Title: The Consequences of Activity-Based Costing: A Critical Analysis of the Empirical Evidence

Research Question

What are the consequences of using Activity-Based Costing (ABC) and Prozesskostenrechnung (PKR) for firms?

Motivation

Few management control instruments are as controversially assessed as Activity-Based Costing (ABC) and Prozesskostenrechnung (PKR). ABC emerged in the late 1980s as a response to the distortions of traditional full costing in complex manufacturing environments. In Germany, PKR established itself as a closely related instrument in its underlying logic. Proponents argue that only a process-oriented cost allocation can provide reliable steering information in complex value chains. Critics counter that the implementation effort often exceeds the benefits. For organizations, the question is concrete: Is it worth the effort to introduce an ABC or PKR system? Does it improve profitability, product quality, and decision-making efficiency, or does the expected effect fail to materialize? The empirical evidence so far paints an inconclusive picture. A structured synthesis that organizes these findings and identifies robust core effects is missing. The thesis closes precisely this gap.

Objective

The thesis systematically reviews the empirical evidence on the direct consequences of ABC and PKR. It delivers a curated list of studies within defined quality tiers and transfers the included studies into a fully coded research database, based on the coding scheme developed at the chair. Building on this database, you identify robust core effects and open research questions.

Link to the Research Program

The thesis is part of the research program on evidence-based management control initiated at the chair. The program documents the effectiveness of common management control instruments empirically and provides research and practice with a sound point of reference. ABC and PKR are among the central instruments of modern cost management. The thesis delivers the joint ABC and PKR module of the database.

Requirements

The thesis requires an interest in empirical management control research. You work in a structured and diligent manner. Solid English skills are necessary, as most of the sources are in English. German language skills are required to include the German-language research stream on PKR.

Supervision and Contact

Dr. Philipp Richter (philipp_clemens.richter@tu-dresden.de) supervises this project at the chair. You can apply by email with a short motivation letter and a current transcript of records.

Literature

Anderson, S. W., & Young, S. M. (1999). The impact of contextual and process factors on the evaluation of activity-based costing systems. Accounting, Organizations and Society, 24(7), 525–559.

Banker, R. D., Bardhan, I. R., & Chen, T.-Y. (2008). The role of manufacturing practices in mediating the impact of activity-based costing on plant performance. Accounting, Organizations and Society, 33(1), 1–19.

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