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The Activity-based Cost Accounting System in Industrial Companies in Iraq and its Relationship to Financial Performance

By Sizar Salih Abdullah Hajani & Idris Salih Mohamad Mohamad

University of Zakho

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Results and Findings: The relationship between the level of ABC adoption and ABC awareness is examined using regression analysis. Furthermore, it is utilized to pinpoint the ascent in ROA, a proportion of financial performance associated with ABC activities. The discoveries show that financial managers have an elevated degree of familiarity with utilizing ABC, yet that reception of ABC is low. It is likewise found that there is a positive correlation among ABC and an expansion in ROA.

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Conclusion: To reveal the components that could propel and work with the most common way of executing ABC and recognize the snags they could experience during the execution cycle, concentrate in the Iraqis industrial area is encouraged. It would be valuable to do research to decide the parts of financial performance that are affected by drive use.

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I. Introduction

There has been an observable expansion in the strain that opposition has placed on organizations in Western Europe since the 1970's and in Focal and Eastern Europe since the 1990's. Their managers have been compelled to find ever more methods to cut costs in order to stay competitive. This circumstance, however, can result in an ill-considered cost reduction without taking into account the potential detrimental influence on the business's capacity to generate value and profits. Because of this, firms are focusing more and more on cost management. When new, more advanced methodologies and techniques for cost management were developed, there were significant shifts.

Author α σ: Lecturer at the University of Zakho.
e-mail: idris_acc@uod.ac

A process perspective of the organisation started to gain traction in place of the traditional structure of a corporation, which tracks costs based on organisational units. This is based on monitoring company activities and processes as the actual drivers of value generation and cost growth. The idea of Activity Based Costing (ABC) or Activity Based Management (ABM) is related to this strategy.

ABC experienced a remarkable expansion during the 1980s, especially in English-speaking nations (Majerová, 2010). The results of earlier studies (Popesko, 2008) indicated that it took longer for it to become ingrained in Czech corporate practise.

The hypothetical impacts of utilizing ABC on an organization's performance have been widely examined in scholar and well known writing (e.g.(Cokins, 2001)), however it is as yet muddled whether the supposed advantages of ABC are really capable.

In the Iraq, examination into the utilization of ABC has not yet been directed on an adequately huge example, while investigation into this point has been led in different nations with fluctuating levels of progress. By showing the advantages of cost administration according to explicit exercises in our country, we can urge more companies to embrace this system and raise the financial performance of Iraq's Industrial companies.

a) The Origins of ABC and its Concepts

The making of ABC in the USA started during the 1980s as the need might arise to enhance the regular techniques for administrative accounting with a decisively situated instrument for cost control. What started as a computing technique developed into a modern strategy for dealing with an association's tasks? The formalization of the ABC precepts and the spread of ABC information were both enormously supported by the American Consortium for Advanced Management - Worldwide (CAM-I).

ABC is characterized as a "strategy that actions the cost and performance of exercises, assets, and cost objects" by CAM-I (2000). Assets are allocated to exercises, and based on how they are utilized; exercises are in this way doled out to cost objects. ABC knows about the causal connections between cost drivers and exercises."

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Any sort of thing that the director needs to cost measure is alluded to in this setting as a "cost object," including an item, client, division, division, product offering, locale, or any mix of these. While Activity Based Administration (ABM) and ABC are sometimes isolated, it is ordinarily characterized as utilizing ABC information to deal with a business.

While ordering costs by unambiguous exercises, the principal objective is to convey as precisely as conceivable the connection among costs and the reason for their development, particularly when that cause isn't a development in that frame of mind of financial results (Kral, 2010). Conventional cost places' costs are an unnecessarily agglomerated impression of the inner practices and cycles that produce them. This is the motivation behind why in ABC these cycles (and the assets utilized in them) are partitioned into exercises, every one of which has a cost related with it. The last results are then given the costs related with the tasks (cost objects).

One more massive contrast between the ABC computation model and traditional models, as well as offering an alternate point of view on the costs kept in the record is the shift from discrete utilitarian region of an association to practically reliant cycles and exercises (Staněk, 2003).

b) Benefits of an Activity-based Costing System

An increasing number of businesses worldwide are using the ABC approach. It has mostly grown as a result of the limitations of the conventional overhead charging technique. The benefits it provides are as follows (Lal, 2009):

- The ABC system centres on the circumstances and logical results relationship in the cost incurrence, which further develops exactness and dependability in item cost assurance. It recognizes that costs are brought about by exercises, not by things, and that exercises are consumed side-effects.
- The ABC approach gives more exact item costs in a high level assembling climate and innovation where backing capabilities above make up a huge piece of all out costs.
- The ABC system assists with distinguishing exercises that don't increase the value of the item and save costs by uncovering the real essence of cost conduct. By applying more command over the exercises that have prompted these decent above costs, managers can lessen many fixed above costs with ABC. This is doable because of the expanded deceivability and lucidity of how various fixed above costs act in association with exercises.
- The ABC technique utilizes various cost-based factors, most of which are exchange based instead of volume-based. To connect extra above costs to the items, ABC is likewise worried about all activities occurring inside and beyond the office. Notwithstanding item costs, the ABC system likewise tracks costs to administrative obligation regions, business activities, clients, and offices.

c) Drawbacks of Activities-based Costing System

Generally speaking, the information provided by activity-based cost is superior to that of traditional overhead allocation. Still, it is unable to address every managerial issue. The ABC system has come under fire from the following sources (Lal, 2009); (Saxena, 2010):

- The ABC system can be more intricate than regular item costing systems since it has many cost pools and cost drivers.
- While carrying out the ABC system, a few difficulties emerge, for example, picking cost drivers, dispensing normal costs, modifying cost driver rates, and so on.
- The utility of the ABC strategy changes relying upon the association, with bigger industrial companies having the option to utilize it more actually than more modest organizations. The ABC system's capacity to give exact item costs may likewise be invaluable to organizations that depend on cost-in addition to evaluating. Nonetheless, companies who embrace market-based estimating may not be agreeable to the ABC approach. The degree of innovation and assembling climate present in different associations affects how the ABC system is applied.
- Carrying out the ABC technique takes a lot of time and cash.

d) Resources and a Range of Cost Factors

A specific task or action of work is referred to as an "activity." It could consist of a single action or a collection of numerous. Moving merchandise from workstation "A" to workstation "B," for instance. B is a task that might simply call for one action. The activity of production setup may involve a number of procedures.

- *Activities Driver:* The most dependable single quantitative proportion of how habitually and how strongly a cost object or other activity puts an expectation on an activity.
- *Work Activity:* Work carried out by personnel, tools, technology, or infrastructure. The grammar convention "action-verb-adjective-noun" is commonly used to describe activities. Activities may be assigned to one another and may take place in a linked sequence.
- *Cost Object:* Any good, service, client, contract, project, procedure, or other work unit for which a distinct cost assessment is sought
- *Resource:* A resource is a material good that is used or consumed in the course of an activity. Examples of resources used or needed in manufacturing processes include salaries and materials.

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- *Driver of Resources:* The most reliable single quantitative proportion of how regularly and how seriously an asset is requested by different assets, exercises, or cost-related objects. It is utilized to distribute asset costs to assignments, cost things, or different assets.
- *Economic Resources:* Financial assets are utilized or utilized in the execution of exercises or straightforwardly support cost objects. They involve individuals, assets, things, instruments, tech, and framework.

e) *Resource Explanations and Various Cost Drivers*

A cost driver is a component that adds to or impacts a change in an activity's cost. Estimated or quantifiable degrees of cost drivers act as ideal starting point for apportioning asset costs to exercises and for distributing the cost of exercises to cost objects since they impact or connect with cost vacillations. An activity's utilization of assets or its utilization as an asset is both cost drivers.

A proportion of the number of assets that are utilized by an activity is known as an asset utilization cost driver. It fills in as the cost driver for assigning a specific activity or cost pool to which an asset cost caused by or related with an activity is doled out. The amount of merchandise in a buy or deals request, changes in item plan, the size of creation structures, and machine hours are a couple of instances of cost drivers for asset utilization.

How much an activity performed for a cost object is estimated by an activity utilization cost driver. Cost objects are given activity cost pool costs utilizing this technique. The quantities of machine hours used to deliver item X or the amount of clusters used to create item Y is two instances of activity utilization cost drivers.

- *Value-Added Activity:* Value-added activities modify a product or service's shape, fit, or functionality. The client will pay for these things.
- *Non-Value Added Activity:* Activities are referred to be non-Value Added Activities if they do not add value to the process. The customer would not be willing to pay for these operations since they do not contribute to conformity to the customer's specifications. Table 1 compares the differences between value-added and non-value-added activities.

Table 1: Value-Added Vs. Non-Value-Added

Point	Value Added Activity	Non Value Added Activity
1	Giving a customer-defined activity value	An action has no value or merit in the customer's estimation.
2	Customer wants and needs must be met.	The task does not have to be carried out in order to get results.
3	Actions add value if the consumer cares, something tangibly improves, and you complete the step correctly the first time.	It doesn't improve the worth of the service or item.
4	Clients will pay for value-added activities since they change the item or administration.	The purchaser is basically not ready to pay for it.
5	Giving a customer-defined activity value	The customer's definition of the activity is without validity or value.

II. Literature Review

a) *Activity-based Cost Accounting System*

(Reda Khalaf Jaber, 2022): Depicted the coordinated data that this system gives on the genuine and standard costs that are disseminated by the utilization of assets, the performance-focused activity-based costing system (PFABC) was expected to exhibit the job it plays in assessing banking performance and giving an exhaustive survey of the performance activities. The branch of Al-Rasheed Bank that deals with the electricity department was selected as the study's focus. In the theoretical and practical aspects, respectively, the researcher used the deductive and inductive approaches. His study has produced a number of findings. In comparison to the present standard accounting system used by the bank, the adoption of the (PFABC) method results in a more equitable estimate of expenses on activities. In turn, this increases the effectiveness and efficiency of the bank's performance.

(Mozan, 2022): Examined how management accounting technology affected cost reduction in Iraqi industrial enterprises. To convey financial data to different

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degrees of the executives, the board accounting has formed into an intense instrument. Subsequently, the executives accounting utilizes an extensive variety of state of the art devices and methods to give organizations a competitive edge.

(Ali, 2022): Ibn Majid Co., a case study that still uses conventional accounting procedures, In order to address the deficiencies of the conventional systems, the issues they encounter, and to resolve errors in estimating product/service costs and assigning indirect costs, modern accounting systems have arisen. The study made use of the Time Driven-Activity Based Costing (TDABC) methodology and its contribution to the control process by giving precise data on the real time spent on each activity, the costs of resources that were exploited, and the exclusion of idle capacity. The researchers came to the conclusion that the use of the TDABC approach allowed for the allocation of indirect costs to be more fairly and accurately calculated, as well as the practical Capacity and the amount of time required for each activity, allowing the system to manage costs and operations.

(Mustafa, 2022): Explored how competitive pricing and accounting for resource usage play a role in achieving sustainable profitability. Structured questionnaire responses from 129 of the top 30 performing companies in Kurdistan's five industries were analysed using a PLS-SEM approach starting in 2021. The exact discoveries showed that serious estimating models with asset utilization accounting systems outflank existing energy models as far as cost determining, blunder decrease, and benefit boost. The consequences of the review showed that there is a critical expansion in the positive relationship between serious valuing and maintainable productivity the more tension asset utilization accounting puts on maintainability benefit. The discoveries of this study add to the foundation of develops and things concerning cutthroat estimating and asset utilization accounting while at the same time analysing linkages to decide the directing effect of asset utilization accounting on benefit augmentation. Due to heightening energy costs and deficiencies, energy and non-energy industrial endeavours should depend on asset utilization accounting to set cutthroat costs, increment and save their productivity, and consider already unconsidered energy estimating stochastic variables and blunders.

b) Financial Performance

(Karem, 2022): Through a descriptive analysis of the survey that was given to Halabja Co. employees in the Kurdistan Region of Iraq (KRG)/Sulaimani city, it was possible to gain additional insight on the role of IC in organisational performance, particularly financial performance. According to the study's findings, optimising earnings and establishing a company's competitive advantages depend significantly on the relationship between intellectual capital and financial performance. The findings suggested that the profitability and productivity of an organisation may be explained by the performance of its intellectual capital.

(Alwan, 2022): Expected to know the job that imaginative accounting plays in actuating and creating credit strategy in Iraqi banks to empower reserve funds and give liquidity by dissecting spending procedure on creative accounting apparatuses from electronic gadgets and data organizations and estimating bank credit. The examination speculation was analyzed and its targets were met by dissecting the volume of stores and liquidity in an example of Iraqi banks recorded on the securities exchange for the financial period (2018-2019-2020). The main finding of the exploration was that the use of creative accounting devices by Iraqi banks adds to lessening financial dangers by giving proper components to finish the necessary work as fast and precisely as could be expected, as well as an error in the paces of use of imaginative accounting systems among Iraqi banks because of the divergence between the potential outcomes accessible to them in Application, as most banks experience the ill effects of restricted assets. The main thing suggested by the examination is the need to enact the underpinnings of imaginative accounting through the issuance of administration decides that banks apply by shaping an administration board of trustees in which a few services and administrative bodies partake, as well as the contribution of the evaluating and control calling chamber to coordinate crafted by banks and the need to revise a few regulations, guidelines, and directions in Iraq.

(Jänkälä, 2012): Investigated the lagged impacts of ABC on small enterprises' performance. He also evaluated if small enterprises' previous financial success affects ABC adoption and if ABC use leads to future financial performance gains. The study results showed that small enterprises with appropriate financial resources and firms facing falling growth adopt ABC, which supports their growth and profitability. ABC helps small businesses.

c) ABC's Impact on Performance

(Cagwin, 2002) and *(Krumwiede, 2006):* Tracked down a connection between ABC utilization and better financial achievement. Just when explicit rules were met did they show a direct helpful affiliation?

Not with standing, (Cagwin, 2002) found a measurably critical collaboration while consolidating ABC with other key drives. The improvement in financial performance is better when ABC is used with JIT or TQM than when an essential drive is utilized without ABC. (Barker, 2006) Accomplished practically identical outcomes four years after the fact.

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As indicated by (Maiga, 2006); and (Alkhadash, 2008), taking on ABC related to other key administration procedures affects an organization's performance.

(Ittner, 2002): Found that the improvement in quality and creation times brought about by ABC optionally affected cost decrease. Three years after ABC's presentation, an English exploration (Kennedy, 2001) found that it straightforwardly affected financial performance. The most remarkable improvement happened in the earlier year, which may be credited to the ABC system's intricacy and the drawn out time span required for its full execution.

d) Research Gap

The study mentioned revealed the following research gap.

- Since the Industrial Companies does not use the activity-based costing approach, we chose Industrial Companies of Iraq and the methods they use.
- There are no available particular Industrial Companies of Iraq.
- Since cost activities and cost drivers are not determined in the Industrial Companies of Iraq for determining the cost of each service, this study will enable the Industrial Companies of Iraq to determine the precise and appropriate cost of various activities with precise cost drivers.
- Currently, the cost of any services offered by the Industrial Companies of Iraq and determined by cost management may be greater, therefore with the use of activity-based costing, expenses are decreased by giving cost management useful information. Making the appropriate choice is aided by it.

e) Objective of the Study

- To Examine the Adoption of ABC system in industrial shareholding companies in Iraq.
- To assess the relationship between the Adoption of ABC System in industrial shareholding companies and the level of Knowledge of ABC System in Finance Managers.

f) Research Question

1. According to financial managers' perspective, how extensively is the ABC system used in Iraqis industrial shareholding companies?
2. Is there a connection between the ABC's adoption and the finance managers' knowledge with it?
3. Is there a connection between Iraqis industrial shareholding companies' profitability and their adoption of the ABC?

III. Research Methodology

a) Study's Population

One of the economic sectors that Iraq is thought to need to enhance to attain better economic growth is the industrial sector (Central Bank of Iraq, 2007). Three industries- manufacturing, electricity generation, and mining- are the foundation of the economy. These three industries are primarily made up of privately held, small- to medium-sized businesses (Hutaibat, 2005). For the year 2005, the industrial sector's overall contribution to the GDP of Iraq was around 17%. The value of industrial exports in the same year was around 2,379 JD million (1 JD = £1). Around 93.5% of all exports were from the industrial sector. There were 21,000 industrial establishments in all, employing more than 173,000 people. Approximately 48% of Iraq's workforce is represented by this statistic (Ministry of Planning Report, 2007).

Due to Iraq's membership in the World Trade Organization (WTO) and the signing of numerous free-trade agreements, it had become a favourable environment for the growth and expansion of its industrial production by the beginning of the 1990's (Central Bank of Iraq, 2007). The manufacturing production index for the nation was 77%, the mining production index was 15%, and the power production index was 8% (Goussous, 2002) After Iraq joined these international organisations, it became urgently necessary to expand all of the country's economic sectors, particularly the industrial sector, in order for it to function effectively in a free market economy (Ministry of Planning Report, 2007).

By 2006, the industrial area had expanded to practically 21% of Gross domestic product, thanks to a great extent to the USA-Iraq International alliance (endorsed in 2001 by the US Senate). 13 qualified industrial zones (QIZs) were made cross country because of this understanding (Service of Arranging Report, 2007). Most of the merchandise delivered by the QIZs, which offer obligation free admittance to the US market, is light industrial products, especially instant apparel. As per a 2007 report from the Service of Arranging, the commodities from the QIZs stretched around US$1.1 billion out of 2006. It is guessed that administration accounting methods would adjust as additional worldwide enterprises lay out joint endeavours or local workplaces in Iraq. The requirement for Iraqis organizations to take on cost accounting advancements to all the more actually contend will be the main thrust behind these changes.

b) Data Collection

1. *Primary Data:* The primary data were gathered through the administration of questionnaires assisted by in-person interviews. The survey was formatted using a 5-point Likert scale. Five options

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were provided: extremely large, large, medium, little, and very little.

2. *Secondary Data:* Iraqis industrial shareholding companies that were recorded on the Baghdad Stock Trade toward the finish of 2021 made up the review's populace. 50 organizations were remembered for aggregate, and calls were put to each recorded industrial business to figure out which organizations utilized the ABC. These businesses were chosen as the study's field of study for two reasons:
   - One of the main sectors listed on the Baghdad Stock Exchange is the industrial firms sector.
   - The Baghdad Stock Exchange has a wealth of information regarding the industrial shareholding businesses.

c) Tools for used Data Collection

To gather information regarding the current state of ABC implementation, a survey instrument was created. A phone contact was placed to each organisation to find out who would be most suited to complete the survey as part of a strategy to create an accurate mailing list and achieve a high response rate. These were frequently the chief financial officer, chief controller, or chief accountant. Most of the time, the manager in question was approached and informed of the study's goal. A copy of the survey along with a dictionary of terms was included in the survey package that was shipped out. A cover letter outlining the goals of the study was also included.

The survey asked questions regarding the respondent's age, education, position in the organisation, and experience. Additionally, respondents were questioned about their experience with ABC, the cost systems already in use in their organisations, and the procedures followed when applying overheads. Each question is carefully worded to ensure that it covers just one idea in a clear, succinct manner. The purpose of the study's questionnaire is to gauge how much the industrial enterprises are implementing the ABC initiative, how much the financial managers value such use, and how well-versed they are in ABC.

The following are the Questionnaire's Primary Sections: The respondents and their companies are asked a series of demographic questions in Part One. The second part of the survey aims to determine how frequently and how seriously respondents view the ABC. The third section tries to gauge how knowledgeable financial managers are with ABC. It is important to note that the Likert scale was used to measure the degree of agreement while answering the questions in sections two and three. In order to gauge the range of replies, five options were provided: extremely large, large, medium, little, and very little. Additionally, data from 2021 annual reports was gathered to assess the relationship between the ROA and the level of financial performance.

d) Tools used for Data Analysis

The current study utilized descriptive statistical analysis, like the mean and standard deviation, to examine the information and test the speculations. Moreover, simple regression analysis was utilized to test the connection between the level of ABC use commonality and the level of execution of this drive. Furthermore, it is utilized to evaluate whether utilizing ABC has further developed ROA as a proportion of financial performance.

IV. Result and Discussion

An explanation of the examination of the sample characteristics is provided in the study's subsequent section.

a) Reliability

Table 2: Cronbach's Alpha Value

Reliability Statistics	
Cronbach's Alpha	N of Items
.756	8

We can analyse the qualities of measuring scales and the parts that make up the scales utilizing reliability investigation. As well as giving information on the relationships between the scale's constituent items, the reliability analysis makes an assortment of routinely utilized scale reliability measures. The most frequently utilized mark of interior consistency is Cronbach's alpha. We can see (table 2) that the Cronbach's alpha for this specific example of information is 0.756, showing an elevated degree of internal consistency for our scale.

b) Sample Adequacy

Table 3: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.851
Bartlett's Test of Sphericity	Approx. Chi-Square	540.239
	df	10
	Sig.	.000

KMO is a test used to assess how well the parts make sense of each other concerning incomplete relationship between's the factors. KMO values around 1.0 are amazing, while those underneath 0.5 are

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considered unsuitable. Most scholastics presently fight that factor examination can start with a KMO of no less than 0.80. In table 3 our result gave us a KMO esteem of.851. This recommends that there is a huge level of data cross-over or a high incomplete connection among the factors. Consequently, performing factor analysis is sensible.

Table 4: Demographic Profile of Respondents

		Frequency	Percentage
Position	Financial manager	50	100%
Age	Less than 25 Years	5	10%
	25-40 Years	14	28%
	41-55 Years	18	36%
	55 years and above	13	26%
Educational Status	12th or Below	2	4%
	Graduate	40	80%
	Masters	8	16%
Years of Experience	Less than 5 years	5	10%
	6-10 Years	10	20%
	11-15 Years	20	40%
	16 years and above	15	30%
Total		50	100%

According to Table 4, 100% of respondents identified as financial managers. Additionally, it shows that the minimum proportion (10%) of respondents have less than five years of experience, while the largest percentage (40%) of respondents fall into the group of (11–15) years of experience. Because of this, the study sample's financial managers tend to have advanced levels of experience. It also shows that (18 out of 50) respondents (36%) were classified as being between the ages of 41 and 55, and (10%) as being under the age of 25. (i.e., 5 out of 50). Additionally, it demonstrates that nearly 16% of the respondents have master's degrees.

Table 5: Investigation of Firms' Characteristics

Cost accounting methods	Frequency	Percentage
None	3	6%
Standard Costing	12	24%
Job Order Costing System	11	22%
Process Costing System	20	40%
ABC	4	8%
Total	50	100%

As per Table 5, which records the essential cost accounting techniques being used, 6% of the industrial Iraqis shareholding organizations just use a manual financial accounting system and have no records for any cost estimations. Furthermore, 24% of these organizations use standard costing to decide the cost of their items and use tact to value their work-in-progress stock toward the finish of the financial month without having a system set up to follow real costs. With a joined extent of 60, the two primary cost accounting procedures are work request costing systems and cycle costing systems. The level of Iraqis organizations that use the ABC approach for cost computation is 8%, yet it isn't generally taken on. Thus, it is vital to take note of that most of organizations use costing systems.

Table 6: Cost bases for Overhead

Bases of Cost Driver	Frequency	Percentage
Direct Hours	5	10%
Machine Hours	2	4%
Direct Material	5	10%
No. of Units	22	44%
Direct Hours and Machine Hours	2	4%
Direct Hours and no. of Units	4	8%
Machine Hours and no. of Units	2	4%
None	3	6%
Use all of them	5	10%

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Additionally, data is gathered to determine the most typical bases for applying overhead to cost items. According to Table 6, the highest percentage (44%), which was based on the quantity of units, was used by 20 different companies. Furthermore, eight additional organizations likewise involved the quantity of units as a base related to different bases like direct hours and machine hours.

For each of the research questions, the findings are presented below.

1. According to financial managers' perspective, how extensively are Iraqis industrial shareholding businesses using the ABC system?

As found in Table 5 preceding, 8% of the associations being scrutinized referenced utilizing the ABC system. The accompanying Table 7 shows the ABC execution level based on the classes from Brown et al. (2004).

Table 7: ABC Level

	Frequency	Percentage
ABC is an unknown entity. And the management either uses different costing techniques or uses none at all.	27	54%
Although ABC is known and might be implemented, it has not yet received approval.	11	22%
The ABC has been approved for implementation, but analysis has not yet started.	5	10%
The ABC execution group is attempting to characterize the venture's objectives and degree, assemble information, as well as examine the activities and cost-drivers.	1	2%
The ABC execution group is attempting to characterize the task's objectives and degree, accumulate information, and additionally break down the activities and cost-drivers.	1	2%
Investigation has been finished, and the ABC model has been carried out, however ABC information has not yet been utilized for decision-making beyond the accounting division.	5	10%
Total	50	100%

According to Table 7, 54% of the respondents had some familiarity with the ABC ideas. 22% of the sample is now debating whether to put the ABC system into place. Only 10% of respondents agreed that the ABC system was necessary, and it is not yet in operation. In 2% of the responders, applying the ABC approach is the first step in the analytical process. Six companies, or 2% of the respondents, presently use the ABC approach.

Thus, this study arrives at the conclusion that the pace of ABC dissemination in the Iraqis industrial areas is roughly 15% (10% of the ventures had completely embraced the ABC system + 5% of them were currently doing as such). Developing interest in the ABC's application has been seen in Iraq. (Al-Khadash, 2006) noticed that among Iraqis finance managers; comprehension of the meaning of executing ABC is seen to be apparently high. As per (Al-Khadash, 2006), this proof backings and makes sense of the ascent in information on ABC execution in the Iraqis industrial area during the beyond six years.

2. Is there a connection between the ABC's adoption and the finance managers' knowledge with it?

The reason for this part is to decide if the ABC execution and finance managers' aptitude with ABC are connected in any capacity. It could be guaranteed that assuming managers are adequately acquainted with and mindful of the value of utilizing such a drive, their degree of training will be higher than in a circumstance where there is a lesser level of mindfulness. As a result, the following regression model is estimated in order to assess research question number three:

$$ABCit = a + AABCit + eit \quad (1)$$

Where, ABC it means how much the ABC is being taken on (the dependent variable, it, is assessed utilizing a yes/no two-point scale).The independent factor, it, is estimated utilizing a Likert-type scale with five being "very familiar" and one being "not at all familiar not by any stretch of the imagination natural." The abbreviation ABC it represents the financial managers' knowledge of the meaning of embracing the ABC.

It represents the regression model's unaccounted-for mistake. The proposed regression model was critical at the level of. 05. This is shown in Table 8. This finding shows that the degree of ABC reception in Industrial Iraqis Shareholding Companies is associated with financial managers' knowledge of the ABC. A normal clarification for such outcomes may be that while financial managers are know all about the ABC and adequately mindful of the significance of

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utilizing the ABC drive, they impact the leaders to make a genuine move toward embracing this drive. This outcome demonstrates that an elevated degree of commonality and mindfulness with the ABC drive is related with a genuine act of the drive.

Table 8: Financial Managers' ABC Knowledge and Implementation

Model	Adjusted R^2	F	Sig.
Regression model 1 (ABC)	.236	5.022	0.036

3. Is there a connection between Iraqis industrial shareholding companies' profitability and their adoption of the ABC?

By estimating the regression model shown below, the third research question is tested:

$$ROAit = ABCit + eit, \quad (2)$$

Where, ROAit is the dependent variable's (the ROA utilised) change in return on assets. It displays the stage of ABC adoption (the independent variable). It stands for the regression model's unaccounted-for error.

The findings of the association test are based on the data in Tables 9 and 10, which reveal dmonstrates a considerable connection between financial success and the degree of it might be claimed that the extent to which the ABC is used has a favourable impact on the financial results. This supports the findings of the other investigations which discovered a strong correlation between using management initiatives and a boost to financial results.

Table 9: Regression Model

F	162.36	
p-value	0.000	
R^2	0.789	
Adjusted R^2	0.742	
Coefficient (Dependent variable: ROA)	T	Sig.
(Constant)	5.366	.000
ABC	2.365	.035

Table 10: Correlation Matrix

	ROA	ABC
ROA	1.00	
ABC	.326*	1.00

*Notes: *Significant at $\alpha = 0.05$ **Significant at $\alpha = 0.01$*

c) Discussion

Overall, this study provides empirical evidence for the activity based cost accounting theory in Iraq Country. These data imply external variables affect activity based cost accounting adoption and activity based cost accounting implementation affects company performance. This study's decisions have hypothetical implications. The current review's outcomes give exact proof for vulnerability, portrayal, and human science hypothesis, which proposes a reason impact interface between outside factors, cost control systems, and financial performance. This study adds to how we might interpret outer impacts, activity based cost accounting reception, and company's financial performance.

This study approves the outside factors based "intercession" idea by demonstrating activity based cost accounting's impressive intervening impact on outer factors and company performance. This investigation discovered that precise data provided by activity based cost accounting execution further develops business performance, which is viable with (Aldukhil, 2012) "intervention" model of the Cartesian-possibility strategy. The outcomes are reliable with the perspective on past Mama specialists e.g., (Alsayegh, 2020); (Elhamma, 2015); (Fei, 2010) that the more possibilities, the higher the requirement for refined SMA that can give managers top notch data to pursue sensible and exact choices so associations can upgrade their general objectives.

The paper gives useful commitments to applying activity based cost accounting and supporting financial performance. This exploration recommends that the utilization of activity based cost accounting systems by Iraqis Industrial Companies is connected to natural vulnerability and market direction. Activity based cost accounting systems' non-financial and financial advantages will help fabricating leaders and managers to go with fruitful choices, working on the financial and non-financial performance of Iraqis Industrial Companies. This finding is significant for activity based cost accounting research. Activity based cost accounting hypothesis execution has qualities of any data system that covers the organization's Financial Performance.

V. Conclusion

This study looked into how using ABC led to an improvement in financial performance. In affluent nations, there has been a lot of research done on ABC adoption. There has been little research on these topics in Jordan generally or in the country's industrial sector particularly. To assess the degree of ABC adoption, a quantitative methodology was used. Following the utilization of optional information to decide if the financial managers of the industrial Jordanian shareholding companies know about the significance of utilizing the ABC and whether such an essential drive is related with an improvement in financial performance in the assembling area, each stage for each organization was resolved utilizing an individual poll study. The accomplishment and improvement of financial benefit is the fundamental goal of the organization (Chenhall, 1998), and it is essential for organizations to have experimental confirmation of the progress of vital endeavours. The underlying finding was that the pace of ABC dispersal in the Jordanian industrial area is very

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great. 15% is the dispersion rate. The subsequent revelation is that utilizing the ABC all the while brings about profitable collaboration. The observational information shows that financial managers have an elevated degree of information on the value of utilizing the ABC. Moreover, it is found that the utilization of ABC is firmly decidedly connected with an improvement in financial performance. This outcome is in accordance with explores' cases that administration accounting systems ought to be valuable in helping organizations' functional achievement (Granlund, 1998); (Dorman, 1996); (Granlund M., 1997). Drives' fundamental objective is to build this adequacy, and ABC is doing its part to do as such.

Limitation and Future Scope

However, this study has several odd flaws, just as some earlier academic studies. The way that this examination exclusively utilizes the essential wellspring of information got by means of a cross-sectional approach is one of its drawbacks. To additionally investigate the effect of outer elements on ABC and firm performance, future scientists might consider a longitudinal examination plan in which financial and non-financial records of associations when the execution of ABC can measure up. In any case, we just view these as interesting inquiries for future examination.

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