indicates that as these independent variables (direct material cost, direct labor cost, factory overhead cost, and administrative expenses) increase by one rupee, firm profitability decreases.

The relationship between direct material cost and firm profitability is statistically significant, with a coefficient of -0.292 (P = 0.0175 < 0.05). This suggests that if a company reduces direct material costs by one rupee, its profitability tends to increase. Therefore, the null hypothesis (H0a) is rejected, and the alternative hypothesis is accepted, concluding that there is a significant negative relationship between direct material cost and firm profitability among listed companies in Sri Lanka.

Similarly, the relationship between direct labor cost and firm profitability is also statistically significant, with a coefficient of -0.380 (P = 0.0254 < 0.05). This indicates that reducing direct labor costs by one rupee can increase profitability. Hence, the null hypothesis (H0b) is rejected, and the alternative hypothesis is accepted, confirming a significant negative relationship between direct labor cost and firm profitability among listed companies in Sri Lanka.

The relationship between factory overhead cost and firm profitability is statistically significant as well, with a coefficient of -0.056 (P = 0.0158 < 0.05). This implies that reducing factory overhead costs by one rupee can also enhance profitability. Therefore, the null hypothesis (H0c) is rejected, and the alternative hypothesis is accepted, establishing a significant negative relationship between factory overhead cost and firm profitability among listed companies in Sri Lanka.

However, the relationship between administrative expenses and firm profitability is not statistically significant, with a coefficient of -0.060 (P = 0.0678 > 0.05). As a result, the null hypothesis (H0d) is not rejected. This suggests that administrative expenses do not have a significant influence on firm profitability for listed companies in Sri Lanka.

In summary, direct material cost, direct labor cost, and factory overhead cost have a significant negative impact on firm profitability for listed manufacturing companies in Sri Lanka, whereas administrative expenses do not significantly affect profitability. It is also noted that the relationships between factory overhead costs, administrative expenses, and firm profitability are weak, with minimal impact.

Table 4. Summary of Regression Analysis

List of Explanatory Variables		Unstandardized Coefficient	
		Coefficient	**P-Value**
1	(Constant)	1.182	0.0000
	Direct Material Costs	-0.292	0.0175
	Direct Labour Costs	-0.380	0.0254
	Factory Overhead Costs	-0.056	0.0158
	Administrative Overhead Costs	-0.060	0.0678

Source: Processed data (2023)

Discussion

The findings demonstrate that the practice of ABC aligns with the Resource-Based Theory, which posits that optimal resource utilization leads to improved organizational profitability. Specifically, the results reveal a significant negative correlation between direct material costs and firm profitability. This implies that a one-rupee reduction in direct material costs can

increase firm profitability, highlighting the impact of ABC practices (Kaplan & Norton, 1996). The study emphasizes the importance of ABC and its influence on operational performance in Sri Lanka, consistent with existing literature that states reducing material costs can lead to substantial improvements in profitability (Jadhav et al., 2014; Management & 2017; Universit et al., 2009).

However, it is essential to consider other factors, such as operating expenses, finance costs, and tax obligations, which also directly influence firm profitability (Gunarathne et al., 2018). Material costs are a primary cost element of any product, directly affecting profitability. Effective management of these costs is crucial for manufacturing organizations aiming to produce goods at lower costs and enhance profitability (Patel, 2017). ABC serves as a strategic tool that manufacturing firms can use to manage and reduce material costs, ultimately aiming to increase shareholder wealth (Cooper & Kaplan, 1991). Reducing material costs is generally expected to boost profitability (Anand et al., 2020). Additionally, enhancing firm profitability depends on operational efficiency, the introduction of new technology, and effective supply chain management, which contribute to increased profitability (Dana, 2011).

The findings confirm a negative relationship between direct material costs and firm profitability within the context of Sri Lankan manufacturing companies during the crisis, where ABC was employed as a cost management practice. ABC techniques can serve as strategic tools for manufacturing organizations to streamline their cost components and enhance profitability. This study also investigates the impact of direct labor costs on firm profitability during COVID-19 in Sri Lankan manufacturing companies. The findings support the Cost-Volume-Profit analysis theory, indicating that effective utilization of labor hours can enhance firm profitability. Specifically, a reduction of one rupee in direct labor costs corresponds to increased profitability, emphasizing the importance of labor hour management in maximizing shareholder wealth. Previous studies align with these findings, demonstrating a significant negative relationship between direct labor costs and firm profitability (Jadhav et al., 2014; Jayamaha et al., 2024).

Despite the emphasis on labor cost management, some argue that focusing solely on labor costs may be too narrow for enhancing profitability; factors such as operational efficiency, technological advancements, and capital investments significantly influence firm profitability as well (Dana, 2011). This suggests that a holistic approach to cost management practices is vital for improving financial performance. ABC contributes to managing direct labor costs by optimizing man-hours in the production process (Cooper & Kaplan, 1991). A direct relationship exists between the efficient use of labor hours and firm profitability (Kaplan & Norton, 1996; Jadhav et al., 2014; Jayamaha et al., 2024). Nevertheless, the study clearly indicates a significant negative relationship between direct labor costs and firm profitability for listed companies in Sri Lanka. Therefore, an integrated cost management approach is recommended to enhance the profitability of manufacturing companies in the region.

Regarding the impact of factory overhead costs on firm profitability, the study confirms the absorption theory. It reveals a significant negative relationship between factory overhead costs and profitability, where a reduction of one rupee in factory overhead costs can enhance firm profitability, supported by Kaplan and Norton (1996). The results emphasize the importance of ABC as a tool for managing resources in factory operations. By identifying and eliminating non-productive activities, ABC can lead to improved operational performance (Johnson et al., 1987). To enhance both operational and financial performance, firms must focus on value-creating activities while minimizing non-value-adding activities in their manufacturing processes (Dana, 2011; Oyerogba et al., 2014).

The study also highlights the substantial influence of managing factory overhead costs through ABC. It suggests strategic directions for process improvement, resource allocation, and activity optimization. While the study underscores the importance of ABC in managing factory-level resources, it advocates for a comprehensive approach to evaluating and streamlining operational processes, which is crucial for maximizing profitability (Kaplan & Norton, 1996). Ultimately, the research indicates that effective cost management practices like ABC can facilitate the management of factory overheads and significantly enhance

profitability by eliminating non-value-added costs and improving operational efficiency (Cooper & Kaplan, 1991; Nagirikandalage & Binsardi, 2017).

The findings also reveal an insignificant negative relationship between administrative expenses and firm profitability, along with a weak correlation. This suggests that administrative expenses do not significantly impact the profitability of listed manufacturing companies in Sri Lanka during the period from 2019 to 2023, particularly during the COVID-19 pandemic and subsequent economic crisis. The results indicate that activity-based costs are not aligned with administrative expenses, which tend to be fixed rather than variable. This finding is consistent with prior literature that suggests administrative expenses do not vary with production levels and are not effectively managed through ABC (Cooper & Kaplan, 1991; Johnson et al., 1987). While ABC is an effective way to manage costs in manufacturing organizations, its impact on administrative expenses is limited (Cooper & Kaplan, 1991).

The insignificant relationship between administrative expenses and firm profitability can be attributed to the nature of these expenses, as they are not directly linked to production levels, making it challenging to apply ABC to reduce them. ABC is more suited for managing direct variable costs that correlate with production levels (Kaplan & Norton, 1996; Omah et al., 2021). In summary, while activity-based costing is effective in reducing costs associated with production levels and enhancing profitability, its influence on administrative expenses is minimal. The study concludes that firms must explore alternative cost management techniques to curtail administrative expenses and enhance profitability in the future.

CONCLUSION

This research examines the impact of cost management practices, particularly those supported by activity-based costing (ABC), on the profitability of listed manufacturing companies in Sri Lanka during the COVID-19 outbreak and the subsequent economic crisis. The findings provide clear insights into how effective cost management practices, underpinned by ABC, influence firm profitability in challenging economic conditions.

The study identifies a significant negative relationship between direct material costs and firm profitability. This finding aligns with previous literature that suggests adopting ABC can substantially enhance a firm's profitability. Reducing material costs through ABC can boost the financial performance of manufacturing organizations. Furthermore, ABC helps to curtail direct labor costs, demonstrating a significant negative relationship between direct labor costs and firm profitability. By optimizing man-hour utilization, firms can contribute to increased profitability.

To achieve sustainable profits, organizations must focus on efficient operational management and technological advancements in the production process. The research also reveals a significant negative relationship between factory overhead costs and firm profitability. Implementing activity-based cost management practices allows firms to eliminate non-productive activities, thereby improving operational efficiency and financial performance. The study emphasizes the need for effective cost management strategies aimed at process improvement and optimal resource utilization.

In contrast, administrative expenses show an insignificant negative relationship with firm profitability. The findings suggest that these expenses are predominantly fixed and contain fewer variable elements that align with ABC practices. Consequently, while ABC effectively manages costs related to production, its impact on administrative cost management is minimal. There is a clear need for alternative cost management practices focused on administrative expenses.

The study advocates for firms to invest in streamlining production processes, advancing technologies, and improving supply chain management to enhance their financial performance. Despite facing significant challenges during the COVID-19 pandemic and the economic crisis, manufacturing companies in Sri Lanka can leverage activity-based costing techniques to optimize resource use in the production process and enhance profitability.

However, firms should adopt a holistic approach to cost management that integrates techniques beyond direct cost management.

Future research could explore alternative cost management practices for administrative expenses and their impact on firm profitability. Additionally, examining the application of activity-based costing in various economic contexts and industries could provide deeper insights into its effectiveness and limitations.

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