

Identifying operational improvements during the design process of a time-driven ABC system: the role of collective worker participation and leadership style

Abstract

This paper shows how collective worker participation and leadership style influence the emergence of operational improvements during the design process of a time-driven *activity-based costing* (ABC) system in a case study setting. In particular, in the case company, the costing project was initiated at different warehouses, which allowed us to distinguish two types of design processes. With the first type, the participation of all organizational members, especially at the lowest levels, fostered dialogue about the input parameters of the costing model. In addition, when these discussions about costing data were held in groups guided by a superior with a considerate, people-oriented leadership style, operational improvements appeared. With the second type, operational employees were not involved in the design process; they feared the new costing system, because it was used to enforce compliance, and no operational improvements emerged. Hence, the case findings suggest that, for operational improvements to appear during the design process of a time-driven ABC system, collective worker participation and appropriate leadership styles are indispensable.

Keywords: time-driven activity-based costing; costing system design; collective worker participation; leadership style; case study.