

The Impact of Target Costing and TD-ABC on Cost Reduction and Corporate Competitiveness

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Abstract. This research examines how cost characteristics influence the relationship between target costing and time-driven activity-based costing (TDABC) approaches and their subsequent impact on corporate competitiveness. Using a descriptive analytical approach, the researcher collected data through a structured questionnaire, which was then processed and analyzed using SPSS software. The study aimed to test the validity of the proposed hypothesis, which suggested that a standalone approach—either target costing or TDABC—fails to sufficiently enhance competitiveness. However, the integration of both approaches proved to be beneficial, allowing companies to improve their competitive positioning by reducing overall costs. The research concludes that combining target costing and TDABC can create synergies that better align with the goal of cost reduction. As a recommendation, companies are encouraged to integrate these cost management approaches to maximize their competitive advantage in the market and optimize cost efficiency.

Keywords: Cost Reduction, Corporate Competitiveness, Target Costing, Time-Driven Activity-Based Costing (TDABC), Cost Management.

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1. INTRODUCTION

The global business environment is surrounded by many challenges, and Iraqi industrial companies are not immune to these challenges, especially with regard to the competitive advantage among companies, through which these institutions seek to achieve the highest levels of competition, represented by reducing costs, time and quality, in addition to flexibility and creativity in all the strategies and systems they adopt. Classic or old cost approaches no longer meet the ambitions of companies, especially with regard to high prices and high production costs, due to the emergence of shortcomings in meeting requirements, especially the information they provide to external users (such as customers, for example). These reasons and others are what necessitated the need to rely on a new method that meets the ambitions of stakeholders in addition to companies. This was the beginning of the emergence of the time-oriented activities approach due to its importance in providing information, whether for management or users, which can be relied upon in planning, control, decision-making and performance evaluation. Accordingly, the idea of

the research came from what was mentioned above, and accordingly, the researchers agreed that the subject of the research would be about this issue.

The Problem

High costs in economic units pose major problems through high prices, which leads to a decrease in the required quantities and thus the failure to achieve competitiveness for companies. One of the drawbacks of traditional approaches is that they do not focus on the profitability of each of the company's activities, which ultimately results in inaccurate calculation and distribution of costs among the products or services provided. In addition, the drawbacks of the second method, which is (ABC), have been identified, which has led to the emergence of a new system based on time-driven activities (TDABC) and its ability to reduce costs and increase profits by identifying and allocating the time of their occurrence.

Importance

The importance can be determined from two aspects. The first is the scientific aspect, as these studies are viewed as strengthening the scientific aspect of these topics. They also serve as a starting point and scientific resource for researchers and specialists, which is what the researchers seek to achieve through this research.

As for the practical aspect, the importance stems from the fact that the applied and practical studies are an extension of the issues presented in the theoretical aspect, enhancing and validating the results the researchers hope to achieve through this research. These findings will be beneficial to Iraqi industrial companies in enhancing their competitive capabilities, in addition to providing results to stakeholders, whether investors, creditors, or regulatory and governmental bodies.

Goals

Through this research, the researchers sought to achieve a number of objectives, which can be summarized as follows: Identify the nature of cost approaches, whether target costing or the (TDABC) approach; Identify the characteristic of cost reduction, in addition to understanding the concept of corporate competitiveness; Identify how to achieve cost reduction through the relationship between target costing and the TDABC approach.

Hypothesis

The reciprocal relationship between the target cost and TDABC inputs affects the enhancement of the characteristic that represents cost reduction, which in turn will be reflected in increasing the level of competitiveness of companies.

2. LITERATURE REVIEW

Previous Studies

Study (Al-Dhahabi and Yaqoub, 2013)

This study addressed the criticisms that the activity-based costing system is exposed to through the increase in costs under this system, as well as the difficulty of adapting this product to any change that occurs. The study aimed to know the reasons that made activity-based costing one of the traditional approaches, while the TDABC approach was considered one of the modern approaches. The study concluded that the emergence of TDABC was due to the increase in costs under the use of activity-based costing.

Study (Al-Abidi, 2017)

This study showed that unfairly charging indirect costs to the units produced leads to unfair pricing of those products and thus distorting the cost of one unit of the product and consequently a decrease in sales and profits. The study aimed to demonstrate the role of costs based on (ABC) and (TDABC) in pricing decisions. The researcher concluded that the application of costs based on activities in the company under study witnessed

some shortcomings, inadequacies and weaknesses by charging products with additional unutilized costs and that the application of costs based on (TDABC) is more appropriate because it applies only the utilized capacity, which helps in pricing products fairly.

Study (McLaughlin, et al, 2014)

This study addressed a fundamental problem represented by the use of traditional systems to carry out the process of measuring costs in the application of health units through the inability to determine the cost in its various departments. The study aimed to determine the costs in health units and in each of its departments by using costs based on (TDABC). The study concluded that measuring the cost in health units by using time-oriented costs is very necessary to achieve justice in allocation between its various departments.

Study (Badawi, 2012)

This study indicated the possibility of measuring and allocating indirect industrial costs by applying a modern cost approach, namely (TDABC), to industrial companies operating in the Egyptian industrial sector. The study showed that it is easy to apply this approach in the Egyptian environment, in addition to the high possibility of providing data related to costs and profits with high quality, transparency and reliability when compared with the results of the (ABC) approach.

What Distinguishes This Research

The current study is distinguished from previous studies in that these studies did not systematically or directly address the extent to which the cost reduction feature affects the relationship between the two inputs and its impact on raising the competitiveness of companies. It is also applied in an environment different from what has been applied in studies in different environments and economies, which is what the researchers consider a distinctive feature of their study.

First Requirement: Target Cost

Introduction to Target Costing and The Factors That Led to Its Emergence

Target costing is considered one of the most important modern tools in cost management in the modern business environment. It helps organizations address the challenges they have faced recently, represented by increased competition and the diversity and rapid change of customer desires. This has led these organizations to resort to new methods for calculating costs, especially since cost is one of the key success factors for economic units. The development of a new technology known as the target costing system dates back to the first decades of the last century at the American company Ford and the German company Volkswagen, which reduced manufacturing costs using alternative technologies to obtain lower-cost products with higher performance. Among the most important reasons that led to the emergence of target costing are the clear shortcomings of the traditional costing system due to its failure to respond to existing challenges, in addition to the increase in competition among organizations through the provision of low-cost, high-quality products, as well as the inaccuracy of comparing actual performance with planned performance by traditional regulatory bodies. (Al-Moussawi, 2008)

There Are Many Studies That Have Clarified the Definitions of Target Costing

It has been defined as the appropriate and effective method for determining costs and then preparing the product within that cost. This enables management to obtain sufficient information about the product's profitability before commencing production, thus facilitating control over production costs. (Al-Afiri, 2010)

It has also been defined as the difference between the selling price and the target profit margin for the product through the process of minimizing costs based on the cost

management technique used, which places the organization in a better competitive position in the market. (Lawrence, 2014)

Target costing is defined as the suitability of products and services for a specific market price and the profits that may be achieved through proper profit planning and cost management. (Christopher, et al., 2019)

It is also defined as a system that aims to achieve the desired profit when organizations plan to design a new product or develop a previous one. It is considered an integrated system within cost management (Saleh, 2003)(

From the above, it can be concluded that this method is a contemporary accounting and strategic system that emerged as a result of increasing competition in the markets and the need for organizations to offer products that combine high quality with low costs to ensure continuity and profitability.

Characteristics Of Target Costing

The target costing method has a set of characteristics, which can be summarized as follows:

1. Target costing differs from traditional cost management methods, as it is applied during the development and innovation phase, while traditional methods use target costing during the production phase.
2. Comprehensiveness, meaning that target costing covers all stages of a product's lifecycle, from design and development to marketing.
3. Target costing is a means of reducing costs, not a method or mechanism for cost control.
4. Coordination between centers or departments within the company is essential for the approach to be properly implemented. (Hels, Al-Haddad, 2012)
5. Target costing does not focus solely on reducing costs; its objectives also include ensuring a profit margin within the organization
6. Target costing focuses on customer satisfaction by setting an acceptable price and then working to reduce costs while taking into account production quality. (Al-Daour, 2002)

Target Costing Objectives

The objectives can be represented as follows:

1. Reducing the cost of new products by finding an appropriate method, while maintaining product quality and ensuring the possibility of achieving the targeted profit.
2. Striving to achieve strategic planning for the project to ensure continuous reduction in the costs of the products or services it offers, as well as improving and continuously developing the quality of the product or service.
3. Providing advanced products of reasonable quality and prices to meet customer desires and satisfy their needs. (Sheikh Ahmed, 2008)
4. One of the most important goals of senior management is achieving the planned profits and long-term strategic competitiveness.
5. Through this approach, the expected profit margin is first determined. (Majeed, 2019)

The Second Requirement: Time-Directed Costing (Td-Abc)

The Emergence of the Cost Approach Based on (TD-ABC)

The shortcomings that economic units witnessed during the twentieth century due to the high costs of implementing the systems that were prevalent at that time, especially the ABC system, which required a lot of data, in addition to the lack of experience and training and the fear of implementing it and the subsequent need for competition among them, led to its reflection on the nature of the work provided by those economic institutions. Therefore, it is necessary to reach a new approach that addresses the problems that

emerged due to the implementation of the (ABC) system. The result was to search for a new approach or develop the previous approach to address these problems. In other words, the need for a more flexible and advanced approach emerged, which was the beginning of the emergence of the ((TD-ABC approach, which was positively reflected in its contribution to supporting management in making sound and positive decisions through the application of this approach, which was adopted by (Kaplan & Anderson) in 2003. This approach focuses primarily on the use of resources in production in the shortest possible time (Kont & Jantson, 2011). Therefore, the weakness of companies in achieving goals and reaching a high level of competitiveness and the inability of other approaches and methods to meet requirements is the main reason for the emergence and adoption of this approach. (Abu Ghaben, 2013)

In this context, many acquaintances have emerged that have addressed this approach, including:

The time-based costing (TD-ABC) approach has been defined as a simple and easy-to-implement approach, requiring limited data during use and measuring the performance of all activities. (Kont & Jantson, 2011)

It has also been defined as an alternative to the ABC approach, given the numerous advantages organizations achieve when implementing it. It is characterized by rapid implementation and responsiveness to changes based on time and cost rates, as well as addressing all problems to control and mitigate any shortcomings or criticisms associated with the ABC approach. (Al-Rashidi, 2009)

(Guzman et al., 2014:160) defined it as "a costing approach implemented through two issues: time and cost, necessary to arrive at a fair cost determination."

It has also been defined as "a method based on ABC, in addition to cost reduction, by relying on a set of indicators related to measuring the cost of the product or service provided by the company based on time." (Al-Shaarani, 2010)

The Importance of the TD-ABC Approach

Many studies have demonstrated the importance of applying this approach, and despite the differences in the opinions of researchers and specialists, they can be defined as follows:

It assists in making strategic decisions within organizations by providing sufficient information on the amount of costs across all departments and units. Implementing this approach helps identify idle energy and resources, which positively impacts the company's success in achieving goals. (Huang, 2016). This system can serve as an alternative to the ABC approach, reducing the cost of activities and speeding up the execution of tasks and duties. (Caplan, 2003). The importance of this approach to economic units makes it unique and significant, as it focuses on the cost of energy and time used and charges them to the cost of products within those economic units. (Yaqoub and Halhel, 2014). As operating conditions change, this system is easy to update and maintain by using time rates. (Nicolas, 2013)

Pros and Cons of the TD-ABC Approach

The advantages and disadvantages of the approach can be identified as follows:

Ease and speed of application, as it relies on a time-based mechanism. It reduces costs and provides exceptional speed when performing maintenance. Its reliance on time parameters allows for development and flexibility. (Al-Rashidi, 2009). Widespread interest in its application within economic institutions due to its proven success in practical application. Planning and preparing budgets is accomplished through the proper use of the approach. (Kaplan & Anderson, 2007). One of the most significant problems facing

the time-based costing system is the problem of unused capacity, as it is calculated for financial reporting purposes according to applicable laws, but is excluded from production costs. Problems in calculating real-time rates due to the fluctuating and inconsistent activity times, which exacerbates the measurement problem, causing cost variances. (Al-Rashidi, 2009). Its inability to be applied in economic institutions that do not have comprehensive information systems and databases. (Gervais M, 2009).

The Third Requirement: The Interrelationship Between (TDABC) and Target Costs.

The study (Miftah Muhammad, 2025) stated that the relationship between the two approaches can be clarified through the comparison table below:

Relationship characteristics	Target costs	Time-Based Costing (TDABC)	Foundations
Gain profitability through improved operations	Determine the cost of production by reaching profitability according to the market value	Determine the value of actual activities	the goal
Motivating Target Costing Goals	Used when starting a project	It is used during operations inside the units	Time
Encouraging management decisions by knowing the cost of the production unit	Based on expected market price and return margin	Time and activity based	basic unit of cost
Gain a comprehensive perspective by integrating accurate time and market forecasts	Based on market data, a strategic estimate of the product is made	Based on the resources used, an accurate product quantity is estimated	Expected
Include it in the product life stages from the beginning of the activity to operation	Planning, performance improvement, pricing strategy	Organization, process analysis, and performance efficiency	Scope of application
Use it as a course correction tool if costs exceed the target (TDABC).	Less responsive when activities change, as radical changes may be required.	It is characterized by rapid response to any change in the organization's activities.	Response
Reduce costs with operational efficiency.	Profit-making is the goal from the outset.	Reducing waste through achieving efficiency and enhancing the use of resources.	Output
Through data accuracy, TDABC supports target costing procedures.	Relies on strategic planning to determine costs.	A time- and activity-based system.	Activity Type
The data accuracy provided by TDABC contributes to ensuring target costs.	Depends on forecasted data for cost accuracy.	Actual data is the basis upon which the time input is based.	Data Function

Looking at the table above shows us that the two inputs (target costing) and (TD-ABC) have an important and strategic relationship and connection that provides more flexibility in work, especially with regard to measuring and managing costs in a way that makes management more reliable with the data provided to it regarding the costs of the product,

which can be used in pricing planning and making sound and accurate decisions in pricing the products or services provided.

3. METHODOLOGY

Fourth Requirement: The Practical Aspect: Testing the Reliability, Accuracy and Stability of the Practical Study Tool

After the researchers addressed the concepts of the two approaches under study, a questionnaire was used that was designed to evaluate reliability and accuracy by verifying the stability of that questionnaire through the use of Cronbach's alpha coefficient, as in Table No. (1).

Table 1. Cronbach's alpha coefficient index for the research items

Measurement accuracy indicator	Cronbach's alpha coefficient	Number of paragraphs	Study variables
0.739	0.541	7	Basic hypothesis: The reciprocal relationship between the target costing and TDABC inputs positively affects the enhancement of cost reduction, which directly affects the companies' ability to compete
0.787	0.612	7	First sub-hypothesis: There is a significant effect of integration between the two inputs, which indicates a real reduction in costs within companies
0.779	0.609	7	Second sub-hypothesis: The cost reduction resulting from the integration of the two inputs contributes to increasing the efficiency of products while maintaining competitive prices
0.859	0.749	71	All phrases

Considering what was stated in the table above regarding determining the stability of the questionnaire, which consists of 21 items, it reached 0.749, which represents the Cronbach's alpha coefficient index, and is considered a scientifically acceptable stability index, especially since it exceeded 0.70.

Since the measurement accuracy index, which is calculated from the square root of the reliability index, is 0.859, this is a value that indicates high reliability, which indicates accuracy in measurement.

The results can be known through the following: Indices ranging from 0.50 to 0.60 can be relied upon in studies within the social sciences. Values above 0.70 are acceptable and reliable. Indices with values of 0.80 or greater are considered high-level indicators and can be relied upon.

It can be concluded from the above that the questionnaire used in this research can be relied upon as a mechanism characterised by an acceptable level of stability and credibility from a scientific standpoint.

Internal Consistency Validity

After determining the validity and reliability coefficient of the questionnaire form, he conducted internal consistency validity by calculating the Pearson correlation coefficient to identify the relationship between each statement of the questionnaire and the total score of the dimension to which it belongs, as shown in the tables below:

Validity of the internal consistency of the main hypothesis: The reciprocal relationship between the target cost and TDABC inputs has a positive impact on enhancing the cost reduction feature, which in turn is reflected in raising the level of competitiveness of economic units.

Table 2. The reciprocal relationship between the target costing and TDABC inputs positively influences the ability to reduce costs, which in turn increases companies' competitiveness.

Significance level	Correlation coefficient	Paragraph	Sequence
0.00	.437**	The company's costing system combines both approaches	1
0.00	.355**	The company's financial performance is enhanced through the interaction between the TDABC and target costing inputs	2
0.00	.560**	Using both inputs contributes to a greater reduction in costs compared to relying on either input alone	3
0.00	.563**	The efficiency and effectiveness of administrative decisions can be affected by the integration of inputs together	4
0.00	.514**	Improving the quality of goods or services provided can be achieved through the integrated use of the two inputs	5
0.00	.571**	The compatibility of the two inputs benefits by directing resources correctly	6
0.00	.540**	The impact of integrating the two approaches in raising the level of competitiveness is clearly evident	7

Significant at a significance level of 0.01 or less

From Table (2), it becomes clear to us that the correlation coefficient for each of the statements of the main hypothesis axis: "The reciprocal relationship between the target cost inputs and (TDABC) has a positive effect on enhancing the cost reduction feature, which in turn is reflected in raising the level of competitiveness of companies." and the full score for the axis, as it was positive and statistically significant at a significance level of (0.05) or less.

The values were as follows:

(0.355)minimum-

(0.571)maximum-

This demonstrates that internal consistency exists among the axis's statements, and that they pertain to the entire axis as well as to a single topic. Therefore, it can be said that these results confirm the validity of the hypothesis adopted by the researchers in order to arrive at satisfactory results.

2- Validity of the internal consistency of the first sub-hypothesis: There is a significant effect of integration between the two approaches in achieving a tangible reduction in operating costs for companies.

Table 3. Internal consistency validity of the first sub-hypothesis: There is a significant effect of integration between the two approaches in achieving a tangible reduction in operating costs for companies.

Significance level	Correlation coefficient	Paragraph	sequence
0.00	0.564**	In order to determine the costs of a product or service, the organization follows an activity analysis system	1
0.00	0.661**	.TDABC helps diagnose waste and areas of inefficiency	2
0.00	0.573**	This approach enhances the accuracy and reliability of cost measurement	3
0.00	0.552**	Its implementation has resulted in a significant reduction in operating costs	4
0.00	0.644**	Helps to reallocate resources more efficiently	5
0.00	0.571**	Provides in-depth insights into the cost structure of activities	6
0.00	0.465**	The financial performance efficiency of the organization is greatly affected by the application of the two approaches	7

***F significance level 0.01 or less*

It is clear from Table (3) that the correlation values are positive, and they are the values of the correlation coefficients between each statement of the first sub-hypothesis: "There is a significant effect of integration between the target cost approach and the (TDABC) approach in achieving a tangible reduction in the operating costs of companies." The total score for this axis was positive and statistically significant at a significance level of (0.05) or less.

The values are as follows:

(0.465) minimum-

(0.661) maximum-

This evidence demonstrates the validity of internal consistency among the axis' statements. It also indicates that the statements measure a unified dimension and address only one topic: the complementary relationship between the two approaches in achieving the objectives of economic units. Accordingly, it can be said that these results support the validity of the first sub-hypothesis and confirm the validity of the statements to measure what they were designed to measure, thus contributing to achieving the research objectives.

3- Validity of the internal consistency of the second sub-hypothesis: Reducing costs resulting from integration between the two inputs contributes to improving the quality of products or services while maintaining competitive prices.

Table 4. Internal consistency validity of the second sub-hypothesis: Reducing costs resulting from integration between the two inputs contributes to improving the quality of products or services while maintaining competitive prices.

Significance level	Correlation coefficient	Paragraph	sequence
0.00	0.584**	The company bases its cost measurement on a target costing methodology based on market prices	1
0.00	0.572**	Target costing involves contributing to the delivery of a product or service according to customer demand and at an appropriate price	2
0.00	0.426**	This approach provides a framework for maintaining adequate profit margins in an increasingly competitive environment	3
0.00	0.674**	Applying this approach benefits the company's ability to achieve competitiveness	4
0.00	0.388**	There must be compatibility (provided that quality remains the same) between activities and processes according to this approach	5
0.00	0.568**	Through this method, the product or service is developed to suit customer requirements	6
0.00	0.548**	Adopting target costs directly results in increased market share and sustainable growth	7

***Significant at a significance level of 0.01 or less*

It is clear to us from Table (4) that the correlation values are positive and they are the values of the correlation coefficients between each statement of the second sub-hypothesis: Reducing costs resulting from integration between the two inputs contributes to improving the quality of products or services while maintaining competitive prices. Compared to the total score of the axis values, it was positive and had statistical significance at a significance level of (0.05) or less.

The values came as follows:

(0.438)minimum-

(0.548)maximum-

This is evidence that internal consistency exists between the axis's statements. Therefore, it can be said that these results confirm the validity of the second sub-hypothesis.

Statistical Description of the Research Sample Sample Distribution Based on Job Title

It is clear to us from Table (5) that most of the research sample were cost managers, at a rate of 24% of the sample size of 100 individuals, and the least frequent percentage of sample members was from the financial manager at a rate of 15%.

Table 5. Distribution of sample members according to the job title variable

Percentage	number	Statement
24%	24	Cost Manager
15%	15	Financial Manager
22%	23	Planning Manager
16%	16	Production Manager
21%	21	Cost Accountant
100	100	Total

Distribution of research sample members according to the variable of years of experience

Table (6) shows that most of the sample were experienced and experienced; from 10 to less than 20 years, representing 39.6% of the sample size of 101 individuals, and the least frequent percentage of sample members was those aged 20 and over, representing 28.7%.

Table 6. Distribution of sample members according to the variable of years of experience

Percentage	number	Statement
%27	27	Less than 10 years
%52	52	10 to 20 years
21%	21	Over 20 years
100	100	Total

Distribution of sample members according to the educational level variable

Table (7) shows that the majority of those who obtained a bachelor's degree represented 58.4% of the total sample size, which amounted to 100 individuals. As for the percentage that came at a lower frequency level, it was among those who obtained a diploma, as it was 41.6%.

Table 7. Distribution of sample members according to the educational level variable

Average	value	Statement	
%49	49	Higher Degrees	4.
%51	51	Bachelor's	5.
100	100	Total	6.
			7.

4. RESULTS AND DISCUSSION

Testing the Research Hypotheses

In order to conduct the tests of the hypotheses, the researcher used a one-sample T-test to compare the average perception of the sample about “the extent to which the cost reduction feature is affected by the relationship between the two inputs of target costing and (TDABC) and its impact on the competitiveness of companies”, with a reference value of 2.00, as the value of this type of value is a value that represents the average of the three-point Likert model that was adopted in the questionnaire form, as this value is taken as an assumption in order to measure the special tendencies of the individuals of the research sample towards any of the statements that represent the axis, according to the following table.

1) Regarding The Main Hypothesis of the Research

Table 8. Regarding the main hypothesis of the research

Hypothesis test result	Significance level	Value T	Standard deviation	Arithmetic mean	The assumption
Acceptance	0.00	7.61	0.44	2.35	The interrelationship between the target costing and TDABC inputs enhances the property of cost reduction, which in turn will be reflected in increasing the level of competitiveness of companies

The arithmetic mean of the research sample's perception of the hypothesis's impact on the relationship between the two inputs was 2.35. This value, when compared to the assumed reference value (2.00), is higher, indicating that the sample members agree with the hypothesis. The calculated T value was 7.61, which is significant at the 0.5 level because the significance level (0.000) is less than 0.05.

From this, it can be said that the main hypothesis is acceptable. This indicates that the research sample members perceive that the reciprocal relationship between the two inputs positively impacts the enhancement of cost reduction, which in turn enhances companies' competitiveness.

2) Regarding the first sub-hypothesis

Table 9. Regarding the first sub-hypothesis

Hypothesis test result	Significance level	Value T	Standard deviation	Arithmetic mean	The assumption
Acceptance	0.00	6.87	0.47	2.40	First sub-hypothesis: There is a significant effect of integration between the target costing approach and the (TDABC) approach in achieving a tangible reduction in operating costs for companies

What is stated in the table can be explained as shown below:

The mean value representing the research sample's perception of the hypothesis's significance of the relationship between the two inputs was 2.40, indicating a positive tendency toward acceptance of the hypothesis.

The calculated T value was 6.87, a significant value at the 0.5 level because the significance level (0.000) is less than 0.05.

From this, it can be said that the first sub-hypothesis is acceptable, reflecting the research sample's perception of the importance of integration between the two inputs in achieving a tangible reduction in companies' operating costs.

3) Regarding the second sub-hypothesis

Table 10. Second Sub-Hypothesis

Hypothesis test result	Significance level	Value T	Standard deviation	Arithmetic mean	The assumption
Acceptance	0.00	6,45	70.4	434.	The cost reduction resulting from the integration of the two inputs contributes to improving the quality of products or services while maintaining competitive prices

The results can be explained as follows: The mean value representing the research sample's perception of the hypothesis's significance regarding the relationship between the two inputs was 2.20, indicating a positive tendency toward acceptance of the hypothesis. The calculated T value was 6.45, which is significant at the 0.5 level because the significance level (0.000) is less than 0.05. From this, it can be said that the second sub-hypothesis is acceptable, reflecting the research sample's perception of the importance of integration between the two inputs in achieving a tangible reduction in companies' operating costs.

5. CONCLUSIONS

The two approaches represent a fundamental development of the traditional ABC approach, providing a higher level of accuracy in cost allocation and simplifying implementation procedures by relying on time as the primary cost driver.

The target costing approach is an effective strategic tool that helps organizations reduce costs while maintaining desired quality levels through the planning process and determining target profit margins, thus enhancing competitiveness in the market.

Despite the significant advantages of both systems (TDABC and target costing) in improving financial and operational performance, there are practical challenges facing their implementation, most notably the difficulty of accurately estimating time, limited administrative alignment, and timeline pressures.

The current literature reveals a clear gap regarding the integration of the two approaches, highlighting the need for additional research to explore the possibility of combining them to enable companies to achieve a high level of positive cost management.

RECOMMENDATIONS

The necessity of integrating the two inputs within an accounting framework that supports strategic planning and contributes to reducing costs without compromising the quality of outputs.

Developing the personnel working on such systems to ensure consistency in the design and implementation phases and reduce the delays resulting from value reengineering.

Conducting future studies in diverse industrial and service environments to gain a deeper understanding of implementation challenges, with a focus on time and cost pressures and how to manage them efficiently.

Employing digital development technologies, most notably artificial intelligence, to support the collection and analysis of time and cost data, achieving greater efficiency and accuracy in the implementation of modern costing systems.

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