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-RESEARCH ARTICLE-

OPTIMISING FINANCIAL TRANSPARENCY AND PROFITABILITY: INTEGRATING ACTIVITY-BASED COSTING WITH FINANCIAL REPORTING QUALITY IN IRAQ'S MANUFACTURING SECTOR

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─Abstract─

This study examines the influence of different joint cost allocation techniques on pricing within Iraq's retail sector, emphasising the role of outdated approaches in diminishing

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competitiveness and profitability. The research primarily assesses the effects of advanced allocation techniques, namely Sales Value at Split-Off (SVS), Net Realisable Value (NRV), and Physical Measures (PM), on pricing and financial outcomes, comparing them with traditional practices. A quantitative methodology was employed, utilising structured questionnaires administered to 380 store managers across major Iraqi cities. The data were analysed through descriptive statistics and regression analysis to determine the extent to which each allocation approach influenced pricing outcomes. The findings revealed that SVS had a significant positive effect on pricing, with market value-based pricing contributing to improved profit margins. In contrast, NRV and PM demonstrated weak or statistically insignificant relationships with pricing performance, suggesting limited suitability in rapidly changing retail environments. The results underscore the advantages of value-oriented allocation approaches that account for market dynamics, enabling retail managers to set more competitive prices. From a policy perspective, the study advocates for modernising accounting practices and incorporating information technology in cost management, particularly in developing economies such as Iraq.

Keywords: Joint Cost Allocation, Pricing Strategies, Activity-Based Costing, Retail Industry, Iraq

JEL Codes: M41, D22, L81, C83, F65

INTRODUCTION

Joint cost allocation poses a significant challenge within managerial accounting, particularly in industries where several products stem from a single input. This challenge becomes more pronounced in complex production contexts such as Iraq's retail sector, where diverse product ranges operate within an unstable economic environment. Effective allocation directly affects financial reporting, strategic decision-making, and product costing. In Iraq, infrastructural deficiencies, insufficient professional training, and dependence on outdated accounting practices have continually hindered retailers from adopting modern costing approaches (Bohdan & Khudhur, 2021; Werner & Xu, 2012). The literature highlights that accurate cost allocation influences pricing policy, profitability, and a firm's competitive stance. A strategic approach demands precision in pricing processes and alignment between business strategies and market behaviour, shaped by the choice of allocation method (Hilton & Platt, 2020; Werner & Xu, 2012). Pricing models, including cost-based, value-based, and dynamic strategies, have emerged to address the needs of varied markets. Cost-based pricing relies on accurate cost allocation to ensure sustainable profitability, whereas value-based pricing derives prices from perceived customer value to maximise returns (Hilton & Platt, 2020). Advancements in digital technology have enabled dynamic pricing, which adjusts prices in real time according to demand patterns and competitor actions (Den Boer, 2015).

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In Iraq, traditional allocation methods that attempt to address joint cost complexities have remained largely unchanged. The adoption of more advanced systems such as ABC and SVS is still minimal (Rashid & Rokade, 2021). Inaccurate pricing undermines competitiveness, weakens customer confidence, and diminishes long-term profitability. Economic instability and inconsistent regulations further exacerbate the urgency for precise and dependable allocation methods (Elorabi et al., 2025). Modern approaches such as ABC enable more accurate assignment of overheads and indirect costs by linking them directly to resource consumption. SVS aligns the cost of each product with its market-based sales value, supporting fair and competitive pricing (D'Andrea, 2017; Werner & Xu, 2012). These systems are particularly relevant in Iraq, where many retailers still employ PM or basic averaging techniques that fail to reflect actual cost structures. By adopting advanced allocation techniques, retail managers can refine price accuracy, stabilise revenue flows, and compete more effectively in volatile market environments (Ghomi-Avili et al., 2023; Shakir, 2021).

Despite this, the Iraqi retail sector lacks formalised guidelines for joint cost allocation. The complexity of revenue sharing and multi-product production often renders conventional accounting practices ineffective, resulting in inaccurate pricing and weak performance (Bohdan & Khudhur, 2021). While managerial accounting has evolved considerably since the late twentieth century, its advancements have seen limited application in Iraq. Empirical research addressing the use of ABC and SVS within retail settings in the country is scarce, leaving knowledge gaps regarding the potential benefits of contemporary allocation methods for pricing strategy (Deevski, 2016).

This study addresses these gaps by examining the influence of SVS, NRV, and PM on pricing decisions in Iraq's retail sector. The objective is to generate empirical evidence supporting modern, value-oriented allocation strategies tailored for emerging market conditions. The remainder of this paper is structured as follows: Section 2 reviews the relevant literature, Section 3 outlines the research methodology, Section 4 presents the results, Section 5 discusses the findings, and Section 6 concludes with implications and directions for future research.

LITERATURE REVIEW

The allocation of joint costs between products remains a fundamental concern in managerial accounting, particularly in industries where a single input yields multiple outputs. While theoretical foundations have been well established, empirical research confirms the applicability of allocation techniques across various operational settings. Within the Iraqi retail sector, where competitive pricing is essential, a more precise understanding of joint cost allocation can enhance both managerial decision-making and financial performance. Core principles such as fairness, consistency, and strategic alignment underpin allocation theory. Moriarity (1975) emphasised that allocation

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methods should not only distribute costs equitably but also reinforce strategic objectives. Biddle and Steinberg (1984) expanded this by integrating cost allocation into the broader domains of managerial planning, pricing, and decision-making, thereby providing a conceptual link between allocation practices, pricing structures, and profitability outcomes.

Building on these perspectives, Hilton and Platt (2020) identified cost allocation as a strategic tool in dynamic business environments. This view aligns with Frischknecht (2000) classification framework, which differentiates between economic and strategic considerations in joint cost allocation. Together, these frameworks establish a theoretical rationale for the influence of allocation practices on pricing. Empirical research, such as that of Foote et al. (2004), has provided insights into the post-conflict Iraqi marketplace, showing that well-informed managerial decisions, including pricing strategies, are contingent on effective cost allocation, even if their work did not focus exclusively on allocation. Study by Abdullah et al. (2022) highlighted the significance of pricing in shaping consumer perceptions and satisfaction, demonstrating that price sensitivity plays a pivotal role in competitive retail environments. In such contexts, bilateral allocation of shared expenses can support the development of prices that align with customer expectations.

Shakir (2021) examined the role of technological integration in improving allocation systems and modern managerial accounting practices within Iraq's industrial sector, finding that IT can strengthen ABC and enhance both cost assignment and pricing precision. Rashid and Rokade (2021) similarly observed that technological advancements are among the strongest drivers of customer satisfaction, indirectly reinforcing the importance of technology-enabled pricing improvements. Deevski (2016) identified SVS and PM as particularly effective allocation methods, providing practical guidance for improving pricing accuracy. Werner and Xu (2012) confirmed that ABC contributes to cost accuracy, which directly supports pricing strategies. Such findings have clear implications for Iraq's retail industry, where maintaining competitiveness depends on accurate allocation across diverse activities.

Recent contributions to the literature have introduced new perspectives on allocation and pricing. Ghomi-Avili et al. (2023) proposed a blockchain-based system for network design in closed-loop supply chains, integrating joint-pricing with sustainability considerations. Zhang et al. (2023) analysed dual-channel supply chains affected by free-rider behaviour, applying the Stackelberg model to show how consumer behaviour influences optimal pricing and service levels. These insights are relevant for Iraqi retailers managing varied product lines, where pricing strategies must mitigate the negative effects of consumer behavioural patterns. Research by Ali and Anwar (2021) and Azad and Shankar Singh (2019) also reinforced the relationship between pricing strategies and consumer behaviour, showing that pricing effectiveness influences purchasing decisions and retention. Theoretical contributions such as Frischknecht

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(2000) work on value judgements in allocation are consistent with decision-making frameworks noted by Jessup et al. (2018), which address biases like the sunk-cost fallacy. Collectively, these findings suggest that Iraqi retail managers should adopt allocation approaches that incorporate both economic and behavioural dimensions into pricing decisions.

According to D'Andrea (2017), supported by Farahdiba et al. (2014), allocation techniques grounded in revenue-driven cost distribution are applicable in real-world retail contexts, aligning with Hilton and Platt (2020) principles. Such approaches can enhance Iraqi pricing strategies by ensuring alignment with prevailing market values. Shastitko et al. (2015) further confirmed that integrating cost allocation into strategic objectives supports pricing models that reflect market realities, a view echoed by Hilton and Platt (2020). This alignment is particularly important in volatile regulatory environments. Overall, the literature demonstrates that while the conceptual underpinnings of joint cost allocation are straightforward, their implications for pricing are complex and significant. Theoretical research lays the groundwork for fairness, consistency, and strategic coherence, while empirical studies show how these principles operate in practice. For Iraq's retail sector, adopting empirically validated and theoretically sound allocation practices can improve pricing accuracy, strengthen competitiveness, and promote sustainable growth. Future research should address context-specific challenges within the Iraqi market, producing targeted evidence to further encourage practical application.

METHODOLOGY

This study adopted a quantitative research design to investigate the extent to which joint cost allocation methods influence pricing decisions in Iraq's retail sector. Quantitative approaches were selected due to their ability to test hypothesised relationships and generate generalisable conclusions through statistical analysis (Creswell & Creswell, 2017). The target population comprised store managers and accounting professionals working in retail businesses across the country. Industry data indicate that Iraq hosts over 40,000 retail enterprises. To ensure a representative sample, Krejcie and Morgan (1970) formula was applied, resulting in a target of 380 valid responses. Of the 450 structured questionnaires distributed in major cities, 380 were returned fully completed, yielding an 84.4% response rate. Demographic data were collected to verify sample representativeness. Within the final sample, 32% of respondents were female and 68% male. Approximately 71% held at least a bachelor's degree in business, accounting, or a related discipline, and 57% occupied managerial positions. Furthermore, 64% reported more than five years of retail experience. These characteristics strengthen the credibility of the results, particularly regarding cost allocation and pricing decisions.

The structured questionnaire contained two principal constructs: joint cost allocation

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methods and pricing decisions. The cost allocation component incorporated three approaches: PM, NRV, and SVS. Each dimension comprised five measurement items, adapted from established sources—PM from Tsai (1998), NRV from Marimpan et al. (2023), and SVS from Deevski (2016). Pricing decision items were drawn from Yan (2008), measuring the influence of cost information on pricing choices. All items were rated on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). A pilot test (N = 20) was conducted to refine clarity, wording, and reliability prior to full deployment. Data analysis employed PLS-SEM using SmartPLS 4 software. PLS-SEM was considered appropriate due to its suitability for exploratory and predictive studies involving relatively small samples, complex models, and latent constructs (Hair et al., 2022). The analysis was carried out in two stages: (i) assessment of the measurement model, and (ii) evaluation of the structural model. Internal consistency was verified through Cronbach's alpha and composite reliability (CR), with all constructs exceeding the 0.70 threshold. Convergent validity was supported by average variance extracted (AVE) values above 0.50 (Fornell & Larcker, 1981). Discriminant validity was confirmed using the heterotrait–monotrait (HTMT) ratio, with all values remaining below the 0.90 criterion (Henseler et al., 2015).

Model explanatory and predictive capabilities were evaluated through multiple fit indices. R^2 values quantified the proportion of variance in pricing decisions explained by SVS, NRV, and PM. Predictive relevance (Q^2) was determined via the blindfolding procedure. Model fit was assessed using the Standardised Root Mean Square Residual (SRMR), with values below the 0.08 benchmark indicating adequate fit (Hu & Bentler, 1999). Path coefficient significance and estimate stability were verified through bootstrapping with 5,000 resamples. All statistical and theoretical assumptions for PLS-SEM were satisfied. No extreme outliers were detected, the sample exceeded the recommended minimum for model stability and predictive accuracy, the model was recursive, and all latent variables were reflective. These measures ensured the methodological appropriateness and robustness of the analysis when evaluating the influence of joint cost allocation methods on pricing strategies in Iraq's retail sector.

FINDINGS

This section presents the empirical results derived from the quantitative analysis conducted to examine the influence of joint cost allocation methods on pricing strategies within the Iraqi retail sector. The constructs NRV, PD, PM, and SVS, summarised in Table 1, were assessed for reliability and validity using Cronbach's alpha, composite reliability, and AVE metrics. Once the measurement properties were confirmed, the structural model illustrating the relationships between joint cost allocation methods and pricing decisions was presented in Figure 1, where the number of stars denotes the relationship strength. Table 2 provides discriminant validity results using the HTMT ratio, with all values being below or close to 1, indicating that the constructs were

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clearly and accurately distinguished. The moderating role of market competition in cost management and profitability is also explored, offering an inside-out perspective as shown in Figure 2. Table 3 outlines the path analysis results, indicating the strength and significance of the relationships from NRV to PM, SVS, and PD. Collectively, these findings provide a comprehensive overview of how different joint cost allocation methods shape pricing strategies in Iraq's retail industry, serving as a basis for deeper discussion and interpretation.

In Table 1, the factor loadings for NRV range between 0.824 and 0.928, reflecting a strong and confident association between the observed variables and the underlying construct. PD item loadings range from 0.879 to 0.900, indicating that the pricing decision construct was measured with high reliability (Alden et al., 1999). The PM construct also demonstrated generally strong loadings between 0.610 and 0.887, with the exception of PM1, which had a relatively weaker loading of 0.610, suggesting it may be less representative of the construct. SVS items, with loadings ranging from 0.762 to 0.882, indicate that service value satisfaction was effectively captured. Internal consistency reliability, assessed via Cronbach's alpha, exceeded the accepted threshold of 0.7 for all constructs. NRV achieved an alpha of 0.925, demonstrating strong reliability, while PD recorded an alpha of 0.933, suggesting high internal correlation among pricing decision items.

Table 1: Model Measurements

Items	Loading	Cronbach's Alpha	Composite Reliability	Average Variance Extracted
NRV1	0.928	0.925	0.943	0.770
NRV2	0.835			
NRV3	0.909			
NRV4	0.886			
NRV5	0.824			
PD1	0.879	0.933	0.949	0.789
PD2	0.900			
PD3	0.881			
PD4	0.891			
PD5	0.891			
PM1	0.610	0.863	0.903	0.653
PM2	0.833			
PM3	0.831			
PM4	0.887			
PM5	0.851			
SVS1	0.844	0.877	0.911	0.671
SVS2	0.797			
SVS3	0.807			
SVS4	0.882			
SVS5	0.762			

Despite the lower loading of PM1, the PM construct still showed strong reliability with

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an alpha of 0.863. SVS similarly achieved an alpha of 0.877, confirming the reliability of the measurement. Composite reliability values reinforced these findings, with NRV and PD showing particularly high scores of 0.943 and 0.949, respectively. PM recorded a composite reliability of 0.903, and SVS 0.911, as reported in Table 1. All AVE values exceeded 0.5, confirming convergent validity: NRV = 0.770, PD = 0.789, PM = 0.653, and SVS = 0.671. These results indicate that the constructs captured substantial proportions of variance in their respective measures, demonstrating that they were well represented and valid.

Figure 1 illustrates the structural model examining the influence of various joint cost allocation methods, namely SVS, NRV, PM, and PD, on pricing strategies within the Iraqi retail sector. Each construct is represented by a blue circle, with Cronbach's alpha values indicating the degree of internal consistency among the associated measurement items. The factor loadings between constructs reflect the extent to which the observed variables align with their latent constructs, where higher coefficients denote stronger correlations. SVS, for example, is distinctly characterised by its indicators, highlighting its substantial role within the model. Among all constructs, SVS demonstrates the most robust relationships, implying that retail managers rely predominantly on sales values determined at the split-off stage when formulating pricing strategies. The strength of this path underscores the importance of accurately valuing products at this stage to guide subsequent pricing decisions. NRV also contributes to PD, albeit via a less direct association than SVS. Although PM is measured with satisfactory reliability, its influence on PD appears comparatively weak and inconsistent when evaluated alongside value-based approaches.

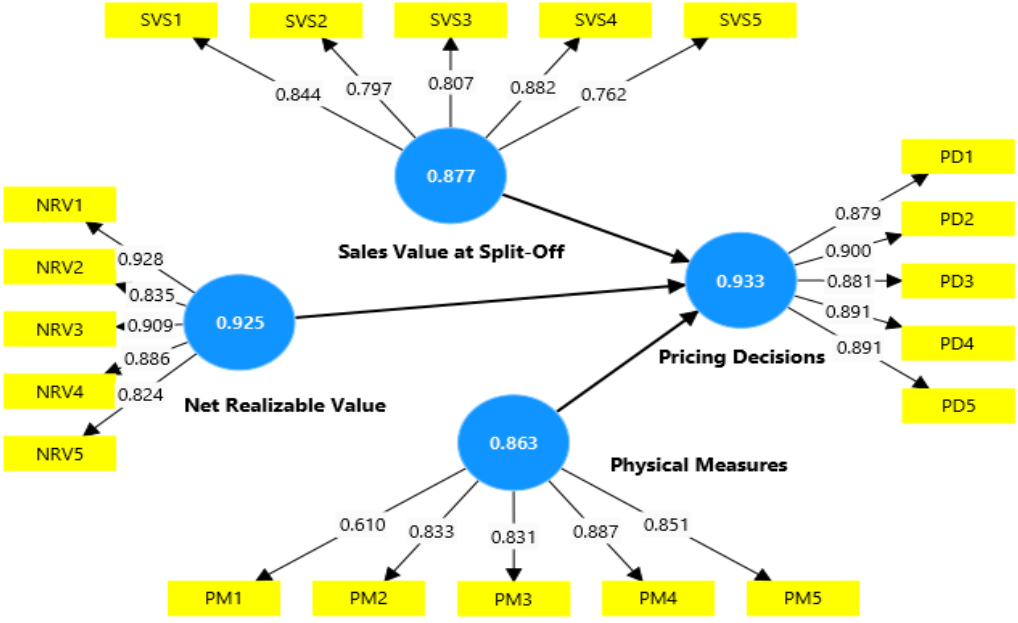

Figure 1: Structural Model of Cost Management, Market Competition, and Profitability

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The discriminant validity analysis based on HTMT ratios for NRV, PM, PD, and SVS is presented in Table 2. The diagonal values represent the AVE for each construct, serving as benchmarks for comparison with the off-diagonal correlations. The off-diagonal figures indicate the degree of association between constructs, where values approaching 1 reflect stronger relationships. Among the four constructs, PM demonstrates the strongest association with NRV (HTMT = 0.849) and PD (HTMT = 0.77). This outcome suggests that cost allocation approaches grounded in physical measurements exert a substantial influence on determining NRV and shaping pricing strategies in Iraqi retail enterprises. The notable correlation between PM and NRV can be explained by their shared foundation in joint cost allocation processes, where physical quantities act as a basis for measurement, thereby impacting PD. A similarly strong link is evident between PD and SVS (HTMT = 0.844), implying that pricing decisions are significantly shaped by the sales value determined at the split-off stage. This relationship highlights the frequent use of SVS by managers to establish prices that reflect the relative market value of products derived from joint cost allocations. The interaction between PD and SVS further underlines the interconnectedness of allocation methods and pricing outcomes.

Table 2: Discriminant Validity HTMT

	Net Realizable Value	Physical Measures	Pricing Decisions
Physical Measures	0.849		
Pricing Decisions	0.622	0.77	
Sales Value at Split-Off	0.818	0.866	0.844

Figure 2 presents the structural model illustrating the impact of joint cost allocation methods, namely SVS, NRV, PM, and PD, within the Iraqi retail sector. Each construct is depicted as a blue circle, with associated reliability coefficients reflecting the internal consistency of the measurement items. The loadings represent the relationship between each latent construct and its observed indicators, where higher values indicate stronger associations. SVS is particularly well-represented, as demonstrated by the high loadings of its items, highlighting its significance in shaping PD. The model results reveal that SVS exerts a dominant and statistically significant influence on PD, implying that Iraqi retail managers tend to prioritise this allocation basis when formulating pricing strategies. This strong influence underscores the importance of accurately determining SVS at the split-off stage as a critical factor for effective pricing. In contrast, NRV demonstrates a negligible effect on PD, indicating its limited applicability for pricing purposes in this context. PM also exhibits a positive yet statistically insignificant influence on PD, suggesting that while physical conversion metrics contribute to cost accounting, they have considerably less impact in guiding retail prices compared to value-based measures such as SVS.

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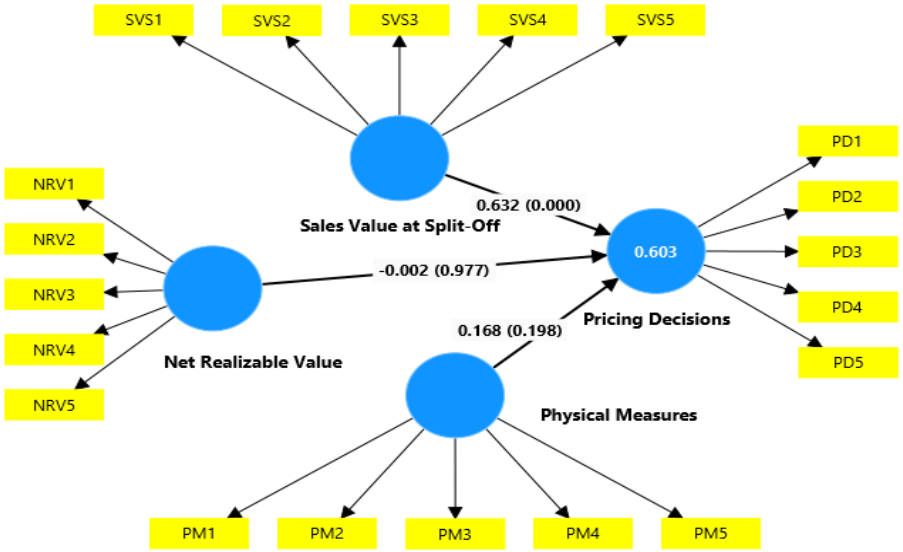

Figure 2: Moderating Effect of Market Competition on the Relationship Between Cost Management and Profitability

Table 3 summarises the relationships among NRV, PM, SVS, and PD in the Iraqi retail industry. The first path analysis in Table 3 reveals that NRV exerts a negligible influence on PD, with a coefficient of $\beta = -0.002$ (SD = 0.085), a T statistic of 0.028, and a P value of 0.977. This weak negative coefficient indicates that changes in NRV have little to no effect on pricing behaviour, suggesting that NRV is not a decisive factor for managers when setting prices in this sector. The second path examines the impact of PM on PD, yielding a coefficient of $\beta = 0.168$ (SD = 0.131), a T statistic of 1.286, and a P value of 0.198. Although the positive coefficient suggests that higher PM values may support more informed pricing decisions, the lack of statistical significance implies that this relationship is not consistently observed across the sample. Consequently, PM may contribute to pricing strategies, but its influence appears limited under the current market conditions in the Iraqi retail context. In contrast, the third path demonstrates a robust and statistically significant positive relationship between SVS and PD, with a coefficient of $\beta = 0.632$ (SD = 0.120), a T statistic of 5.245, and a P value of 0.000. This strong association highlights SVS as a critical determinant of pricing, indicating that managers rely heavily on the sales value at the split-off stage when formulating price decisions. The findings further imply that precise estimation of SVS is essential for ensuring accurate pricing and optimising profitability.

Table 3: Paths Test

Paths	Beta	SD	T Statistics	P Values
Net Realizable Value -> Pricing Decisions	-0.002	0.085	0.028	0.977
Physical Measures -> Pricing Decisions	0.168	0.131	1.286	0.198
Sales Value at Split-Off -> Pricing Decisions	0.632	0.120	5.245	0.000

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DISCUSSION

The study's findings present compelling evidence regarding the influence of different joint cost allocation approaches on PD within the Iraqi retail sector. Of all the models examined, SVS recorded the highest pathway coefficient ($\beta = 0.632$, $T = 5.245$, $p = 0.000$), indicating its superior effectiveness in determining PD. This outcome suggests that SVS is an optimal method for guiding PD in value-sensitive markets, offering a more transparent and economically grounded approach than its counterparts. Such results align with prior research, including Hilton and Platt (2020), who characterised SVS as an equitable and transparent cost allocation method in multi-output production systems, and D'Andrea (2017), who highlighted its capacity to capture genuine economic value. Similarly, Werner and Xu (2012) observed that firms could improve decision-making quality by combining cost data with customer-oriented pricing strategies through value-based models such as SVS.

The results from this investigation highlight the potential applicability of SVS in Iraq's retail market. By basing prices on cost allocations derived from EOP market values, the approach minimises user costs by proportionally attributing expenses in relation to marginal contributions. In a high-inflation environment with limited data infrastructure, market-value-based cost allocation enables domestic retailers to strengthen consumer trust and purchasing intent. This observation is supported by Ghomi-Avili et al. (2023), who reported that emerging markets tend to respond favourably to transparent value-costing mechanisms supported by technology, which enhance pricing precision and responsiveness. Conversely, NRV demonstrated an insignificant negative effect on PD ($\beta = -0.002$, $T = 0.028$, $p = 0.977$). While NRV has theoretical merit in future-oriented cost management, as discussed by Yan et al. (2019), its ineffectiveness in this study can be attributed to Iraq's unstable economic conditions, which hinder reliable forecasting of future sales and processing costs. In such circumstances, decision-makers may be reluctant to adopt forward-looking valuation models. As Keefer (2019) noted, uncertainty often prompts cognitive biases, including the sunk-cost fallacy and short-term prioritisation, thereby eroding confidence in NRV-type frameworks.

Similarly, PM produced a moderate but statistically insignificant effect on PD ($\beta = 0.168$, $T = 1.286$, $p = 0.198$). Although grounded in tangible parameters such as weight and volume, PM lacks the ability to capture market value nuances or consumer preference dynamics, limiting its utility in modern retail pricing contexts. Ji et al. (2020) critiqued quantity-based valuation methods for their inadequacy in value-driven environments. In Iraq's retail sector, where competitive performance is shaped more by pricing strategy and product positioning, PM disregards key qualitative dimensions, such as brand equity and customer loyalty, reducing its relevance for PD. Overall, the results offer robust empirical support for adopting SVS as the primary mechanism for cost allocation and PD in the Iraqi retail industry. These conclusions resonate with

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Shakir (2021) and Hilton and Platt (2020), who argued that integrating value-based costing with digital accounting platforms can increase accuracy, reduce pricing errors, and sustain growth over the medium to long term. Furthermore, the findings affirm that advanced cost allocation methodologies can be successfully implemented in developing economies, provided that infrastructural development, professional training, and industry awareness are prioritised.

This research also contributes to addressing a notable gap in the literature concerning joint cost allocation in emerging markets, a subject that has traditionally been examined within manufacturing or service industries of developed economies (Deevski, 2016; Frischknecht, 2000). By employing actual data from Iraq's retail sector, the study demonstrates both the practical effectiveness and inherent limitations of various allocation methods. While NRV and PM retain conceptual validity, they are less suited for environments demanding precision, market responsiveness, and resilience to external volatility. In conclusion, the evidence firmly positions SVS as the most effective and statistically reliable method among those assessed for PD in Iraq's retail sector. NRV and PM, though theoretically sound, are constrained by managerial biases, forecasting inaccuracies, and data scarcity. The findings underscore the need for policy initiatives that expand investment in cost accounting education and promote the adoption of digitalised systems, thereby enabling broader implementation of SVS and enhancing pricing efficiency across the industry.

CONCLUSION

This study examines the effect of SVS, NRV, and PM on PD in the Iraqi retail sector. The results indicate that SVS has a substantial influence on PD, highlighting the importance of aligning prices with perceived market value and consumer preferences. This alignment enables retailers to adopt more strategic pricing that enhances profitability and competitive positioning. In contrast, NRV shows no statistically significant impact, suggesting that approaches relying on projected sales revenue minus further processing costs may not provide an objective cost measure in this context. Similarly, PM exhibits a positive but non-significant association with PD, possibly because quantitative measures lack the detailed insights necessary for strategic pricing in a complex retail environment. These findings contribute to the global literature on cost allocation by presenting evidence from a relatively underexplored context, showing how cultural, economic, and market-specific factors shape the suitability of different allocation methods in Iraq. The results reinforce the relevance of value-based costing, particularly in uncertain environments, and emphasise the contextual limitations of quantitative methods such as NRV and PM in dynamic retail settings.

From a practical perspective, the findings suggest that Iraqi retail managers should prioritise SVS when making PD, as this method reflects customer preferences and

perceived value. Managerial training should also be implemented to encourage adoption of methods like NRV, which may improve long-term strategic pricing. Future research could integrate sustainability metrics into cost allocation frameworks, investigate the role of digital tools and blockchain for greater transparency, and conduct longitudinal analyses to assess the evolving effects of different allocation methods on profitability and competitiveness. Although NRV and PM have limited influence, they can still serve as complementary tools when combined with qualitative insights, enabling more flexible and comprehensive PD strategies. The study recognises its limitations, including reliance on self-reported data, a cross-sectional design that restricts causal inference, and its focus on a single sector, which may limit generalisability. Overcoming these through longitudinal studies, exploring other industries, and incorporating qualitative approaches could offer a deeper understanding of managerial decision-making. Ultimately, the study underscores the significance of cost allocation methods in shaping PD, offering both theoretical insights and actionable recommendations for enhancing financial performance and competitiveness in Iraq's retail market.

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