

EVALUATION OF THE IMPLEMENTATION OF FUNCTION-BASED RESPONSIBILITY ACCOUNTING

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ABSTRACT

Implementation of Function-Based Responsibility Accounting is a system used to determine the level of responsibility carried out by managers and employees in controlling production costs. This study aims to determine the implementation of function-based responsibility accounting for determining burdens, measuring performance, evaluating, and knowing the awards given by the company to employees. This study is located at PT.TIMW Bawen Unggaran. The method used in this study is descriptive qualitative by collecting data through interviews with managers and heads of production along with documentation of related documents. The analysis techniques used are data reduction, data presentation, and conclusion. The results obtained that the implementation of function-based responsibility accounting at PT.TIMW in determining burdens, measuring performance, evaluating and awards is good, but needs to be improved so that its performance is optimal. The study integrates these elements into a cohesive framework that demonstrates how responsibility accounting, when implemented within function-based structures and specific responsibility centers, can enhance organizational efficiency and accountability. It refines existing theories on decentralized management, control, and accountability by showing how structured responsibility and function-based assignments affect performance at multiple levels. This framework has theoretical implications for how organizations can design control systems that are both accountable and adaptable to different functional demands, thereby adding to both accounting and organizational management literature.

Keywords: Responsibility Accounting, Function Based, Responsibility Center, Implementation.

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INTRODUCTION

Companies need to conduct supervision and control to test the implementation of activities, many control tools can be used by management, one of which is the responsibility accounting system. Responsibility Accounting is an accounting system related to the organizational structure of the company with the aim that each accountability unit in the organization can report and be accountable for the results of the implementation of its activities, then compared with existing standards, namely the budget, and analysis of deviations. Responsibility accounting is used to evaluate performance and for management control to update behavior in a certain way so that a person or company activity is adjusted to achieve common goals. It can be concluded that responsibility accounting is part of the

management accounting system in a formal form that produces information that refers to the center of responsibility in an organization (Mulyadi, 2013).

Cost centers that occur in the responsibility center are the responsibility of the manager of the responsibility center concerned to control costs. Responsibility accounting is a system and is expected as a source of information for management. Responsibility accounting with related cost control lies in its control function, in this case, the human factor. This is because humans are the subjects who carry out company activities as well as holding an important role in determining the success or failure of the implementation of cost control in the company (Simamora, 2012).

In a fairly large company, responsibility accounting can already be applied. However, several management parties are trying to implement this system so that it can be applied to cost control, not the same for every company. In the era of globalization, the development of the global market today requires every country to be able to compete with each other so that the existence of the economy is not eliminated from the community.

The pressure requires PT.TIMW is a garment industry company that produces clothes to minimize the costs needed, so cost control is needed so that the company in issuing the budget is structured and directed as it should be. Cost control has an important role in budget expenditure. With an organizational structure related to accountability, this company implements a staff organizational structure where each superior has subordinates according to a certain section and each subordinate only receives orders from the superior according to the work unit section. The company has implemented functional separation as authority and responsibility.

The organizational structure of accountability accounting at PT.TIMW in the cost center still has several problems. The problem encountered is that the preparation of the company's budget does not cover all elements of the company. PT.TIMW begins by issuing a memo from the president director to the finance and general department to prepare a budget based on the previous period's realization data, then compare it with the realization of the budget. After the budget is prepared, the financial manager will submit it to the director for approval. Because in preparing the budget, other departments do not participate, so they feel that they are not responsible for the plan to achieve the goals set by the company which makes the budget controlled or uncontrolled.

Not all budgets can reach the target and some obstacles can be seen from the budget cost accountability report. Both profitable and unprofitable there is no evaluation of the presentation of reports in the short term carried out by the company on the performance of managers. Because the evaluation is only carried out once a year, namely at the end of the year or after the period is over, this does not explain the cause of the deviation in the accountability report.

The purpose of this study is to analyze the implementation of accountability accounting based on the function of determining the burden, measuring performance, evaluating, and knowing the rewards given by the company to employees.

LITERATURE REVIEW

Responsibility Accounting

Responsibility accounting must be responsible for all activities under control. Responsibility accounting is a fundamental tool for management control. Responsibility Accounting is an accounting system that is structured in such a way that the collection and

reporting of costs and/or income is carried out in accordance with the area of responsibility in the organization, with the aim of appointing a person responsible for storing budgeted costs and income (Mulyadi, 2013). A leader is expected to be able to monitor the company's operations as a whole, This cannot be done because the company's activities are increasingly complex. Authority and responsibility are needed for the implementation of responsibility accounting. With responsibility accounting, leaders are expected to be able to control responsibility to work units. Responsibility accounting is management accounting's answer to general knowledge where business failure can be made effective by controlling people's responsibilities to bring them out of operation (Ikhsan, 2009). Responsibility accounting is a system used to measure the performance of each responsibility center according to the information needed by managers to operate their responsibility centers as part of the management control system (Samryn, 2012).

Responsibility Center

Determination of areas of responsibility and managers responsible in a company organization is carried out by establishing responsibility centers. A responsibility center is an organization led by a manager who is responsible for the activities carried out in an organization. A responsibility center is headed by a manager who is responsible for the results of the activities carried out by the company. Responsibility centers in an organization are divided into several parts. In general, companies are divided into several responsibility centers that are indicated in an organizational structure. The lowest level of responsibility center for units. Sections, parts, or other organizational units. Departments, business units, or definitions are at higher levels. Responsibility can be seen as a system that processes input into output. The input of a responsibility center measured in monetary units is called costs, while the output of a responsibility expressed in monetary units is called income. There are four types of responsibility centers, classified according to the nature of the monetary input and output measured for control purposes, namely cost centers, revenue centers, profit centers, and investment centers (Anthony and Gofidarajan, 2019).

Implementation of Responsibility Accounting

The responsibility accounting system cannot be implemented by every company, because every company must meet the requirements to implement responsibility accounting. In the implementation of responsibility accounting, namely, the organization consisting of responsibility centers and the decision-making organization is not limited to a small number but is spread throughout the organization, with managers at various levels making decisions concerning responsibility (Mulyadi, 2013).

Implementation of Responsibility Accounting with Responsibility Assigned

One of the elements of function-based responsibility accounting is the assignment of responsibility. Responsibility accounting is based on the idea that a manager must be charged with responsibility for his own performance and that of his subordinates. The concept of accounting becomes a guideline for the accounting department to collect, measure, and report actual performance, expected performance, and differences arising in each accountability.

Implementation of Responsibility Accounting with Determination of Performance Measures

Function-based responsibility accounting with the determination of performance measures is a measurement action carried out on various activities in the value chain of the company. The results of the measurement are then used as feedback in effective and efficient actions that will provide information on the achievement of the implementation of a plan and the point where the company requires adjustments to planning and control activities.

Implementation of Responsibility Accounting with Performance Evaluation

Responsibility accounting with performance evaluation is an evaluative opinion on a person's nature, behavior, or achievement as a basis for decisions and personnel development plans (Kreitner and Kinicki 2014). Each department asks for responsibility from the manager of the responsibility center is responsibility for costs that can be directly controlled. So each manager of the responsibility center can identify the income and costs that are under his supervision and those that are not under his supervision. Controllable costs and income are the responsibility of each manager of the responsibility center (Putri, 2008).

Implementation of Responsibility Accounting with awards

Responsibility accounting with awards to employees is a reward given or received by someone as a form of achievement or remuneration for services that have been provided. Awards can be given in the form of compensation to employees who excel. Compensation is an employee's right that is received for completing obligations in a company. Compensation is important for employees because it can motivate employee productivity and work performance. For a company, compensation can affect productivity through existing human resources by improving employee compensation. Compensation implementation must be carried out rationally and legally to help employee productivity and motivation (Safitri et. Al., 2014).

RESEARCH METHODS

Sample

This research was conducted at PT.TIMW Bawen Unggaran, Central Java, Indonesia, by conducting interviews with informants managers and production heads. The data obtained in this study were collected using several methods, namely interviews, documentation, and data triangulation. Interviews allowed the researcher to gather in-depth insights from participants, capturing their unique perspectives and experiences related to responsibility accounting and organizational roles. *Documentation* offered a more objective perspective, incorporating organizational records, policies, and reports that provide background and historical context. Finally, data triangulation was applied to cross-verify findings from interviews and documentation, enhancing the study's credibility by identifying consistent themes and patterns.

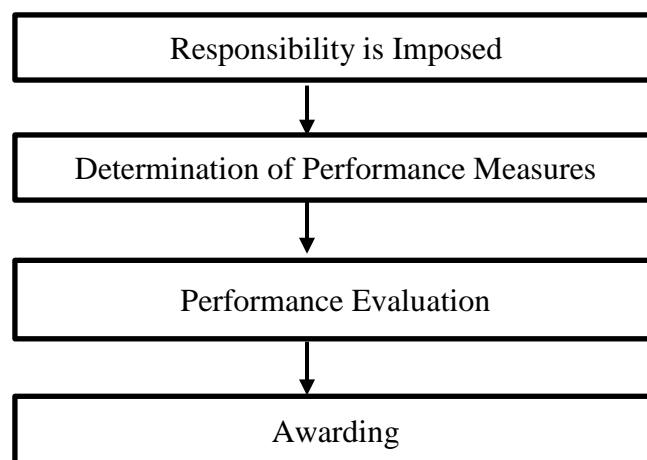


Figure 1. Structure of Various Elements of the Accountability System
Source: Hansen and Mowen (2009)

Measurement

Implementation of responsibility accounting with responsibility charged, determination of performance measures, performance evaluation and awarding. The implementation of Responsibility accounting cannot be separated from the four components of a responsibility accounting system. The components are illustrated in Figure 1.

Data analysis

The method used in this research is descriptive qualitative. The analysis techniques used are data reduction, data presentation, and conclusion.

RESULT AND DISCUSSION

Result

Responsibilities are charged through the organizational structure according to the results obtained showing that each employee must understand and know the duties of each function in carrying out their duties. Individual cost control by doing manual recording and recording with ETC machines in the QC, Finishing, and folding sections, this is to avoid manipulation so as not to cause factory overhead.

Determination of Performance Measures related to the Budget in measuring employee performance is carried out to improve skills and skills according to their abilities. Performance evaluation using SOPs that have been determined by the company has been carried out well, but there are still employees who have not optimally complied with the SOP. The provision of awards has not been optimal so that optimal awarding of employees can pursue quantity and quality targets.

Discussion

Implementation of the Determination of the Charged Responsibility

The charged responsibility that exists in PT.TIMW can be seen from the organizational structure and individual costs. The organizational structure in PT.TIMW is the division of work according to employee skills, where employees must understand their respective tasks. For example, the quality control section is waiting for stock from the sewing trimming section that must be checked by QC, so to save time and achieve the target, QC takes goods that have not been trimmed so that QC does a double job by checking and trimming. This interferes with the focus on checking finished goods. This is contrary to the theoretical basis put forward by Handoko (2003) who said that the structure contains elements of work specialists, standardization, or decentralization in decision-making and the size of the work unit.

Cost control with individual costs from the results of interviews with managers by determining raw materials, auxiliary materials, factory overhead, and others so that planning is well designed. The results of the interview with the head of production stated that cost control with individual costs through recording incoming goods input and output results of the production section using manual recording and with this ETC machine recording is time-consuming because employees have to record twice, but this is good to avoid data manipulation that can be done with manual recording so that if the results of the input data from production are excess or deficiency, of course, this makes the production cost not following the results obtained. It because the machine will save time.

This study is the same as the study of Setiyono and Norafyana (2017) which obtained the results of the analysis and discussion of the effect of implementing an organizational structure, planning, or Budget control system and reporting system in responsibility accounting on cost control.

Implementation of Work Measurement Application

Determination of performance measures with the Budget at PT.TIMW Bawen Ungaran has been carried out well, seen from the results of the interview, it can be concluded that the results of employee performance measurement are carried out to improve skills and to get skill allowances according to the abilities that employees have according to their respective duties. The budget is used as a measure of employee performance because the production carried out is related to the budget that will be issued by the company, so if employees do not work seriously, the budget will also increase, but if employees work well, the budget issued is also by what employees produce.

It can be seen according to the theory of Hasen and Mowen (2009: 424) that a budgeting system provides benefits for an organization, namely to force managers to plan, provide information that can be used to improve decision-making, provide performance evaluation standards, and improve communication and coordination. This is in contrast to previous research conducted by Rudi (2018) based on research conducted at CV. Citra Niaga Cemerlang regarding the application of responsibility accounting through the budget as a cost control tool is inadequate. Each responsibility center always applies operational and budget targets.

Implementation in Performance Evaluation

Implementation of accountability accounting with performance evaluation at PT.TIMW from the interview results it can be concluded that performance evaluation has not been carried out optimally, because there are still employees who have not optimally complied with the existing standart operational procedure (SOP), therefore it is necessary to apply appropriate sanctions so that employees carry out the SOP optimally.

Implementation of Rewards

The provision of awards to employees at PT.TIMW has a good purpose, namely to increase enthusiasm and hone employee skills so that they develop, but the provision of awards to employees in the form of target incentive awards, employees should not only pursue production targets but pay attention to production quality. This must be based on the theory put forward by Safitri et al. (2014) the application of compensation must be carried out rationally and legally to help productivity and motivate employees.

CONCLUSION AND RECOMMENDATION

Conclusion

Implementation of the determination of the Responsibility charged to PT.TIMW, the burden of responsibility can be seen from the Organizational Structure and individual costs. The organizational structure in PT.TIMW already exists, the division of work according to employee skills. Implementation of the determination of performance measures with the Budget at PT.TIMW Bawen Unggaran has been carried out well, that the results of employee performance measurements are carried out to improve skills and to obtain skill allowances according to the abilities that employees have according to their respective tasks

Implementation of the application of performance evaluation at PT.TIMW has not been carried out properly because it is still not optimal, because there are employees who have not complied with the SOP to the maximum. The provision of awards to employees at PT.TIMW actually has a good purpose, namely to increase enthusiasm and hone employee skills so that they develop, but there are awards that are not appropriate to be held for employees, namely target incentive awards because employees only pursue production targets without caring about production quality..

Managerial Implications

PT. TIMW Bawen Unggaran should be improved again in the implementation of function-based accountability accounting in the workplace so that the implementation of workload determination, work size, evaluation, and awards are carried out optimally.

Limitation and Futher Research

The limitation of this study is the use of qualitative methods as a preliminary study. This certainly still lacks generalization of the findings. The recommendation based on this limitation is to complement quantitative research with a questionnaire-based survey.

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