

Activity-Based Costing and Modern Cost Management

Amélie D. Laurent

Institute of Digital Innovation, Montclair University, France

Received: 05/01/2026 Accepted: 20/03/2026 Published: 02/09/2026

Abstract

This paper examines activity-based costing and modern cost management from a contemporary accounting perspective. Accounting has developed from a transaction-recording function into a broader information and accountability system supporting managers, investors, regulators, employees and other stakeholders. The discussion covers conceptual foundations, organizational importance, practical accounting processes, information and analysis, challenges and ethical considerations, and emerging developments. Particular attention is given to reliable information, professional judgment, transparency, internal control and responsible decision-making. The paper connects accounting theory with practical organizational requirements and considers how technology, regulation and changing business expectations influence the selected area.

Keywords

Activity-Based Costing and Modern Cost Management; Accounting; Financial Information; Reporting; Management; Control; Transparency; Ethics; Technology; Decision-Making

Introduction

Accounting provides a systematic framework for identifying, recording, classifying, summarizing and communicating economic information. The relevance of activity-based costing and modern cost management can be understood within this wider role of accounting. Modern organizations face competition, regulatory requirements, technological change and increasing demands for transparency. Consequently, accounting information should be accurate, timely, relevant and understandable.

Activity-Based Costing and Modern Cost Management is an important area of contemporary accounting because accounting information supports planning, control, reporting, accountability and decision-making. The subject connects established accounting concepts with changing requirements of organizations, investors, managers, regulators and other stakeholders. In modern business environments, accounting is expected not only to record transactions but also to communicate useful information and support responsible management.

The study of activity-based costing and modern cost management requires attention to the quality, reliability, relevance and usefulness of accounting information.

Organizations operate in environments affected by competition, regulation, technological development and changing stakeholder expectations. Accounting practices therefore need to be systematic and consistent while remaining responsive to new conditions. The subject provides a basis for understanding how financial information can support transparency, resource allocation and performance evaluation.

In practical terms, activity-based costing and modern cost management affects the way financial information is prepared, interpreted and used. Managers may use accounting information for planning and control, investors may use it to evaluate financial performance, and other stakeholders may use it to assess accountability. Effective accounting practice requires appropriate procedures, professional judgment, internal controls and attention to ethical standards.

Conceptual Foundations

Activity-Based Costing and Modern Cost Management is an important area of contemporary accounting because accounting information supports planning, control, reporting, accountability and decision-making. The subject connects established accounting concepts with changing requirements of organizations, investors, managers, regulators and other stakeholders. In modern business environments, accounting is expected not only to record transactions but also to communicate useful information and support responsible management.

The study of activity-based costing and modern cost management requires attention to the quality, reliability, relevance and usefulness of accounting information. Organizations operate in environments affected by competition, regulation, technological development and changing stakeholder expectations. Accounting practices therefore need to be systematic and consistent while remaining responsive to new conditions. The subject provides a basis for understanding how financial information can support transparency, resource allocation and performance evaluation.

In practical terms, activity-based costing and modern cost management affects the way financial information is prepared, interpreted and used. Managers may use accounting information for planning and control, investors may use it to evaluate financial performance, and other stakeholders may use it to assess accountability. Effective accounting practice requires appropriate procedures, professional judgment, internal controls and attention to ethical standards.

The practical importance of conceptual foundations is also reflected in the way accounting information is communicated and evaluated. Sound procedures help organizations maintain reliable records, identify financial trends and assess alternatives. The effectiveness of accounting depends on consistent application of principles, appropriate documentation and professional review.

Role and Importance

Activity-Based Costing and Modern Cost Management is an important area of contemporary accounting because accounting information supports planning, control, reporting, accountability and decision-making. The subject connects established accounting concepts with changing requirements of organizations, investors, managers, regulators and other stakeholders. In modern business environments, accounting is expected not only to record transactions but also to communicate useful information and support responsible management.

The study of activity-based costing and modern cost management requires attention to the quality, reliability, relevance and usefulness of accounting information. Organizations operate in environments affected by competition, regulation, technological development and changing stakeholder expectations. Accounting practices therefore need to be systematic and consistent while remaining responsive to new conditions. The subject provides a basis for understanding how financial information can support transparency, resource allocation and performance evaluation.

In practical terms, activity-based costing and modern cost management affects the way financial information is prepared, interpreted and used. Managers may use accounting information for planning and control, investors may use it to evaluate financial performance, and other stakeholders may use it to assess accountability. Effective accounting practice requires appropriate procedures, professional judgment, internal controls and attention to ethical standards.

The practical importance of role and importance is also reflected in the way accounting information is communicated and evaluated. Sound procedures help organizations maintain reliable records, identify financial trends and assess alternatives. The effectiveness of accounting depends on consistent application of principles, appropriate documentation and professional review.

Contemporary Applications

Activity-Based Costing and Modern Cost Management is an important area of contemporary accounting because accounting information supports planning, control, reporting, accountability and decision-making. The subject connects established accounting concepts with changing requirements of organizations, investors, managers, regulators and other stakeholders. In modern business environments, accounting is expected not only to record transactions but also to communicate useful information and support responsible management.

The study of activity-based costing and modern cost management requires attention to the quality, reliability, relevance and usefulness of accounting information. Organizations operate in environments affected by competition, regulation, technological development and changing stakeholder expectations. Accounting practices therefore need to be systematic and consistent while remaining responsive to new conditions. The

subject provides a basis for understanding how financial information can support transparency, resource allocation and performance evaluation.

In practical terms, activity-based costing and modern cost management affects the way financial information is prepared, interpreted and used. Managers may use accounting information for planning and control, investors may use it to evaluate financial performance, and other stakeholders may use it to assess accountability. Effective accounting practice requires appropriate procedures, professional judgment, internal controls and attention to ethical standards.

The practical importance of contemporary applications is also reflected in the way accounting information is communicated and evaluated. Sound procedures help organizations maintain reliable records, identify financial trends and assess alternatives. The effectiveness of accounting depends on consistent application of principles, appropriate documentation and professional review.

Accounting Processes and Practices

Activity-Based Costing and Modern Cost Management is an important area of contemporary accounting because accounting information supports planning, control, reporting, accountability and decision-making. The subject connects established accounting concepts with changing requirements of organizations, investors, managers, regulators and other stakeholders. In modern business environments, accounting is expected not only to record transactions but also to communicate useful information and support responsible management.

The study of activity-based costing and modern cost management requires attention to the quality, reliability, relevance and usefulness of accounting information. Organizations operate in environments affected by competition, regulation, technological development and changing stakeholder expectations. Accounting practices therefore need to be systematic and consistent while remaining responsive to new conditions. The subject provides a basis for understanding how financial information can support transparency, resource allocation and performance evaluation.

In practical terms, activity-based costing and modern cost management affects the way financial information is prepared, interpreted and used. Managers may use accounting information for planning and control, investors may use it to evaluate financial performance, and other stakeholders may use it to assess accountability. Effective accounting practice requires appropriate procedures, professional judgment, internal controls and attention to ethical standards.

The practical importance of accounting processes and practices is also reflected in the way accounting information is communicated and evaluated. Sound procedures help organizations maintain reliable records, identify financial trends and assess alternatives.

The effectiveness of accounting depends on consistent application of principles, appropriate documentation and professional review.

Information, Analysis and Decision-Making

Activity-Based Costing and Modern Cost Management is an important area of contemporary accounting because accounting information supports planning, control, reporting, accountability and decision-making. The subject connects established accounting concepts with changing requirements of organizations, investors, managers, regulators and other stakeholders. In modern business environments, accounting is expected not only to record transactions but also to communicate useful information and support responsible management.

The study of activity-based costing and modern cost management requires attention to the quality, reliability, relevance and usefulness of accounting information. Organizations operate in environments affected by competition, regulation, technological development and changing stakeholder expectations. Accounting practices therefore need to be systematic and consistent while remaining responsive to new conditions. The subject provides a basis for understanding how financial information can support transparency, resource allocation and performance evaluation.

In practical terms, activity-based costing and modern cost management affects the way financial information is prepared, interpreted and used. Managers may use accounting information for planning and control, investors may use it to evaluate financial performance, and other stakeholders may use it to assess accountability. Effective accounting practice requires appropriate procedures, professional judgment, internal controls and attention to ethical standards.

The practical importance of information, analysis and decision-making is also reflected in the way accounting information is communicated and evaluated. Sound procedures help organizations maintain reliable records, identify financial trends and assess alternatives. The effectiveness of accounting depends on consistent application of principles, appropriate documentation and professional review.

Challenges, Ethics and Future Directions

Activity-Based Costing and Modern Cost Management is an important area of contemporary accounting because accounting information supports planning, control, reporting, accountability and decision-making. The subject connects established accounting concepts with changing requirements of organizations, investors, managers, regulators and other stakeholders. In modern business environments, accounting is expected not only to record transactions but also to communicate useful information and support responsible management.

The study of activity-based costing and modern cost management requires attention to the quality, reliability, relevance and usefulness of accounting information.

Organizations operate in environments affected by competition, regulation, technological development and changing stakeholder expectations. Accounting practices therefore need to be systematic and consistent while remaining responsive to new conditions. The subject provides a basis for understanding how financial information can support transparency, resource allocation and performance evaluation.

Accounting professionals are expected to maintain integrity, objectivity, confidentiality and professional competence. Ethical challenges can arise when organizations face pressure to improve reported performance, reduce costs or meet short-term targets. Strong internal controls, professional standards, independent review and transparent reporting can help reduce these risks.

In practical terms, activity-based costing and modern cost management affects the way financial information is prepared, interpreted and used. Managers may use accounting information for planning and control, investors may use it to evaluate financial performance, and other stakeholders may use it to assess accountability. Effective accounting practice requires appropriate procedures, professional judgment, internal controls and attention to ethical standards.

Technology is increasingly influencing accounting through automation, cloud systems, analytics and integrated information platforms. These developments can improve speed and accessibility, but they also require attention to data quality, cybersecurity, privacy and professional judgment. Future accounting practice will therefore depend on a balance between technological innovation and strong governance.

Conclusion

The examination of activity-based costing and modern cost management demonstrates that accounting is closely connected with organizational performance, accountability and decision-making. The subject cannot be considered only as a technical recording activity because accounting information influences managers, investors, regulators and other stakeholders. Effective accounting practice requires reliable systems, competent professionals, appropriate controls and clear communication.

The contemporary accounting environment demonstrates the importance of adaptation. Digital systems, analytics, automation and changing reporting expectations are creating new opportunities while introducing risks relating to data quality, cybersecurity, privacy and professional judgment. Organizations should combine technological adoption with strong governance and ethical standards.

Overall, continued research, professional education, ethical practice and responsible technological adoption can strengthen accounting's role in modern business and public institutions. The future development of accounting will depend on its ability to provide trustworthy information while responding to changing organizational and societal requirements.

References

- Kieso, D. E., Weygandt, J. J., & Warfield, T. D. Intermediate Accounting. Wiley.
- Horngren, C. T., Datar, S. M., & Rajan, M. V. Cost Accounting: A Managerial Emphasis. Pearson.
- Atrill, P., & McLaney, E. Accounting and Finance for Non-Specialists. Pearson.
- Arens, A. A., Elder, R. J., & Beasley, M. S. Auditing and Assurance Services. Pearson.
- Weygandt, J. J., Kimmel, P. D., & Kieso, D. E. Financial Accounting. Wiley.
- International Accounting Standards Board. IFRS Accounting Standards.
- Association of Chartered Certified Accountants. Professional and Research Publications.
- Institute of Chartered Accountants. Professional and Ethical Guidance.