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A STUDY ON RESPONSIBILITY ACCOUNTS ON STAKEHOLDERS

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A B S T R A C T

This article investigates major points of the study on responsibility accounts on stakeholders. Therefore, research has been conducted on different accounts of stakeholders. Finally, outcomes and shortcomings of the research has been pointed as a result of the investigation.

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A R T I C L E I N F O

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1. Introduction

Responsibility accounting is a system of accounting that recognizes various responsibility centers throughout the organization and reflects the plans and actions of each of these centers by assigning particular revenues and costs to the one having the pertinent responsibility.

Responsibility accounting basically underlines the division of activities, work or organization into different sub systems or units where each sub- unit or center bears the set of responsibility given to an individual manager along with the corresponding authority. The fundamental theme of this approach is to make the manager held responsible for certain set of operations for which he enjoys authority to conduct them. Under this approach, an effort is made to judge a person/s by evaluating how far they have achieved the goals assigned to them under division. Thus, responsibility essentially involves creation of various responsibility centers. A responsibility center may be defined as a unit or sub system for whose performance a manager is held responsible. Responsibility accounting is an arrangement under which managers are given decision making authority and are made responsible for their area of assigned activity occurring within a specific department of the company.

A belief in the importance of available and relevant information to managers and stakeholders has propelled significant accounting change, motivating the development of new forms of reporting argued to provide more useful accounting information. However, accounting is not inherently useful. Accounting information is a heterogeneous agglomeration that is made useful in practice. We overview research, illustrating the experimental, emotional, imaginative and complementation stratagems that practitioners adopt in making accounting information useful. This research shows that diverse stakeholder interests are mobilised in processes making accounting information useful. The ethical implications of

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accounting for stakeholders are then considered, particularly the problematic consequences of greater transparency. The critical possibilities of accounting for stakeholders are outlined next. We conclude by arguing that further research problematizing the usefulness of accounting information, including the networks of interests accomplishing this, is vital to advance debate on accounting forstakeholders.

PROBLEMS WITH STAKEHOLDERS:A typical issue that emerges with having various partners in an undertaking is their different personal circumstances may not all be adjusted. Truth be told, they might be in direct clash. The essential objective of an organization, for instance, from the perspective of its investors, is to boost benefits and upgrade investor esteem. Since work expenses are a basic info cost for most organizations, an organization may try to hold these expenses under tight control. This may have the impact of making another significant gathering of partners, its workers, and miserable. The most effective organizations effectively deal with the personal circumstances and desires for their partners.

2. Statement of the problem

The study is entitled to know the responsibility accounts on stakeholder. It reveals the planning and control of a company responsibility centers. So, the study mainly focused on knowing the responsibility accounts on stakeholder.

3. Objectives of the study

- To analysis the responsibility accounting onstakeholders
- To analyze the factors that affects the effectiveness ofstakeholder
- To identify the responsibility towards the customers, society andemployeesmade

4. Research methodology

Research methodology is the specific procedures or techniques used to identify, select, process, and analyse information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability.

Secondary data: Secondary data refers to the second hand information generated by someone else which is collected by the investigator. Secondary data was collected from various books, websites, magazines and internet etc

LIMITATIONS OF THE STUDY

- The study will be based on secondary data only; hence the reliability of the information might not be assured.
- Time constraints.
- The sample will not be taken for the research study.
- It is difficult to get confidential data about the responsibility accounts of stakeholders.

SWOC ANALYSIS

Strengths

- The geographic presence in different regions can act as one of the major strength of the organization. It determines the business's reach to the target market and ensures the easy accessibility.
- The wide product portfolio can allow the organisation to expand the customer base and offset the losses from one product category with benefits obtained from the other.
- Strong online presence on different social networking sites and efficient social media management can enhance the effect of positive e-WOM and develop strong relationships with customers.
- Strong financial position and health can allow the firm to make further investments.
- Access to the suppliers that offer raw material at a lower cost can improve the overall business efficiency.

- The locational advantage can improve the competitive positioning of the firm in various ways, such as- lower cost, improved accessibility or enhanced brand image.
- The well-developed and efficiently integrated IT infrastructure can improve the operational efficiency and increase knowledge of the latest market trends.
- Competent and committed human capital can act as a powerful source of competitive advantage, particularly when business is service oriented in nature.
- High product quality increases brand loyalty and improves for responsibility accounting's performance in a competitive market.
- Workplace diversity can also act as a major business strength, particularly when the organization intends to operate in the international market.
- The horizontal and/or vertical integration can increase the control over whole value chain, result in improved access to raw material and quick product delivery to the final customer.
- An organization may own different intellectual property rights that can make the product offerings unique and exclusive, making it difficult for competitors toimitate.

Weaknesses

- The organization can draw the criticism from the environmentalists for its poor waste management practices and inability to integrate sustainability in business operations.
- The company may lose efficiency due to poor inventory management practices. The shortage or excessive inventory can either result into
- The cash shortage or insufficient current assets negatively affect the liquidity position and harms the overall business performance.
- Insufficient budget for the marketing and promotion activities weakens the firms' ability to expand the customer base and encourage repeat purchase.
- Less expenditure on the research and development activities can weaken the company performance due to poor local/international market knowledge.
- The inability to understand customers' needs and expectations lead to an ineffective strategic decision-making process .With this weakness, the organization may not be able to identify the potential improvement seeking areas in product/service mix.
- The prices charged by the business may not be perceived as justified when compared to the product/service characteristics. It indicates the need to revise the pricing strategy.
- The poor customer service (such as inefficient customer complaint handling) can trigger the negative word of mouth about the business and affect business growth.
- Poor project management practices can internally weaken the ability of the organization to successfully open new branches or expand the product line.
- Lack of organizational commitment and high employee turnover can increase recruitment costs and reduce organizational productivity.
- High job stress and consequent low workers' morale makes the workforce less productive.
- The misalignment between the organization's leadership style and its core strategic objectives can make the business organization directionless.
- Organizational culture also becomes a big internal weakness when it does not align with the strategic/business objectives

Opportunities

- The exponential growth in the population, and particularly in the existing or potential customer segments is a great growth opportunity for the business organization.

- The changing customer needs, tastes and preferences can act as an opportunity if the business organization has good market knowledge.
- The development of new technologies to assist the product/service production and delivery process can be exploited to embed the innovation in business operations. The advanced technological integration can decrease costs, improve efficiency and result in the quick introduction of innovative products.
- Rise in the customers' disposable income and increase in the affluent customer base can be taken as an opportunity to introduce more high-end products.
- Reduction in the interest rates makes the fund raising and financing at lower cost easier for the business organization.
- Customers may start preferring new and creative products/services as a result of changing tastes.

- The emergence of e-commerce and social media marketing as a trend can be a great opportunity for responsibility accounting.
- The diminishing boundaries and rising global interconnectedness allow the organisation to get into the international market; target geographically dispersed customer base and increased profitability.
- The subsidies provided by the government and other policies to make the business environment more friendly is a positive external environmental factor for responsibility accounting.
- Improvement in the customers- lifestyle and standards creates more consumption on consumer goods and services, and more opportunities to encourage the purchase of products andservices.

Challenges

- Shortage of skilled labour in the market can make it difficult for the organization to attract talent with the right skills set.
- The increasing number of direct and/or indirect competitors affects the organization's ability to sustain and expand the customer base.
- The deteriorating economic conditions affect business performance when they directly influence the customers' spending patterns and purchasing power.
- The rise in inflation increases the cost of production and affects the business profitability.
- The growing environmental sustainability trends act as a major challenge when offered products/services are not environment friendly. It draws the negative publicity and criticism from the environmentalists and affects the brand image in a competitive market.
- The globalization pushes the organization to cross national boundaries and deal with cultural diversity, which may have a detrimental impact if the organization lacks the cultural intelligence.

5. Outcome of the study

- This study focuses on the reviews of the previous literatures relating to responsibility accounting. A descriptive approach is used to review different literatures to understand the impact of responsibility accounting in businessorganizations.
- Responsibility accounting is a management control system based on the principles of delegating authority and assigningresponsibility.

- The authority and responsibility are delegated to the manager of responsibilitycenters.
- It work under the responsibility centers,the investment centre manager has control over cost, revenue and investment in operatingassets.

- Profit center manager has control over both revenue and cost but not over investment in operating assets.
- Responsibility accounting aims to evaluate managerial performance of individual responsibility center and provide responsibility report and information report for the evaluation of top management.
- It is an administrative accounting method that measures the result of each responsibility center this enables every manager to be aware of responsibility within his area relating to cost revenue profit and budgetary control.
- It is an effective tool of cost control, management control and profit planning. Hence, asa system of accounting it distinguished between controllable and uncontrollable cost
- This system deals only with the controllable cost. It is a system of control where responsibility is assigned for the control of costs,
- Responsibility accounting is a device to measure divisional performance measurement.
- Responsibility accounting enforces controllability for ensuring responsibility and accountability in the horizontal line. The main principle of responsibility accounting is to establishdecentralization.
- Stakeholders responsibility accounting is one of the best tools of cost management which is used in case of decentralization ordivisionalization.
- The stakeholder responsibility has a significant impact on planning and control that increases flexibility, reduces communication gap, encourages sub optimal decision making
- The term responsibility accounting refers to as a system of intersecting an organization into similar units,each of which is to be assigned particular responsibilities.
- Stakeholders responsibility accounting stands for a system through which managers are made explainable for a specific set of functions or objectives and through which their authentic performance can be weighed and evaluated. It is also known as activity or profitability accounting.

6. Findings of the study

- Responsibility accounting is a system of finding out a causal relationship between activities and performance of the activities.
- divisional performance can be evaluated easily that leads to the motivation to different segments of organizations through using the concept of decentralization. Decentralization varies from size of organization, normally large organizations use the responsibility accounting systems (activity based, functional based and strategic based).
- A descriptive approach is used to review different literatures to understand the impact of responsibility accounting in business organizations.
- Responsibility accounting is a management control system based on the principles of delegating authority and assigning responsibility.
- It aims to evaluate managerial performance of individual responsibility center and provide responsibility report and information report for the top level management.
- Responsibility accounting enforces controllability for ensuring responsibility and accountability in the horizontal line.
- Responsibility accounting has a significant Impact on planning and control that increases flexibility, reduces communication gap, encourages sub optimal decision making.

7. Suggestions

- The proper focus on responsibility accounting report should be information and information must assist manager in decision making
- Stakeholders are responsible for reviewing deliverable project items
- Company should keep the up to date record of the stakeholder for the future reference.
- Helps to know about the prevention in implementing responsibility accounting system in an organization.

- It is the responsibility of the company to record and to keep an accountability of the stakeholder based on the outcome of the business.
- To provide with less job stress and consequent high stacles workers, morale makes the workforce more productive as the responsibility of stakeholders.

Conclusion

Responsibility account is perhaps the best instrument of cost the executives which is utilized in huge association if there should arise an occurrence of decentralization or divisionalisation to lessen the trouble of dealing with the association. Obligation lopes are recognizable sections inside an organization for which singular directors have acknowledged position and responsibility. Obligation focuses characterize precisely what resources and exercises every chief is dependable for Managers set up a duty report to assess the presentation of every duty focus. This report contrasts the obligation centers planned execution and its real execution, estimating and deciphering singular changes. Duty reports should incorporate just controllable expenses so supervisors are not considered responsible for exercises they have no power over. Utilizing an adaptable spending plan is useful for setting up an obligation report. Responsibility Accounting is utilized for huge Scale Companies which have different offices and every office have master departmental mindful director. Move estimating is the valuing of interior exchanges between benefit focuses. Obligation Center is a division of the association, where an individual chief is considered liable for its divisions execution.

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