ASSESSMENT OF THE IMPLEMENTATION OF ACTIVITY-BASED COSTING AND THE FINANCIAL PERFORMANCE:

The Case of Coca-Cola Kwanza Tanzania Limited

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The Case of Coca-Cola Kwanza Tanzania Limited

By

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A Dissertation Submitted in Partial Fulfillment of the Requirements for Award of the Degree of Master of Business Administration (MBA) of Mzumbe University

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CERTIFICATION

We the undersigned, certify that we have read the dissertation and found it to be in a form acceptable for the final Submission for the award of a Master Degree in Business Administration, a dissertation entitled "**Assessment of the Implementation of Activity-Based Costing and the Financial Performance: The Case of Coca-Cola Kwanza Tanzania Limited",** in partial fulfillment of the degree of Master of Business Administration of the Mzumbe University.

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DECLARATION AND COPYRIGHT

I, Esajee Abdallah Esajee, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

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Date__________________

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DEDICATION

I dedicate this dissertation to my lovely wife father Mr. Esajee who encouraged me during the whole period of my studies.

LIST OF ABBREVIATIONS

ABC	-	Activity Based Costing
JIT	-	Just in Time
ROA	-	Return on Assets
ROE	-	Return on Equity
ROI	-	Return on Investment
ROI	-	Return on Investment Ratio
TCA	-	Traditional Cost Accounting
TCS	-	Traditional Costing Systems
TQM	-	Total Quality Management

ABSTRACT

This study assessed the implementation of Activity-Based Costing (ABC) and financial performance of company. The study aimed at determining factors leading to successfully use of activity based-costing method; to analyze the role of activity based-costing on company's financial performance and to determine the techniques that can be used to improve activity based-costing.

Coca-Cola Kwanza Tanzania Limited was selected as a study area whereby a total of 80 respondents were included into the study. Questionnaire and interview were designed for the purpose of collecting primary data for the study. In addition, secondary information was gathered through an intensive documentary review.

The results of the study showed different factors leading to successfully use of Activity Based-Costing (ABC) at Coca-Cola Kwanza Tanzania Limited. Results of the study revealed, the leading factor to the successfully use of activity based costing method was management support. Also the study found that ABC plays different roles in the financial performance improvement of the company and cost reduction.

The study concluded that effective use of activity based costing method depends highly in the management support of the company. Thus, Management support forms an important part into the success of activity based costing method. Cost reduction has been found as the sole and primary role of activity based costing methods of any company. Therefore, the study recommended to the management of the company to hold firm and devices best strategies towards an improvement of activity based costing method including ABC related training provision company employees.

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CHAPTER ONE

1 INTRODUCTION AND BACKGROUND OF THE PROBLEM

1.1 Introduction

Activity-Based Costing (ABC) gained attention of academic researchers and managers in the late 1980s as an alternative and remedy of the Traditional Cost Accounting (TCA) disadvantage (Beheshti, 2014). In the quest of increasing profit in this competitive era, companies should be conversant with the effect of changes that take place in their companies for the sake of building the capability of adapting to the strategies which are suitable for their survival. Communication and technological change in manufacturing brought dramatic changes in the manner business activities are conducted and resulted to the growth of various businesses across nations. The use of robots and computerized machines in the manufacturing sectors has also affected the manufacturing cost structure. The impacts of communication and technology in the manufacturing industry such as cost structure, profit margin and activities operation made debatable and discussed issue stakeholders that the methods under traditional costing are inadequate in the current business operations (Ismail and Reddy, 2017).

Strategic decisions platform especially those focusing on supporting manufacturing excellence such as sourcing and product mix were made very effectively and efficient under the activity based costing methods (Pokorna, 2016). Moreover, activity based costing methods have been very influential among company's product designers to modify a variety of company's designs with reasonable cost and flexibility (*ibid*). It supports the management of the company to develop new ideas related with the performance of activities that elevates the productivity and effectiveness of company's resources by developing behavioral incentive that improves one or more aspects of manufacturing (Cagwin and Bouwman, 2012). Thus, activity based costing methods acts as a company complexity management tool because it assists managers or leaders understanding of their business operation systems and benefits without wasting company resources by designing complex system (*ibid*).

In order for ABC to be successful, various aspects should be taken into consideration. These aspects or issues are categorized into aspects or factors related to the technicality; that is identifying major activities, selecting drivers cost such as number used to indicate the purchasing order, number used to indicate the related material, requisition and number related to the receipt and problem in the accumulation of cost associated with the data, factors related to the contextual issues which are kind or type of industry involved, the capacity and size of the company, cost associated with the structure, the rationale of cost associated with the information and diversity that occur in the products and services as well. Structure related to the organization, behaviour and culture (Krumwiede, 2016)

Various scholars have engaged in ABC. Cooper and Kaplan (2011) as well as Swenson maintained that, ABC is very useful in providing cost data which are precise and which are required in making decisions related to the strategic matters on the mix of the product, strategic decision related to the source, price, process improvement and of the company operation performance evaluation process. Thus, this situation has motivated many company managers' to adapt the activity based costing methods.

There are various studies relating with the significance and benefits of activity based costing methods. Banker (2008) made his argument that, ABC has various potential benefits including provision of product line costing which is more precise. The activity based costing methods is more flexible in cost analysis associated with the objectives other than products like issues related to the processes, area in the manner management is responsible to consumers. The identification of behavior related cost is best understood through ABC which is very useful in the precisely cost estimations (Krumwiede, 2016). Also, plant managers are provided with a more structured method of related product cost evaluation (*ibid*).

Ahmad *et al.,* (2017) added, ABC tend to provide product which is more precise and measurement based on the profitability of the consumer or in other words it is known as consumer profitability and also strategic decisions which are better-informed on the matter related to the prices, product lines and segments of the market . Moreover, ABC plays a significant role in providing measurements of costs related to the activity driving which are precise and accurate as it helps managers in making product design decision improvements, consumer support and nurturing valued projects as well as process providing a platform that help the identification of areas that requires urgent improvement. It also have impacts on the cost of products through an effective and efficient coat estimation related to the pricing decisions, budgeting and planning (Dubihlele and Rundoro, 2014). Above all, ABC is essential in providing better information in the identification of the cost if capacity which is not used and hence maintenance of a separate accounting for this cost.

1.2 Statement of the Problem

Both Coca Cola and SBC companies estimating the monthly profit and annual profit, but the profit generated by using ABC method or loss incurred by the company were not identified. Moreover, there were neither relationship nor the accreditation between the implementation of the activity based costing methods and the company financial performance. Thus, there is a need to assess the implementation of ABC and its relationship on the general performance of the company's. In addition, the constraints facing by companies' adoption of ABC method has been analyzed.

Despite high level of adoption of activity based costing methods there are no evidence that have indicated its use on the accounting information that measures the financial performance resulted from activity based costing methods such as return on asset, return on equity and profitability ratios. Hence, this study intended to determine how ABC has been implemented on the company's performance.

Reviewed empirical studies were conducted in the relation to the activity-based costing methods implementation and company financial performance , but failed or rather had less attention on how accounting information have been used to measure financial performance. Although the awareness of the activity based costing methods is very high but there is low implementation there is no positive association between activity based costing and return of asset (Al-Khadash and Mahmoud 2010). Nair and Tan (2018) showed factors affecting activity based costing methods which include mechanisms of cost saving, external environment, attitude's of users and company size have significant relationships with the activity-based costing methods implementation.

Moreover, Pokorna (2016) showed the impact of activity-based costing on financial performance whereby looking for factors that have effect on business performance is the central concern of business economists. ABC has been a management tool that provides additional and more accurate information on the costs and company performance which thus contribute into better decision making for financial performance.

Cagwin and Bouwman (2012) argued that there is a possibility of the argument that, there was the presence of these identified factors in the earlier days of adopting ABC, nevertheless, as there was an availability of adequate data, it was observed that many organizations can have potential benefits through using this approach. The organizations which apply ABC in their day to day activities can have various different features and hence can use ABC for many reasons.

1.3 Objectives of the Study

1.3.1 Main Objective

To assess the implementation of activity based costing methods and financial performance of the company.

1.3.2 Specific Objectives

The following were the objectives of this study:

i. To determine factors leading to successfully use of the activity based costing method,
ii. To analyze the role of activity based costing method on company's financial performance,
iii. To determine the techniques used to improve activity based costing method.

1.4 Research Questions

The study used the following research questions:

i. What were the factors leading to successfully use of activity based costing method?
ii. What were the roles of activity based costing method on company's financial performance?
iii. What were the techniques used to improve activity based costing method?.

1.5 Significance of the Study

The study may be important to different groups such as researchers, customers, management and companies.

To the Researcher: This study will be useful as it will provide an experience to the researcher regarding the cost associated with the allocation method especially in matters pertaining to the ABC. It will raise awareness on how ABC implementation is done in relation to the performance of an organization. This study will serve as a partial fulfillment for the requirement for an award of Master Degree of Mzumbe University.

The Management of Coca-Cola: The study will raise awareness to the management of Coca-Cola about the constraints or challenges which are based on the usage of ABC and come out with the strategies to mitigate the identified challenges.

Other related Organizations: This study will be used a means in disseminating information to other companies which are similar to the Coca-Cola and Pepsi companies by letting them to understand and know factors that pushed these companies to adapt ABC and mechanisms used by the said two companies which can be adapted by other companies.

The Customers: Above all, the study will be useful in helping the organization/company in ensuring that, the complaints raised by their consumers are minimized by making some improvements in the operation and production of the products so as to satisfy consumers at large.

1.6 Limitation and Delimitation of the Study

This study was process that passed through different stages. The following were the limitation that had faced the study;

The study of ABC was not covered by many of Tanzanian local academician, thus, the study faced literature for review problem. In the quest of solving this problem, the study adopted studies from outside the country and continent as a solution. During data collection not all respondent well ready to participate in the study as they sought this is an interrogation. However, the research team took initiatives to educate respondents the purpose and the way results of the study are going to be treated and that their privacy is never going to be revealed and thereafter respondents well happily participated in the study.

1.7 Chapter Summary

This was the first chapter that intended to discuss the concept based on how ABC is implemented on the performance of the company. The chapter has tried to provide the potential benefits associated with the use of ABC in the company.

CHAPTER TWO

2 LITERATURE REVIEW

2.1 Introduction

This part presents a review of literature relating to the study. This is an important chapter as it attempts to describe matters related to the subject matter. It covers the following; definition of key terms, a review of theoretical literature theories relating to the study and a review of empirical studies similar to the current study, study gap and conceptual framework.

2.2 Theoretical Literature Review

2.2.1 Activity Based Costing (ABC)

Zhang and Isa (2017) defined ABC as a system dealing with costs which has gained momentum and become known. It is an effective system in making identification of the various company activities and makes assignments of the cost of every activity or work related products and services at large.

There are two ABC stages relating to the approach of cost assignment. Under the first stage, cost related to the resources is allocated to the activities or works aligned with the consumption amount of the resources in the performance of particular activity (Beheshti, 2014). A cost related to such work or activity could make an equivalent to the total sum of the consumption of all resources in the performance of that activity. Under the second stage, traces of costs related to the frequency of product activity in the company's performance in supporting the cost related to the object (Ismail and Reddy, 2017).

According to Swenson (2015) ABC is regarded as the method of managing and addressing the shortfalls which are found in the previous method of costing (traditional one) for supervising and handling what is known as indirect costs. The purpose of ABC is to deal with all problems which associated with subsidization of product cost of the traditional costing system.

2.2.2 Traditional Costing Systems (TCS)

Krumwiede (2016) defined TCS as the practices related to the allocation of overhead cost in manufacturing through a single driver usage like working hours, direct labour or hours in the operation of machines.

2.2.3 Cost Drivers

Cost drivers are, ongoing activities and contracts which are crucial and potential determinants of related costs (Cooper and Kaplan, 2011) for example, number related to the order of making purchase, material used or taken, needed, requisition and receipt.

2.2.4 Effectiveness of the Activity Based Costing Methods

The effectiveness of activity based costing methods is the state where indirect cost allocation is accomplished by assuring creditability of the cost related to information and its usefulness of the cost reporting in supporting management for the purpose of achieving organizational goals. In order for ABC to be effective, there must be four elements which are cost related to the driver fitness, cost related to the accuracy of calculation, cost related to the creditability of information and cost related to the usefulness of reporting (Nair and Tan, 2018).

2.2.5 Cost Driver Fitness

This involves or is defined as the factors purposely used for assigning the costs of activities relating to the production of products or services offered which relate or link to the related activities, the consumption of the resources, simple measurement and convenience to the real practice (Al-Khadash and Mahmoud, 2010). Driver fitness cost are crucial in helping managers to budget while measuring the performance as activity based budget that prepares every works objectives and assess resources required or needed in the future (Kennedy and Graves, 2011).

Additionally, driver fitness related cost always provides activities, resources consumption as well as difference between the consumed and provided resource.

Furthermore, the driver fitness related cost tends to make an analysis of the indirect costs which make the discovery of the activities which are the sources of identified costs and makes a connection to various activities such as the amount of time which used in the performance of activities and how processes related to the activities and decision which are in actual sense creating costs (Wanyonyi *et al.*, 2017).

2.2.6 Cost Calculation Accuracy

Cost calculation accuracy is the capability of the companies' allocation of indirect cost for production of company products and or service delivered according to the performance of the activities and usage of multiple cost drivers. Usually, ABC focuses on the calculation made on the cost by making a connection of expenditure and performed activities (Krumwiede, 2016). Therefore, the uses of what is known as multiple cost drivers in ABC brings potential benefit of what is known as the estimation of detail cost.

Furthermore, making a usage of multiple cost drivers for calculation purpose tends to minimize the risk that occurs in the distortion and make provisions of accurate cost calculation (Swenson, 2015). However, the accuracy of products that being produced and services being delivered tend to support and assist managers to be aware of the manner resources are utilized in the organization for the purpose of delivering what is known as strategic outcomes.

2.2.7 Creditability of Cost Information

This is defined as the valuable cost related to the information that attributes what is accurate, frequent, reliable, relevant, and accessible and above all time based, based on understanding and the matter of up-to-datedness for the aim or purpose of decision making (Zhang and Isa, 2017). The cost related to the information creditability is supportive in to management in identifying the errors and challenges and chances available making it useful and well informed in decision which is effective. Additionally, it helps the management to supervise all activities and the process of business conducted through the giving of what is known as a cross-functional and make an integration of the perceptions or view regarding the organization (firm) and make support both on decision based on strategic matters and operational matters (Cooper and Kaplan, 2011).

2.2.8 Cost Reporting Usefulness

According to Cagwin and Bouwman (2012) the term cost reporting usefulness referred to as the usage of information related cost in making e plan, decision, control and operate for the aim of enhancing the performance of the job of ABC cost reporting utilized by the users to understand, making an evaluation and make an improvement of the performance of work (job) and adopting better decision making and gaining potential benefit over competitors. The ability of cost reporting of ABC is to make the promotion and enhancement of work understanding which is done and make the contribution in the improvement of performance.

2.2.9 The Role of ABC on Strategic Decisions

According to Ahmad *et al.,* (2017) activity based costing methods plays a significant role as it gives or provides cost information based on accuracy, reliability and relevance which are required to make strategic decisions which are proper and appropriate based on the mix of the product, based on source, based on price, process improvement and how the performance of business process is evaluated. ABC is helpful as it provides to the managers information which is relevant and necessary in identifying all chances and opportunities available to improve the process and reducing cost through the information of ABC.

Furthermore, the cost related to the information creditability is crucial in for making competition of successfully pricing in the competitive market. However, the management can make some observation on the cost related on every major overhead work in the business section in separate and hence can make very informative decision (Dubihlele and Rundoro, 2014).

Above all, ABC is effective because of its ability in the provision of the cost information which is accurate and reliable as well in identifying what is known as contents of the indirect costs in a precise way and hence contributing to a better awareness and understanding of the manner which these cost of the product produced and service delivered by the organization affect the way organization performs. Moreover, the frequency of cost reporting tend to help and support management in making identifying the challenges and problems as well as available chances and opportunities for better performance of the company (Ismail and Reddy, 2017).

It is stated that, ABC is very crucial when the organizations do not understand or know which activities or works involve their output or the consumption of each cost related activity or work. For instance, due to the changes that occur in technology, that is to say, technological advancement in the manufacturing environment and non-manufacturing environment, there is a disappearance of traditional cost related accounting (Ismail and Reddy, 2017).

It is provided that, in the years of 1990s, there had been various challenges that occur to the firms with regard to the changes in their costs related to the practices in the adoption of innovation of new cost management like work related to the based management aspect as well as the effect of the pressures which happen to have variance from one company to another company (Dubihlele and Rundoro, 2014). When there is proper implementation of ABC, it can be useful in supporting and assisting organizations to close the gaps of communication between the decision making in departments and support cross function. It is stated that, ABC was introduced as a means and solution to address various challenges and problems that were observed in the traditional cost management (Ahmad *et al.*, 2017).

2.2.10 The Effectiveness of ABC

The activity based costing methods effectiveness of ABC comprises of cost related driver fitness, calculation accuracy, information creditability and cost reporting usefulness. In normal circumstances, cost related driver fitness and cost related of accuracy of calculation can enhance the staff to get understanding different and various costs and accurate costs (Pokorna, 2016). Additionally, the cost related to the driver fitness together with the cost related to the information creditability will enhance and make an analysis of the cost, the time the work is done, the time the production takes place and resources used; therefore it minimizes the production of off-specification material in identifying what is known activities with added and non value. This situation enhances the processes of the production more productive from those in which are not added value that can be removed or minimized (Nair and Yee, 2017).

Cost related to drive fitness, cost related to creditability of information together with the usefulness of the cost reporting emanated from effectiveness of ABC tend to support and assist managers in understating and analyzing the processes of production and their impacts on the cost as well (Pokorna, 2016). Cost related to drive fitness and cost related to creditability are helpful in supporting the reengineering of the process, make an elimination of activities which are non-value added without making any delays which are not necessary, elimination of errors, decreasing time for the performance of the work or activity, make the selection of the low-cost related activity and making the sharing of the activities with other product for the purpose of yielding economies of the production of high volume. Cost related to drive fitness, cost related to creditability of information together with the usefulness of the cost reporting tend to make an identification of the available chances and opportunities for the improvement of the effectiveness and efficiency of business process and this can be done through determination, redundancies, minimizing activities which are non-value added and decrease the setup time (Dubihlele and Rundoro, 2014).

2.2.11 Purposes of Cost Allocation

It is stated that, the cost in the allocations are required to make the value of the inventory for the purpose of external reporting at large, to plan and monitor the cost incurred in the activities and processes as well and for strategic decisions which are of the short termism and long termism. One of the examples involve making decision for making or buying subcomponents and services as well, how the products and services are priced when adding or discontinuing various related products that are produced and services which are delivered and when expanding or contracting the size of a segment of the organization (Cagwin and Bouwman, 2012).

The cost incurred in the allocations are also necessary and hence required for the purpose of supporting a price when there is a usage of "cost plus" pricing, as in the government which tends to contract and in circumstances or situations where there must be a justification of the costs before the obtainable of reimbursement process (Dubihlele and Rundoro, 2014).

2.2.12 Differences between ABC and Tradition Cost System

Three main variances between ABC and TCS have been discussed by various scholars, for instance Dubihlele and Rundoro (2014) who state that (i) there is an assumption that there is a consumption of resources of cost objects in the cost systems of the traditional method, in which there is an assumption that there is a consumption of activities in the cost objects of the ABC (ii) there is a usage of volume related allocation base in traditional costing system whereas ABC tends to use what is known as drivers at different level and (3) above all, there is structured-oriented system in the traditional costing system while ABC is said to be process-oriented at large.

2.2.13 History and Principle of Activity Based Costing Methods

The need to shift or rather change from the traditional accounting managerial approaches started around 1980's in United States of America. The major focus was to develop an accounting managerial approach and the alternative was the adoption of activity based costing methods as a tool as a calculation technique for the management of an organization's activities. Later on the ACAM did a very good job of raising activity based costing methods awareness.

Activity based costing method is the methodology that measures the cost and performance of activities, resources and cost objects. Resources are assigned to activities, then activities are assigned to cost objects based on their use. ABC recognizes the causal relationships of cost drivers to activities CAM-I (2000).

Cost have been classified based on activities for the purpose of expressing the relationship and reason between different costs and company's objectives or rather resources used (Král *et al*., 2010). However, the different between traditional cost and activity based costing is on the overly aggregated expression of the internal procedures and processes of their created purposes. Activity based costing invests resources which are classified basing into company activities which are assigned to final outputs (Staněk, 2003).

The aim of activity based costing is to increase the profit of a company by using overheads information, measurement and management. Activity based costing is very supportive in the operation and making of strategic decision. empirical results showed (Cohen *et al*., 2005; Innes *et al*., 2000; Krumwiede and Suessmair, 2008) ABC is used mainly for precise calculations of product cost and techniques of product reduction, pricing of product, modeling of cost, products profitability management and customers , cost analysis activity, budgeting, product mix outsourcing and quality.

The disadvantages of activity based costing methods are on its complexity and the extent of describing or rather evaluating and updating input data. This situation increases management cost due to the maintenance of the activity based costing system. The lack of enough knowledge and or practical experience towards the use of the ABC system often increases operation coast due to the use of professional consultancy.

The common reason for business rejection of ABC is the anticipated cost of its use and implementation. However, provided the ongoing benefits of ABC current users disprove all rejection reasons. Krumwiede (1997) maintained that the implementation of ABC is cost effective.

2.2.14 The Expansion of ABC

The expansion of activity based costing systems justifies itself with its positive impact. Although the system was initiated in United State of America both in theory and practice, it was then adopted by English-speaking countries starting with Great Britain (Innes *et al.*, 2000).

Until 1991 there were no studies on ac in Scandinavia area, although the system gained a slow momentum thereafter (Malmi 1999). The different in cost tradition system caused less adoption of the ABC in non-English speaking countries (Bhimani *et al.*, 2007). While began to use ABC after 1999 (Cohen *et al*. 2005). Cost analysis activities have spearheaded the adoption of the ABC system because it has already had positive impacts from other places that adopted the system a bit earlier.

2.2.15 Limitation of Activity Based Costing

Zhang and Isa (2017) insisted that ABC is arbitrary in nature, thus it is still viable to be used as an allocating system. Moreover cost is always not true unless there is an inclusion of overhead cost; thus, why the concept of ABC is still debatable. When the drivers of cost are not unique different methods of performing cost analysis are employed and the decisions on cost allocation will always be in doubt particularly in establishing validity.

The limitation of ABC is its failure to make short term decisions unlike traditional methods (Swenson, 2015).

Also the ABC, cost-benefit analyses shows minimal activities because they differ significantly from current costs or information related costs are high. Activity based costing are always assumes to variable and classified according to the output level. However, in the short run, there are many fixed costs such as the rent, cost of labor and equipment (Dubihlele and Rundoro, 2014).

2.2.16 Factors for Successful Implementation of Activity Based Costing Method

The following are the factors for the success of activity based costing method;

Top management support; Top management is necessary in ABC implementation because they hold authoritative power and are the key deciders in company changes. Therefore, Top management decisions on the use of resources should support the development of ABC system at all level of development (Cooper and Kaplan, 2011).

Competition: Beheshti (2014) stressed, activity based costing methods is accurate in assuring company's understanding of its products, sourcing and production cost within the company. This situation increases company's competitive advantages in the market. Therefore, ABC system design should focus in the development of a very low cost strategy in order to form a strong competitive advantage.

Training: Employee training elevates confidence of using ABC and avoids feeling pressure during activity based costing method implementation. Also, training should focus on both causes of problem and their effect rather than focusing on solution only. However, managers are also needs to be well trained (Cooper and Kaplan, 2011).

Non-accounting ownership: activity based costing systems should never be owned by accountants in ore to avoid bias. Thus, if the system is owned by accountants who retain ownership then they will do everything to avoid blames by acting like players and referees. It is necessary Therefore for better performance of ABC non-accountants must be involved in the in the initial decision of ABC investment (Cooper and Kaplan, 2011).

Resources: the use and implementation of activity based costing method requires a wide range of resources. Therefore, the design of ABC system must make sure there are adequate resources such as accountants' commitment, support from top management, availability of operating staffs, external consultants and software (Beheshti, 2014).

Information Technology: information technology is vital in the process of increasing productivity for companies that uses activity based costing methods (Beheshti, 2014). Technology creates a platform that helps companies' gains when ABC is integrated with information and technology during business cost implementation Reddy (2017). Thus, ABC system design must conform with the level of company technology.

Size: the rate of ABC adaptation was high among large firms. According to Ismail and Reddy (2017) the reason for large firms' adoption of the ABC is the capacity of accessing individuals with knowledge of designing and implementation of ABC than the small firms. Also, resources such as computing facilities, experts, and time, were basic for the implementation of the ABC system (Al-Qudah and Al-Hroo, 2017).

Consultants: the use of consultants is vital within the company. Therefore the use of outside experts helped to deal with organizational challenges (Al-Qudah and Al-Hroo, 2017). The influence of external experts was high during the period of system uncertainty.

2.3 Empirical Literature Review

The following are the empirical studies related with the study based on specific objective of the study;

2.3.1 Factors Leading to Successfully Use of the Activity Based Costing Method

Nair and Tan (2018) revealed issues that have affected the activity based costing implementation to include; company's size, user's attitude, external environment, and cost saving mechanisms. The study aim was to exploration the components that are considered in the execution of ABC. The consequences of the investigation uncovered that every one of the four factors; the outer condition, cost sparing components, client frame of mind and friends estimate have noteworthy associations with the usage of activity-based costing among small and medium enterprises.

Swenson (2015) found a backhanded effect of activity based costing methods on the decrease of expenses through the enhancement in quality and creation times. The immediate effect of activity based costing methods on financial performance was found in a British report which identified it three years after the usage of activity based costing methods. A few specialists have been effective in recognizing a connection between utilization of activity based costing methods and enhancement in financial performance in explicit business environments. Kennedy and Graves (2011) were fruitful in connecting the usage of activity based costing methods with a net enhancement in financial performance in manufacturers; in any case, Krumwiede (2016) found that activity based costing method's commitment was a roundabout, instead of an immediate impact on enhancement in financial performance.

2.3.2 The Role of Activity Based Costing Method on Company's Financial Performance

Wanyonyi *et al.,* (2017) on his study "activity based cost analysis as a financial performance tool in Chose Public Sugar Firms in Kenya. The study aimed at examining the misfortunes of financial performance and operation costs. Questionnaire guide and interview were used as tools for primary data collection. The results revealed no noteworthy significance relationship between the ABC analysis tool usage and financial performance. Although ABC was adopted and connected at the firm it failed to help financial performance of the firm following a series of difficulties. The study recommended that there is a need of incorporating both bookkeeping and non-keeping related tools in the quest of upgrading financial firms' financial performance.

Krumwiede (2016) explored the finance performance enhancement related with the utilization of activity based costing methods, conditions. They utilized corroborative factor examination and basic condition demonstrating to research the connection among activity based costing methods and enhancement in financial performance. This examination proposed a positive relationship among activity based costing methods and enhanced return on investment (ROI) when activity based costing methods is utilized simultaneously with other strategic initiatives, when actualized in edifices and assorted firms, when utilized in environments where costs are generally critical, and when there are constrained quantities of intra-organization exchanges.

Pokorna (2016) did a study on the effect of movement put together costing with respect to money related execution. The study focused at examining the connection between the utilization of activity based costing among partnerships and enhancement in corporate financial execution. Study results showed that, ABC development among ventures were at tantamount with neighboring nations, in spite of the fact that the degree of its utilization was lower. However, factually significant results demonstrated that utilization had large the equivalent or low than financial execution compared to organizations without ABC.

2.3.3 Techniques Used to Improve Activity Based Costing Method

Al-Qudah and Al-Hroo (2017) did a study by on implementing activity-based costing technique and its effect on productivity. The study target was to examine and assess the impact the activity-based costing technique implementation among manufacturing companies. The study used observation as the method for data collection whereby fiscal summaries of industrial companies. the study revealed four proportions related to money namely ROA, ROS, ROE, and OM, have been enhanced and expanded following the implementation the activity based costing technique. The ROA and OM proportions were recorded as the most astounding or rather highest proportions for the companies. It was showed that proof proposing was little; also, there was a general abatement in the productivity proportions for the companies. The study maintained that the proportion of manufacturing industry noteworthy was not enhanced by the implementation of the activity based costing technique.

Al-Khadash and Mahmoud (2010) did a study on the implementation of activity-based costing and the financial performance in Jordanian. The study aimed at exploring the role of ABC in financial performance improvement. Mail overview was used a techniques for data collection The study revealed ABC was influential in the enhancement of Return of Assert in the execution of company ABC related activities. Moreover, the study showed a high mindfulness dimension of ABC utilization within the budgetary administrators.

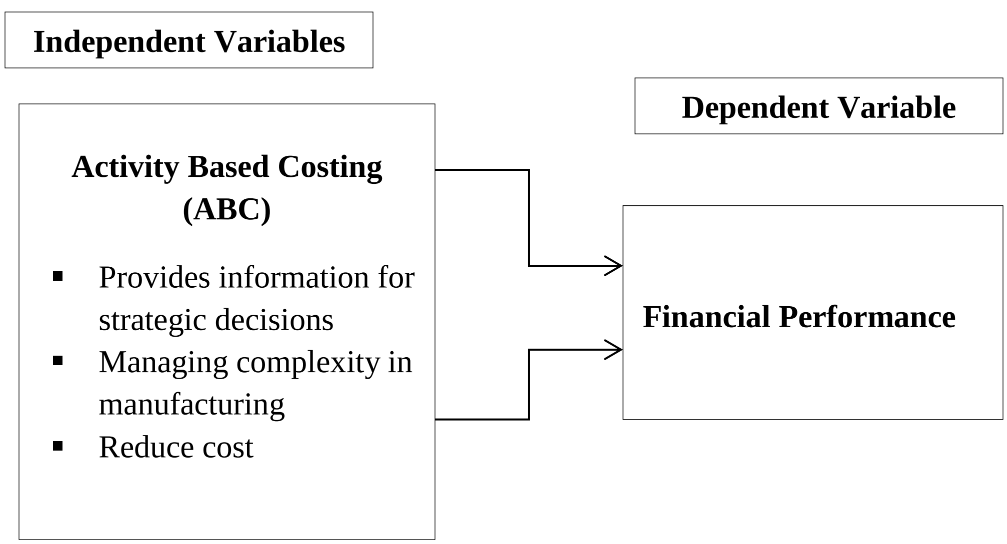
2.4 Research Gap

A review of Empirical literatures on the relationship between activity based costing techniques implementation and financial performance shows that the implementation of activity-based costing helps to increase financial performance of the companies. However, these studies fail to show how accounting information can be used to measures the financial performance. For example the study by Nair and Tan (2018) showed issues such as the user attitude, cost saving mechanisms, , company size and external environment had been impacted by the implementation of activity based costing (ABC).

2.6 Conceptual Framework

Financial performance of the company is the dependent variable of the study. Also the study assumes that independent variable of the study is Activity-Based Costing (ABC). This increases financial performance because it Provides information for strategic decisions, Managing complexity in manufacturing and it reduce cost.

Figure 2.1: Conceptual Framework



Source: Researcher, 2019

CHAPTER THREE

3 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents methodology of the study. Study methodology carry out the whole plan of undertaking the research, it describes the whole picture of the research, starting with the study design to data analysis and presentation of the final report. This part covers the study design, study area, study population, sample and sampling procedures used in the study, types and data collection techniques, validity reliability, and study's ethical considerations.

3.2 Research Design

This study adopted a case study design. This is the design based on a single unit, that is to say, it tends to focus on a specific aspect. The study used a case study research design because it deals or based on a single aspect, it enhances the researcher to make a depth and throughout investigation regarding the subject matter.

3.3 Area of the Study

This study was carried out at Coca-Cola Kwanza which are located in Dar es Salaam. The reason and justification for the selection of these companies is based on the fact that, the researcher wants to ascertain how ABC is effective in these competitive companies.

3.4 Population

The target population for this kind of research was all employees of Coca Cola that involves junior employees, management as well as the heads of related departments. However, the research much focused on the departments which deal with the day to day activities and which are cooperative in the usage of ABC method. These include the department dealing with accounting and financial issues, department dealing with procurement matters, department dealing with human resources, department dealing with sales issues and department dealing with audit issues.

3.5 Sample and Sampling Techniques

3.5.1 Sample Size

About 80 employees were taken as a sample from the both companies. These staff presents the total population of the studied companies. The departments from which the study participants were extracted are:- department dealing with accounting and financial issues, department dealing with procurement matters, department dealing with human resources, department dealing with sales issues and department dealing with audit issues both junior staff and management. The study used Fischer's *et al.* (1998) standard to attain the sample size. Since the study population was less than 10000. The formula is as follows:

$$nf= \quad n/ 1+ (n/N).$$

Whereby;

nf= desired sample size for a population less than 10000;

n= constant, which is 384;

N= estimated population size.

Using the formula, therefore;

$$nf= \frac{384}{1+(\frac{384}{100})} \qquad 79.33 \simeq 80$$

Table 3. 1: List of Respondents from Departments

No.	Respondents Department	No. of Respondents	Total	Sampling techniques'
1.	Accounting and Finance Department	20	24	Purposively
2.	Procurement Department	7	10	Purposively
3.	Sales Department	30	36	Purposively
4.	Audit Department	1	2	Purposively
5.	Production and HR Department	22	28	Purposively
	TOTAL	80	100	

3.5.2 Sampling Techniques

The techniques were purposely sampling to select respondents from all departments. This technique choice based on the researcher's believes that this category of people have the relevant data since they the one who used ABC method in their day to day operations. In that regard, cannot lack important information for the purpose of this research.

The study respondents were selected purposely depending o the nature of the study. The study therefore used convenient sampling technique in the process of obtaining respondents of the study. The choice of convenience sampling process was due to the fact that this kind of sampling procedure includes respondents with unique traits or responsibilities in order to obtain social or rater specific information about sometime

3.6 Types of Data

Primary data and secondary data were used in this study. The following paragraph explain in detail those types of data; -

Primary data-This involved gathering or collection of the information from the field; they are regarded as the original data. There are various methods which are used to collect primary information. Among of the common methods are questionnaires, and interview.

Secondary data -.These are information which are emanated or extracted from various sources and can be obtained through hardcopy or softcopy. Therefore, to obtain secondary information, the researcher collected secondary data by using various documents which are related to the subject matter. These include journals, articles, and company's report.

3.7 Data Collection Method

These are methods used in collecting information which are important in the research. The research used various methods for data collection such as:-

3.7.1 Questionnaire

The study used questionnaire for collecting primary data. About 80 study participants were distributed with questionnaires whereas the researcher makes a schedule for these study participants to fill in them without being rushed. Questionnaire was used because it enables the participants to have a time for them to fill in them effectively and efficiently. However, to avoid some delays in the returning of the questionnaires, the researcher make a consensus with the study participants on how timely they can finish filling in the questionnaires. The questionnaires were used to collect information related to the specific study objectives.

3.7.2 Interview

The study used interview guides among the management of the company. This technique was very effective and in offering a large of information due to its flexibility. This method is very effective since it show the accuracy and readiness of the study participant. This method was employed to management from both companies and to enhance the process, the appointment was made.

3.7.3 Documentary Review

With regard to the documentary review, the study made a thorough perusal of various documents which relates with the subject matter. These included journals articles and company's reports.

3.8 The Plan for Data Presentation and Analysis

The analysis of the information (data) that was collected to get the responses to all administered questionnaires were made and all answers were used in a proper manner and also arranged in an effective way. This helped the study to avoid some misconception from the views or perceptions of study participants in the time of writing the report. In making an analysis thoroughly, data was analyzed quantitatively and qualitatively through SPSS and content analysis.

3.9 Reliability and Validity of Research Data

3.9.1 Reliability of Research Data

Reliability is the capability of producing study measurement which is consistent when an instrument to the similar population is administered and which involve same outcome. The reliability of data was measured in the manner that the researcher observes how the study participants respond to the questionnaires administered to them.

3.9.2 Validity of Research Data

Validity is the extent to which the findings obtained after data analysis makes a representation of phenomenon in the studied research. Validity is always internal and external; it is internal when the facts of the study findings are true based on the manner of the selection of the group, data recording and analysis (Handley, 2008). External validity deals with the fact whether the findings obtained or given are transferable to the other groups or not.

3.10 Ethical Aspects

To ensure ethical consideration is taken seriously, the researcher decided not to disclose any information of the study participants that is not relevant or useful to the study. The study participants were given the brief of the study and asked whether they accept to participate in the study or not.

CHAPTER FOUR

4 PRESENTATION OF FINDINGS AND DISCUSSION

4.1 Introduction

This chapter provides presentation of study findings and discussion. The first part provides characteristics of the respondents. Also the chapter shows factors leading to successfully use of Activity Based-Costing (ABC) method. Moreover, the chapter provides the role of Activity Based-Costing (ABC) on company's financial performance. The last section of the chapter provides the relationship between cost drivers and company's financial performance.

4.2 Characteristics of the Respondents

This part presents the general feature of the study respondents; it presents respondents variability in their profiles based on questions asked. The study covered the following respondents' characteristic;

4.2.1 Response Rate

The study examined the response rate. The findings show that a total of 90 questionnaires were given to respondents. However, the researcher collected 80 dully filled questionnaires. This implies that, the response rate was 88.9%, as presented in Table 4.1

Table 4. 1: Responses Rate

Responses Rate	**Number**	**Percentage (%)**
Number of Distributed Questionnaires	90	100.0
Number of Received Questionnaires	80	88.9

Source: *Field Data, 2019.*

4.2.2 Age of the Respondents

The study made an examination of age distribution of respondents. 40.0% of the respondents aged between 25 to 34 years, 32.5% of the respondents were aged between 15 – 24 years. Findings indicated that, 22.5% of the respondents were aged between years35 – 44 and 5.0% of the respondents were aged between 45 – 54 years as presented in Table 4.2.

Table 4. 2: Respondents' Age

Responses	**Frequency**	**Percentage (%)**
15 –24	26	32.5
25 –34	32	40.0
35 – 44	18	22.5
45 – 54	4	5.0
Total	**80**	**100.0**

Source: Field Data, 2019.

The results imply that most of the employees responsible for implement activity based costing methods at the study area were youth. This is very useful as it means the study used legible respondents who are above 18 years old and the fact that they are youth means they are flexible when it comes to different approach in running official activities. Thus, the results gathered were regarded are mist reliable.

4.2.3 Gender of the Respondents

The study determined the gender of the respondents. The study found that, 71.3% of the respondents were males, while 28.7% of the respondents were females. The findings imply that more were involved in implementation of ABC at ABC at Coca-Cola Kwanza Tanzania Limited.

Table 4. 3: Gender of Respondents

Responses	Frequency	Percentage (%)
Male	57	71.3
Female	23	28.7
Total	**80**	**100.0**

Source: Field Data, 2019

The study results indicated both sexes were included in the study. The adoption of new approaches of running a business or office activities can be affected by sex of a person. The study sought to engage both se into the study in order to obtain information from different sexes regarding the study objectives. Having an average percentage for both sexes' means the study was representatives.

4.2.4 Level of Education

The study examined the level of education the respondents. Respondents were required to state their level of education. Table 4.4 summarizes the findings concerning the level of education.

Table 4. 4: Level of Education

Responses	Frequency	Percentage (%)
Certificate	8	10.0
Diploma	15	18.7
First Degree	44	55.0
Post Graduate (Masters or Phd)	13	16.3
Total	**80**	**100.0**

***Source:** Field Data, 2019.*

Findings revealed 55.0% of the respondents had first degrees. Also, the results show that 18.7% of the respondents had diplomas, 16.3% had postgraduate qualifications and 10.0% had certificates. This implies that employees responsible to implement ABC at Coca-Cola Kwanza Tanzania Limited had sufficient education to provide responses for the study. Most of the respondents had the highest level of education. Education level of an employee determines how respondents view the world and office operations approaches. Thus, the study sought to include respondents with different education in order to have a balanced knowledgeable kind of information provided that Coca Cola Kwanza Limited has a variety of employees with different level of education. This means that the nature of response partly differed due to their level of education.

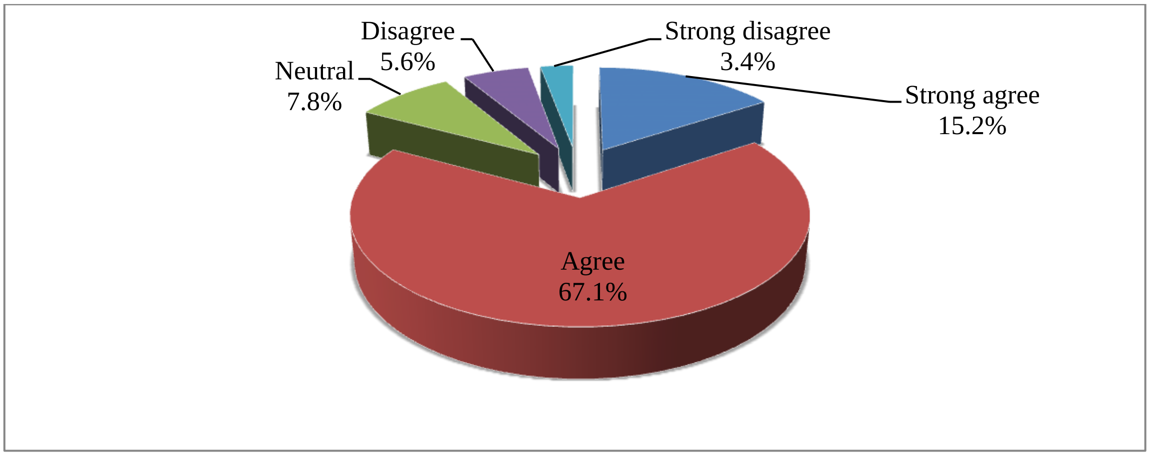
4.3 Factors Leading to Success Use of ABC

The study was interested in determining factors leading to successfully use of Activity Based-Costing (ABC) method. The results show that there are different factors leading to successfully use of Activity Based-Costing (ABC) at Coca-Cola Kwanza Tanzania Limited

4.3.1 Management Support

Respondents were asked to state whether management support is one of the actors leading to successfully use of Activity Based-Costing (ABC) method. The study found that, 67.1% of the respondents strongly agree that, management support is one of the factors leading to successfully use of Activity Based-Costing (ABC) method. Small number of the respondents (7.8%) they have no idea on whether management support is one of the factors leading to successfully use of Activity Based-Costing (ABC). Insignificant number of the respondents (5.6%) and (3.4%) disagree and strongly disagree respectively. 15.2% of the respondents agree that, management support is one of the factors leading to successfully use of Activity Based-Costing (ABC).

Figure 4. 1: Management Support



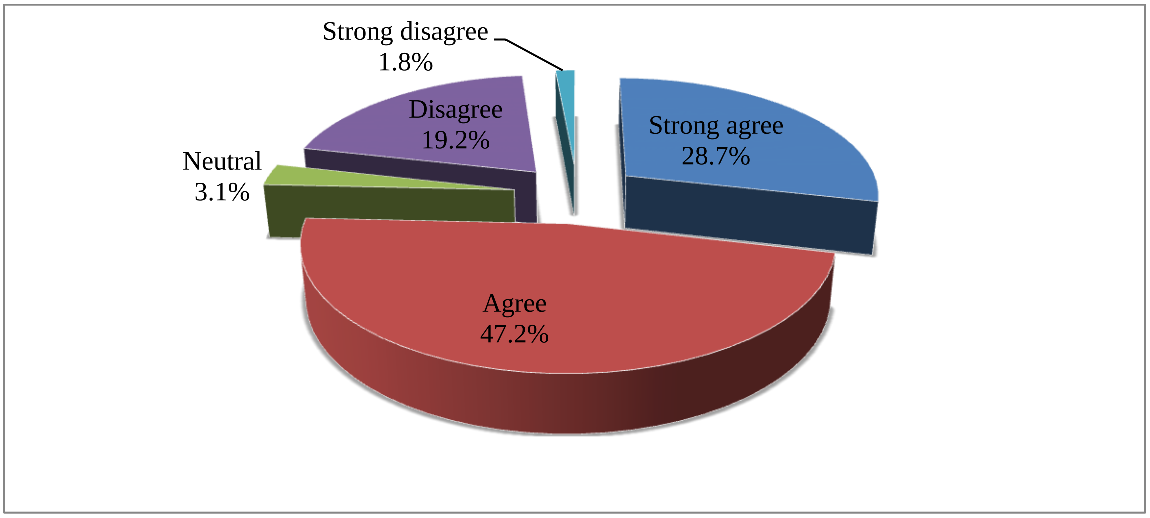
Source: *Field Data, 2019.*

Findings in Figure 4.1 show that management support is one of the factor leading to success use of ABC The results implied that management support at Coca-Cola Kwanza Tanzania Limited is important factor for effective use of ABC.

4.3.2 Organizational Culture

Respondents were asked to state whether organizational culture is one of the factors leading to successfully use of ABC at Coca-Cola Kwanza Tanzania Limited. The findings show that, 47.2% of the respondents agree that, organizational culture is one of the factors leading to successfully use of ABC. 28.7% of the respondents strongly agree that organizational culture is one of the factors leading to successfully use of ABC Moreover, the study found that, small number of the respondents (3.1%) they have no idea on whether organizational culture is one of the factors leading to successfully use of ABC. The study found that, small number of the respondents (1.8%) strong disagree that organizational culture is one of the factors leading to successfully use of ABC.

Figure 4. 2: Organizational Culture



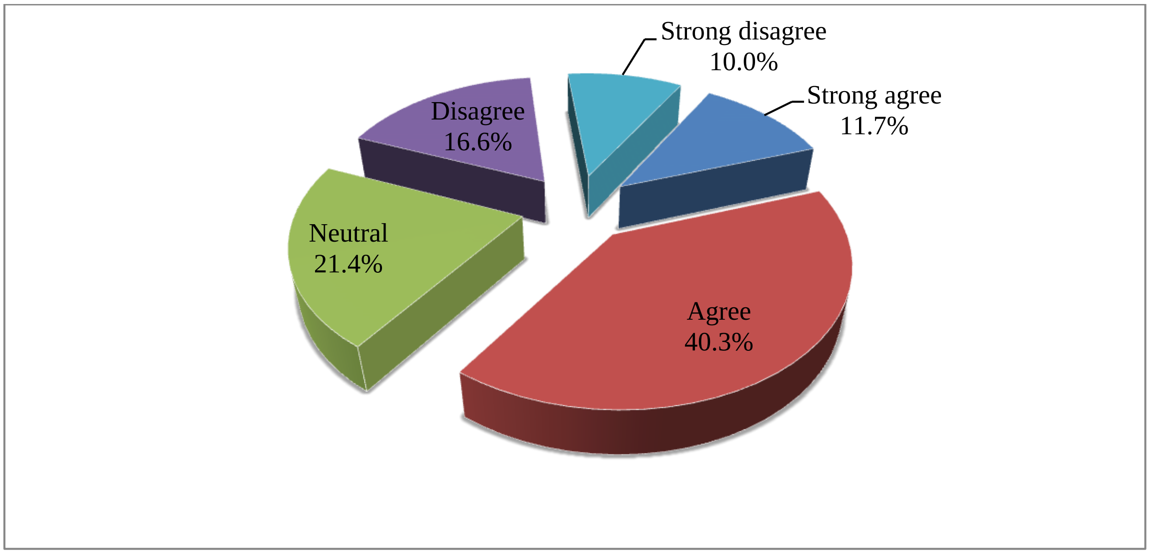
Source: *Field Data, 2019*

Results in Figure 4.2 indicated that that organizational culture is one of the factors leading to successfully use of ABC.

4.3.3 External Competition

The study examine whether external competition may influence effective use of ABC at Coca-Cola Kwanza Tanzania Limited. The study found that, important number of the respondents (40.3%) agrees that, external competition is one of the factors for effective use of ABC, 11.7% of the respondents strongly agree that, external competition is one of the factors for effective use of ABC. Also, the study found that, significant number of the respondents (21.4%) they have no idea on whether external competition is one of the factors for effective use of ABC. Moreover, the study found that, important number of the respondents (16.6%) and (10.0%) disagree and strongly disagree respectively as presented in Figure 4.3.

Figure 4. 3: External Competition



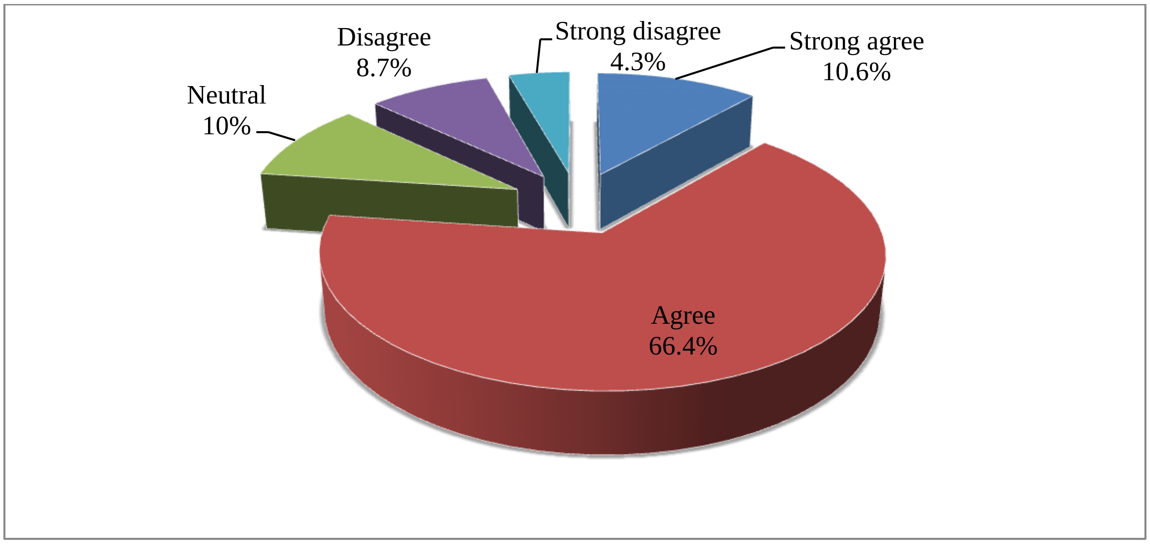
Source: *Field Data, 2019*

Results in Figure 4.3 indicated that external competition is one of the factors for effective use of ABC. This implies that, external competition is one of the factors for effective use of ABC.

4.3.4 Employee Training

Respondents were asked to state whether employee training is one of the factors leading to successfully use of Activity Based-Costing (ABC). The study found that, majority of the respondents (66.4%) agrees that employee training is one of the factors leading to successfully use of ABC. 10.6% of the respondents strongly agree that employee training is one of the factors leading to successfully use of ABC. The findings imply that employee training make the use of ABC to be effective. Also, the study found that, small number of the respondents (4.3%) strongly disagree that, employee training is one of the factors leading to successfully use of ABC. The study found that, insignificant number of the respondent (8.7%) disagreed employee training is one of the factors leading to successfully use of ABC.

Figure 4. 4: Training



Source: *Field Data, 2019.*

Findings in Figure 4.4 showed that, employee training is one of the factors leading to successfully use of ABC. The findings implied that employee training make the use of ABC to be effective.

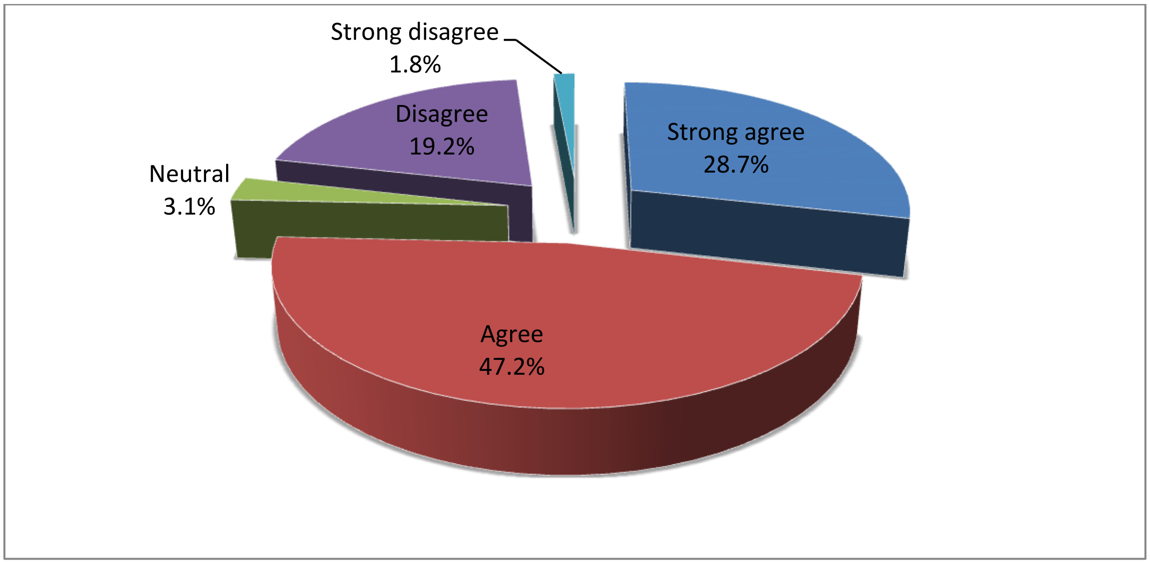
4.4 The Role of Activity Based-Costing (ABC) on Financial Performance

The study aimed to analyze the role of Activity Based-Costing (ABC) on company's financial performance. The study found that ABC plays different roles to increase company's financial performance

4.4.1 Cost Reduction

The study sought to know if ABC play role in cost reduction. The study found that, important number of the respondents (47.2%) agreed that, the role of ABC is to reduce cost, Small number of the respondents (1.8%) strong disagreed that, ABC play significant role in cost reduction. The study found insignificant number of the respondents (19.2%) disagree that, ABC play significant role in cost reduction.

Figure 4.5: Cost Reduction



Source: *Field Data, 2019*

Figure 4.8 showed a significant number of the respondents (28.7%) strong agreed that the role of ABC was the reduction of cost. The results implied that ABC played significant a role in cost reduction.

4.4.2 Use of Excess Capacity

The study examine whether ABC help the company to use excess capacity. The results show that 32.5% of the respondents agree that, ABC help the company to use excess capacity. Also, the study found that, small number of the respondents (3.7%) they have no idea on whether that ABC help the company to use excess capacity. The study found that, important number of the respondents (20.0%) disagree that, that ABC help the company to use excess capacity.

Table 4. 5: Use of Excess Capacity

Responses	**Frequency**	**Percentage (%)**
Strong agree	25	31.3
Agree	26	32.5
Neutral	3	3.7
Disagree	16	20.0
Strong agree	10	12.5
Total	**80**	**100.0**

Source: *Field Data, 2019*

Findings in Table 4.5 indicate that significant number of the respondents (31.3%) strongly agree that ABC help the company to use excess capacity. The results imply that ABC play significant role for the company to use excess capacity.

4.4.3 4.4.3 Facilitates Decision Making

Respondents were asked to state whether ABC facilities decision making at Coca-Cola Kwanza Tanzania Limited. The study found that, majority of the respondents (52.5%) agree that ABC play significant role to facilities decision making at Coca-Cola Kwanza Tanzania Limited, Also, the study found that, important number of the respondents (18.7%) they have no idea on whether ABC play significant role to facilities decision making at Coca-Cola Kwanza Tanzania Limited. Small number of the respondents (3.8%) strongly disagree that, ABC play significant role to facilities decision making at Coca-Cola Kwanza Tanzania Limited as presented in Table 4.6.

Table 4. 6: Facilitates Decision Making

Responses	**Frequency**	**Percentage (%)**
Strong agree	18	22.5
Agree	42	52.5
Neutral	15	18.7
Disagree	2	2.5

Strong disagree	3	3.8
Total	**80**	**100.0**

Source: *Field Data, 2019*

The study found that, important number of the respondents (22.5%) strong agree that, ABC play significant role to facilities decision making at Coca-Cola Kwanza Tanzania Limited. ABC improves greatly the manager’s decision making as they can use more reliable product cost data.

4.5 Techniques that can be used to Improve ABC

The study was interested to examine the techniques that can be used to improve ABC. The findings show that there are different the techniques that can be adopted by Coca-Cola Kwanza Tanzania Limited to improve ABC

4.5.1 Training on ABC

The study examine whether provision of training to employee concerning ABC can improve the use of ABC. The findings show that 65.0% of the respondents strongly agree that, provision of training to employee concerning ABC can improve the use of ABC, Results in Table 4.7 show that, important number of the respondents (27.5%) agree that, provision of training to employee concerning ABC can improve the use of ABC. The study found that, only one respondent (1.3%) has no idea on whether the provision of training to employee concerning ABC can improve the use of ABC. Also, the study found that, small number of the respondents (3.7%) disagree that, provision of training to employee concerning ABC can improve the use of ABC, as presented in Table 4.7.

Table 4. 7: Provide Training

Responses	Frequency	Percentage (%)
Strong agree	52	65.0
Agree	22	27.5
Neutral	1	1.3
Disagree	3	3.7
Strong agree	2	2.5
Total	**80**	**100.0**

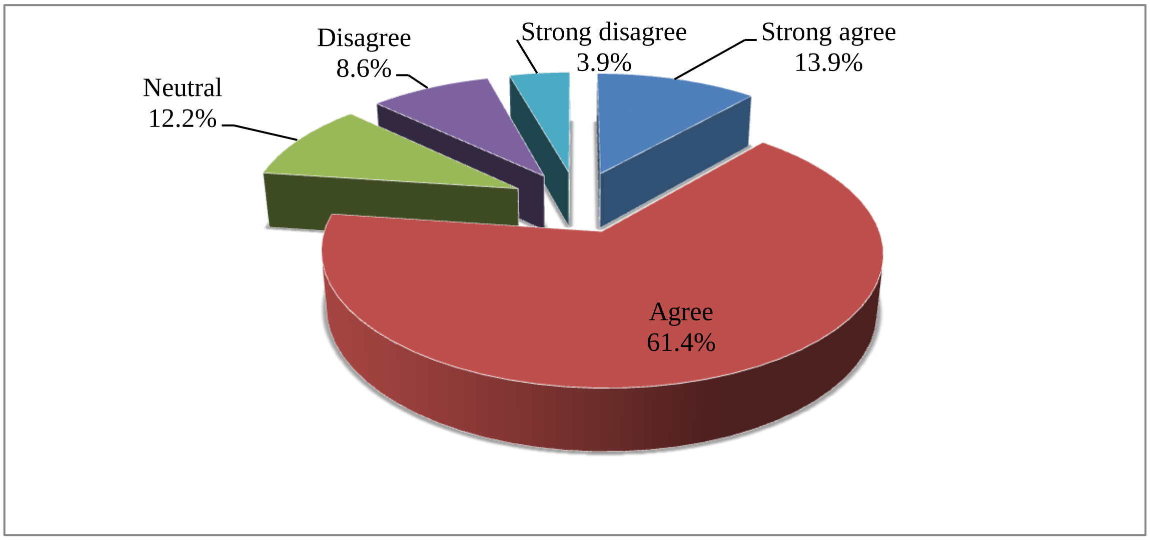
Source: Field Data, 2019.

The results implied that training is required in order to improve the application of ABC at Coca-Cola Kwanza Tanzania Limited.

4.5.2 Top Management Role

The study examine whether top management support can be used to improve the use of ABC. The study found that, majority of the respondents (61.4%) agrees that top management support can be used to improve the use of ABC. Findings in Figure 4.6 indicate that 13.9% of the respondents strongly agree that, top management support can be used to improve the use of ABC. Moreover, the findings found that, small number of the respondents (3.9%) strongly disagree that, top management support can be used to improve the use of ABC. Furthermore, the results show that insignificant number of the respondents (8.6%) disagreed; top management support can be used to improve the use of ABC.

Figure 4. 6: Top Management Support



Source: *Field Data, 2019*

The results implied that the application of ABC at Coca-Cola Kwanza Tanzania Limited can be improved through management support.

4.5.3 Employee Support

The study examine whether employee support can improve the use of ABC at Coca-Cola Kwanza Tanzania Limited. The study found that, majority of the respondents (50.0%) strongly agrees that, at employee support can improve the use of ABC at Coca-Cola Kwanza Tanzania Limited. The study found that, important number of the respondents (25.0%) agreed that, employee support improves the use of ABC at Coca-Cola Kwanza Tanzania Limited. Moreover, the study found that, small number of the respondents (6.2%) they have no idea on whether employee support can improve the use of ABC at Coca-Cola Kwanza Tanzania Limited. Furthermore, the study found that small number of the respondents of the respondents (10.0%) and (8.8%) disagree and strongly disagree respectively.

Table 4. 8: Employee Support

Responses	Frequency	Percentage (%)
Strong agree	40	50.0
Agree	20	25.0
Neutral	5	6.2
Disagree	8	10.0
Strong disagree	7	8.8
Total	**80**	**100.0**

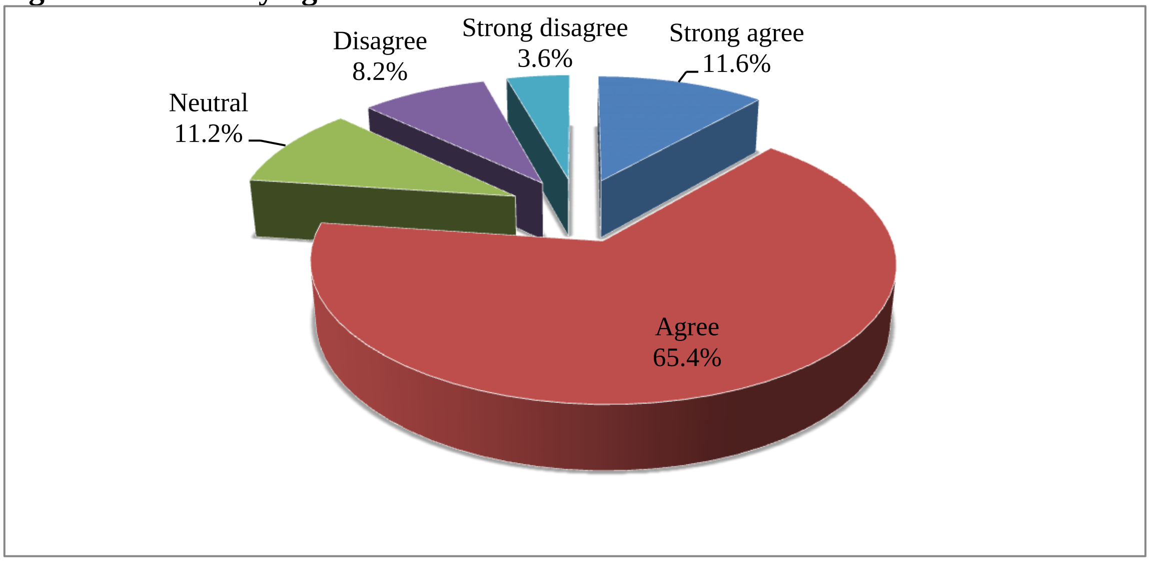
Source: *Field Data*, *2019*

Findings in Table 4.8 showed employee support improved the use of ABC at Coca-Cola Kwanza Tanzania Limited. The findings implied that employee support improves the use of ABC at Coca-Cola Kwanza Tanzania Limited.

4.5.4 Identifying Work Activities and Costs

Respondents were asked to state whether identification of work activates may be used to improve the use of ABC at Coca-Cola Kwanza Tanzania Limited. The study found that, majority of the respondents (65.4%) agrees that, identification of work activates may be used to improve the use of ABC. The study found that, 11.6% of the respondents strongly agree that, identification of work activates may be used to improve the use of ABC Also, the study found that, small number of the respondents (3.6%) strong disagree that, identification of work activates may be used to improve the use of ABC. Also, the study found that, insignificant number of the respondents (11.2%) they have no idea on whether identification of work activates may be used to improve the use of ABC.

Figure 4. 7: Identifying Work Activities and Costs



Source: Field Data, 2019

Figure 4.7 indicated identification of work activates have been used to improve the use of ABC. This findings imply that identification of work activates is one of the techniques that can be used to improve the use of ABC.

4.6 Discussion of the Study Findings

4.6.1 Factors Leading to Success Use of ABC

The first objective of the study determined the factors for the successful us of the ABC at Coca-Cola Kwanza Limited. The following were the factors under discussion;

The study revealed management support was a key factor in the success use of the ABC related program at Coca-Cola Kwanza Limited. Majority of the employees 82.3% propounded that the use of ABC program at the company was highly influenced by the support they received from the management. In support of this point the findings are consistent to the study conducted by Ahmad *et al.,* (2017) the study affirmed that management support and users satisfaction are the major factors for the adoption and successful use and implementation of ABC system respectively. Therefore, there must be a reconciliation of management and users opinions about ABC systems via a deep discussion and illustration of ABC systems advantage and disadvantages between conflicting parts. In addition, Beheshti (2014) the study insisted, lack of management support is major factor limiting successfully implementation of ABC system especially when general users have negative perception of ABC system as a results of lack of training which limits user's confidence of using the system.

Coca Cola Kwanza Limited organization culture was believed to be an influencing factor towards the success of ABC program. The study presented 75.9% of employees made support of the company organization culture as the factor for the success for the ABC program. This is similar to the study conducted by Cagwin and Bouwman (2012), the study asserted that ABC system adoption and use depends on the innovation organization culture is important in the effective use of ABC whereby differentiation strategy as well as a focus on driving down costs. Thus, ABC system provides a platform of achieving greater success of the manufacturing process by acting as a leveraging tool in gaining competitive advantage.

External completion has partly contributed on the success of ABC program. An average number of employees 52.0% stressed that external competition from the company has facilitated the success use of ABC program. Thus, partly the study there has to be an interaction of both internal and external factors in order of the ABC program to be successful. This relates with the study conducted by Nair and Yee (2017) who maintained, time provide competitive advantages for organization that has implemented ABC system for a long time provided there is a link between external competition and accurate product costing, training and the level of ABC usage that forms an accurate product costing.

The Coca Cola Kwanza Company Limited employees were well trained in ABC related programs a factor that led to the successful use of the ABC program with an unprecedented 77.0% of employees been engaged into the ABC program training. This relates to the study conducted by Dubihlele and Rundoro (2014), the study revealed that employee training helps the use of ABC to be successful. Lack of employees training creates negative perception by general users; thus provision of knowledge is necessary in order to increase user's confidence in the ABC system a situation that will positively affect users' perception and implementation of ABC.

4.6.2 The Role of Activity Based-Costing (ABC) on Financial Performance

The second objective of the study made an analysis on the role of the Activity Based Costing of financial performance. The following were the variables under discussion;

The first variable was the role of ABC in cost reduction. From the study an aggregate of 75.9% of respondents proved that ABC has contributed into the reductions of business or office operation cost. These study findings are found to the study conducted by Beheshti (2014), the study asserted that cost reduction is the primary and prevailing role of ABC system. This is due to the facts that ABC analysis provides detailed of activities and costs that are required for costing with an enriched visibility and new perspective on allocation of overhead costs. It offers a profile for management of activities and what has being done with available resources.

The second variable was the role of ABC in the excess use of its capacity. An aggregate of 63.8% of respondent revealed that ABC played its role in increasing excess use of company's capacity. The findings of this study relates to the study conducted by Dubihlele and Rundoro (2014), the study asserted that ABC systems provide a range of application through the processes of activity costs pooling and in the identification of cost drivers including identification of spare capacity and cost reduction fostering in comparison of resources required under ABC and provided resources. This provides a platform for the development of activity-based budgeting in which the resource relationships identified by ABC are used to project future resource requirements.

The third variable was the role of ABC in decision making. This relate to the study by Al-Qudah *et al.*, (2017) who revealed that ABC have helped in the fixing products selling prices with an availability of more correct products cost data. ABC systems offer cost driver rates and information on transaction volumes which are very useful in the management of cost and performance appraisal. Cost driver rates have an advantage of designing new or existing products as they indicate overhead costs that are likely to be applied in costing the product.

In summary the findings indicated that ABC played a great role in assisting Coca Cola Kwanza Company Limited to reduce cost of operation, increased company's excess use of its capacity and facilitated company decision making process.

4.6.3 Techniques Used to Improve ABC

The third objective f the study aimed at establishing techniques or ways were used by Coca Cola Kwanza Limited to improve the performance of ABC approach. The following were the variables under discussion;

The first technique raised was training on ABC, were majority of respondents 92.5% stressed that training of employees on ABC related issues was the best technique applied at Coca-Cola Kwanza Limited. This is consistent to the study conducted by Cagwin and Bouwman (2012) who revealed the use of ABC improvement goes with provision of ABC related training to employees. Employees lack of basic knowledge about ABC systems such as technical or resource obstacles, definition of cost centres and cost drivers, lack of adequate information or technology system, accumulation and integration of ABC data must be trained in order to conform to the system.

The second technique used was an active top management support of the ABC related program. With an aggregate of 75.2% of respondents revealing the availability of top management support, this means this is vital for the development of the office operation and ABC. This relates to the study conducted by Zhang and Isa (2017) the study affirmed that the top management lack of support for ABC implementation project forms a central problem in the quest of ABC implementation. When Top management perception is an unimpressed with the ABC system in relation to costing techniques they become reluctant in spending company's resources for making ABC system into practice. Moreover, ABC systems is doomed to failure when top management concentrate or focus on other priorities in the firm, or when ABC initiatives are not aligned with the company's strategy.

The third technique applied was the support of employees, despite the support of top management on ABC program the study revealed that the support of employees understanding of the ABC was very important. With an aggregate f 75.0% of employees agreed that they have been provided support in relation to the ABC related program use. Thus, employees were provided with knowledge on the ABC operation and company's use of the program that abides with its goals and strategies. This is similar to the study conducted by Al-Qudah and Al-Hroo (2017) who maintained that employee support is very crucial in the reduction of ABC implementation resistance. Moreover, ABC misconceptions lead to inadequate marketing of ABC when negative publicity is made within companies. The full adoption of ABC among companies depends on the readiness and scope of ABC marketing by accountants themselves (users). Consequently the lower-level employees may resist the new system, primarily because they do not know what ABC is all about.

The fourth technique was the identification of work activities and costs. An aggregate of 77.0% of respondents revealed they have improved the use of ABC by identifying the company's work and costs related with ABC programs. This relates to the study conducted by Cagwin and Bouwman (2012) that made a classification of activities in relation to the cost of product manufacturing, service delivering and performing a process. The study indicated that Activity-based costing have helped in filling traditional costing method gaps whereby a comprehensible picture of the total cost change is made transparent because ABC makes a clear distinction between costs of serving among segment of customers

CHAPTER FIVE

5 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the conclusions and recommendations of the study drawn focused on addressing the aim of this study. The last section of the chapter proposes areas for further studies.

5.2 Summary of the Study

The study aimed at assessing the implementation of activity-based costing and the financial performance of the company. The objectives of the study were to determine factors leading to successfully use of ABC system; analyzing the role of activity based costing on company's financial performance and to determine the techniques that can be used to improve ABC.

The results showed that there are different factors leading to successfully use of Activity based-costing method. The study found, 67.1% of the respondents agreed the fact that management supports forms a central part towards the successful use of an Activity Based-Costing method. In addition, the study revealed that ABC plays different roles in increasing company's financial performance. Also 47.2% respondents agreed that primary role of ABC is cost reduction.

The study concludes that management support at Coca-Cola Kwanza Tanzania Limited is important factor for effective use of ABC. Management support is one of the factors for successful use of ABC in any company. Also the study concludes that ABC play significant role in cost reduction. The first and most prevailing role of an ABC system was considered to be cost reduction. The study recommends that the management of Coca-Cola Kwanza Tanzania Limited should support the operations of ABC by providing training to employees.

5.3 Conclusion

The study concludes that management support at Coca-Cola Kwanza Tanzania Limited forms an important factor for effective use of ABC. User satisfaction is the strongest measure of perceived ABC implementation success. There is no consistence of users opinions about ABC, the study suggests that ABC management and implementers must illustrate and understands bias towards ABC as opposed to general users, who have unsubstantiated negative perceptions about ABC.

Also the study concludes that ABC play significant role in cost reduction. Cost reduction is considered to be the primary role of ABC system in an organisation. ABC analysis provided detailed information on activities and costs that are required for costing because; there is an enriched visibility and new perspective on allocation of overhead costs. ABC systems provide a profile for management on what is being done with resources provided. This information has proven to be adequate for screening against different criteria relating to the value of each activity of an organisation. It is therefore, simple to detect and control costs dynamisms and improvement.

Moreover, the study concludes that the use of ABC can be improved through training. Thus, provision of ABC related training among employee is of great importance towards gaining the advantages of ABC. Employees lack enough basic knowledge and skills of ABC techniques. On the other hand there are technical and resource obstacles including complexity in defining cost centres and cost drivers, lack of adequate information or technology system, hardship in accumulation of ABC data and difficult integration of ABC data with another system.

5.4 Recommendations

The study recommends that:

i. Training based on ABC within companies should be conducted continuously among users in order to improve the performance of ABC. Training must be clearly defined among users and activities have to be assigned by focusing on cost objectives by avoiding duplication.

ii. Organization or company management support of ABC is very necessary. Company management therefore must plan and budget their activities in order to balance between costs and profits because ABC provides an opportunity to identify inefficient and unnecessary activities.

iii. There must be an implementation of special but specific plans based on the information about costs and profits disclosed in the analysis. ABC analysis shall help management in the making of informed decisions that might improve service delivery to the customers.

iv. Company employees must be imparted with proper understanding of how ABC differs from tradition cost accounting. The benefits of ABC should be made aware to company's employees including goals, processes and its implementation. This might improve employees' confidence and a positive outlook regarding ABC implementation.

v. Active organizational management support is crucial in the successful implementation of ABC. Together with resources provision and means of implementation, they should exhibit and actively exercises staff support to towards ABC implementation.

5.5 Areas for Further Studies

Future studies should shed some light on how organizations measure ABC success and how they rate the importance of ABC factors. Also, the use of large sample for future is very vital with exploratory research design in order to discover factors that influence ABC success in organization.

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Questionnaire

My name is **Esajee Abdallah Esajee**. I am doing a research on "**Assessment of the Implementation of Activity-Based Costing and the Financial Performance: A Case of Coca-Cola Kwanza Tanzania Limited**". Your participation in answering the questions will make my research be effective and complete. Your name is not needed in this research. Therefore by so doing I request your attention to read and answer these question effectively.

Please put (√) mark in the correct answer and fill the blanks

Section A: Respondents' Profile

1. Your age
    a) 15 –24 [ ]
    b) 25 –34 [ ]
    c) 35 – 44 [ ]
    d) 45 – 54 [ ]
    e) 55 and above [ ]

2. Your gender
    a) Male [ ]
    b) Female [ ]

3. Your level of education
    a) Certificate [ ]
    b) Diploma [ ]
    c) First Degree [ ]
    d) Post Graduate (Masters or Phd) [ ]

Key

1= Strong Agree

2= Agree

3= Neutral

4=Disagree

5=Strong Disagree

Section B: Factors leading to Successfully Use of Activity Based-Costing (ABC)

(Tick in appropriate box number)	1	2	3	4	5
4. Management support may facilitates successfully use of Activity Based-Costing (ABC)					
5. Organization culture may influence successfully use of Activity Based-Costing (ABC)					
6. External competition promotes effective use of Activity Based-Costing (ABC)					
7. Employees training on ABC may facilitates successfully use of Activity Based-Costing (ABC)					

Section C: The Role of Activity Based-Costing (ABC) on Financial Performance

(Tick in appropriate box number)	1	2	3	4	5
8. The use of ABC helps the company to reduce cost					
9. ABC help the company to use excess capacity					
10. ABC facilities decision making at Coca-Cola Kwanza Tanzania Limited					

Section D: Techniques that can be used to Improve ABC

(Tick in appropriate box number)	1	2	3	4	5
1. Provide training to employees on ABC may improve use of Activity Based-Costing (ABC)					
2. Top management support may improve the use of Activity Based-Costing (ABC)					
3. Employees support promotes effective use of Activity Based-Costing (ABC)					
4. Identifying work activities and costs may improve Activity Based-Costing (ABC)					