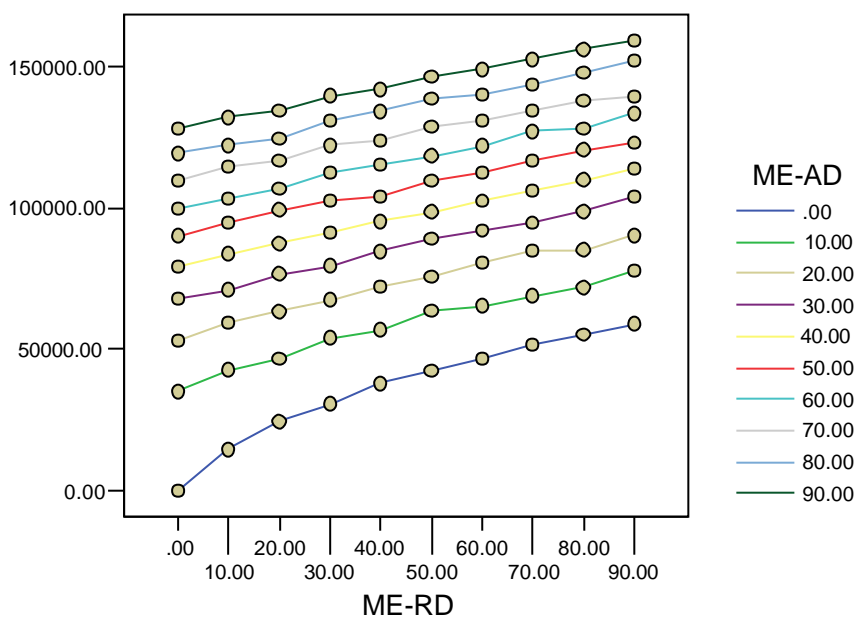


**TABLE 1**  
**Analysis of the Measurement Error in the Resource Driver**  
**– Measurement Error in the Activity Driver Effects <sup>a</sup>**

*Panel A: Analysis of the EUCD error measure*

Source of Variation	F	Sig.	Partial $h^2$	Standardized regression coefficient $\beta$ <sup>b</sup>	t-value
ME-RD	908	0.000*	0.141	0.255	88.81
ME-AD	7392	0.000*	0.571	0.722	252
ME-RD*ME-AD	4.903	0.000*	0.008	-0.037	-13.04
R-Squared	0.601			0.588	

*Panel B: Marginal Estimated Means Plot of EUCD*



\* indicates significance at the 1% level.

<sup>a</sup> EUCD = square root of mean squared error, ME-RD = measurement error in resource drivers, ME-AD = measurement error in activity drivers. Note that, as explained in Section II, measurement error in the cost driver can also be interpreted as specification error in this empirical setting.

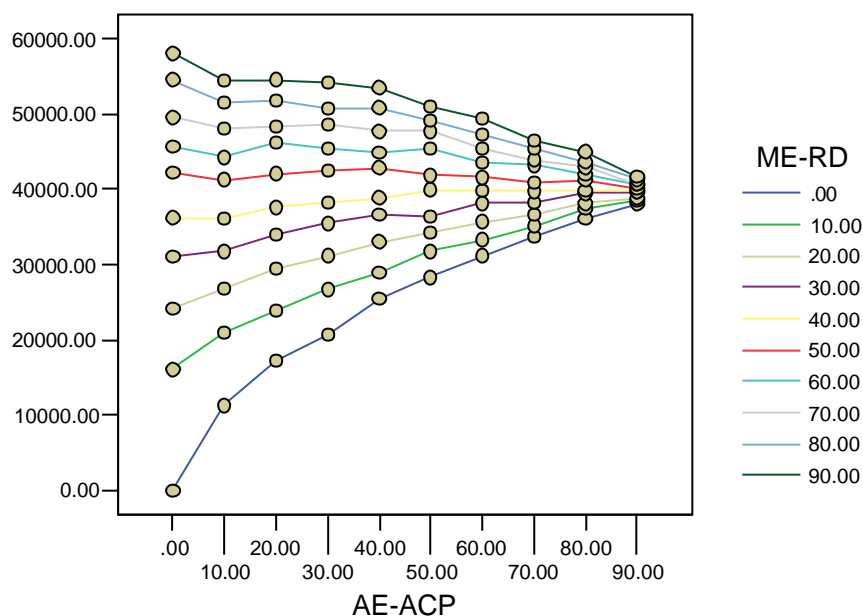
<sup>b</sup> The independent variables in the regression are mean-centered to remove multicollinearity and to scale the interaction term.

**TABLE 2**  
**Analysis of the Aggregation Error in the Activity Cost Pools**  
**– Measurement Error in the Resource Drivers Effects**

*Panel A: Analysis of the EUCD error measure for the full sample*<sup>a</sup>

Source of Variation	F	Sig.	Partial $h^2$	Standardized regression coefficient $\beta$	t-value
AE-ACP	20.6	0.000*	0.004	0.047	11.131
ME-RD	511	0.000*	0.084	0.284	67.145
AE-ACP*ME-RD	19.6	0.000*	0.031	-0.161	-38.143
R-Squared	0.113			0.109	

*Panel B: Marginal Estimated Means Plot of EUCD*



*Panel C: Correlation analysis for the split samples*

Pearson <sup>c</sup> correlation of EUCD with	Sub-sample with ME-RD $\leq$ 40	Sub-sample with ME-RD $\geq$ 50
AE-ACP	0.213 (0.000*)	-0.085 (0.000*)
ME-RD	0.202 (0.000*)	0.105 (0.000*)

\* indicates significance at the 1% level.

<sup>a</sup> EUCD = square root of mean squared error, ME-RD = measurement error in resource drivers, AE-ACP = aggregation error in the activity cost pools.

<sup>b</sup> The independent variables in the regression are mean-centered to remove multicollinearity and to scale the interaction term.

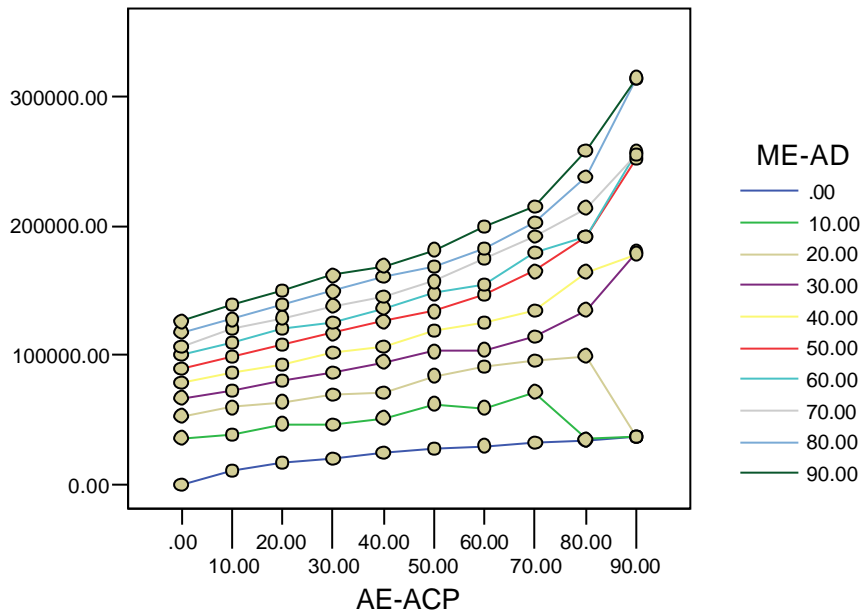
<sup>c</sup> Spearman correlations are consistent with these.

**TABLE 3**  
**Analysis of the Aggregation Error in Activity Cost Pools**  
**– Measurement Error in Activity Driver Effects**

*Panel A: Analysis of the EUCD error measure for the full sample <sup>a</sup>*

Source of Variation	F	Sig.	Partial $h^2$	Standardized regression coefficient $\beta$ <sup>b</sup>	t-value
AE-ACP	6337	0.000*	0.533	0.426	197
ME-AD	18105	0.000*	0.766	0.731	339
AE-ACP*ME-AD	324	0.000*	0.345	0.225	104
R-Squared	0.832			0.767	

*Panel B: Marginal Estimated Means Plot of EUCD*



*Panel C: Correlation analysis for the split samples*

Pearson <sup>c</sup> correlation of EUCD with	Sub-sample with ME-AD $\leq$ 20 and AE-ACP $\geq$ 70	Sub-sample with ME-AD $\geq$ 30 and AE-ACP $\leq$ 60
AE-ACP	-0.321 (0.000*)	0.446 (0.000*)
ME-AD	0.461 (0.000*)	0.579 (0.000*)

\* indicates significance at the 1% level.

<sup>a</sup> EUCD = square root of mean squared error, ME-AD = measurement error in activity drivers, AE-ACP = aggregation error in the activity cost pools.

<sup>b</sup> The independent variables in the regression are mean-centered to remove multicollinearity and to scale the interaction term.

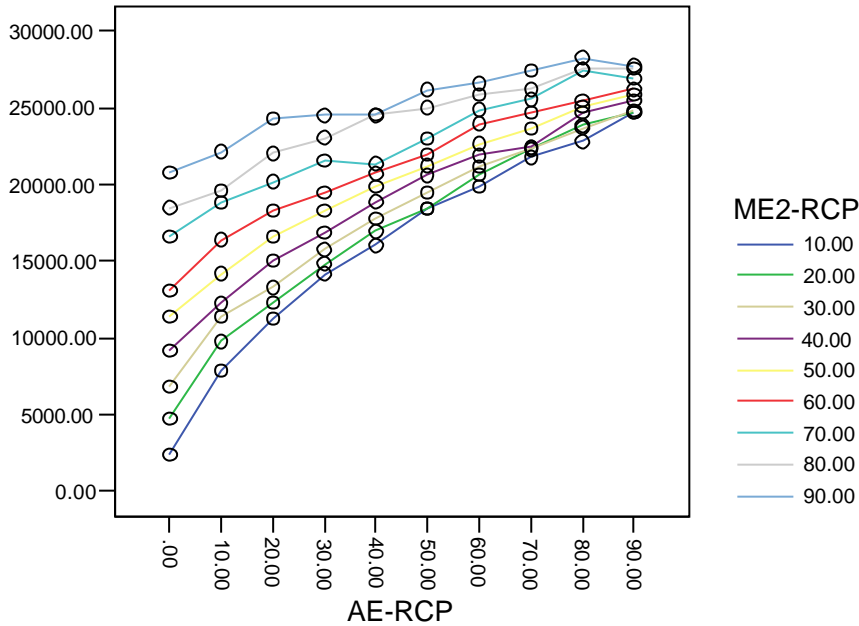
<sup>c</sup> Spearman correlations are consistent with these.

**TABLE 4**

**Analysis of the Aggregation Error in Resource Cost Pools - Size of Measurement Error in Resource Cost Pools Effects when a Very High Number of Resource Cost Pools is Subject to Measurement Error**  
*Panel A: Analysis of the EUCD error measure for the full sample*<sup>a</sup>

Source of Variation	F	Sig.	Partial $h^2$	Standardized regression coefficient $\beta$	t-value
AE-RCP	208	0.000*	0.040	0.195	42.55
ME2-RCP	108	0.000*	0.019	0.134	29.26
AE-RCP*ME2-RCP	2.67	0.000*	0.004	-0.060	-13.17
R-Squared	0.061			0.059	

*Panel B: Marginal Estimated Means Plot of EUCD*



*Panel C: Correlation analysis for the split samples*

Pearson <sup>c</sup> correlation of EUCD with	Sub-sample with ME2-RCP ≤ 60 and AE-RCP ≤ 70	Sub-sample with ME2-RCP ≥ 70 and AE-RCP ≥ 80
AE-RCP	0.240 (0.000*)	-0.007 (0.719)
ME2-RCP	0.102 (0.000*)	0.012 (0.511)

\* indicates significance at the 1% level.

<sup>a</sup> EUCD = square root of mean squared error, ME2-RCP = size of measurement error in resource cost pools, ME1-RCP = number of resource cost pools subject to measurement error, AE-RCP = aggregation error in the activity cost pools. ME1-RCP = 90 for the analyses in this table.

<sup>b</sup> The independent variables in the regression are mean-centered to remove multicollinearity and to scale the interaction term.

<sup>c</sup> Spearman correlations are consistent with these.