

## Literature Review: Analysis of the Implementation of Responsibility Accounting in Controlling Cost in Various Organizations

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### ARTICLE INFO

*Keywords:* Implementation, Responsibility Accounting, Cost Control

*Received :* 18, February

*Revised :* 19, March

*Accepted:* 16, April

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### ABSTRACT

This research aims to determine the application of responsibility accounting in controlling costs. Responsibility accounting plays an important role in controlling company cost. The literature review approach is used to examine six pertinent papers in this investigation. The findings demonstrated that responsibility accounting plays a significant role in efficient and effective cost management via systematic reporting, budget monitoring, and excellent cost control. Various benefits are obtained from the implementation of responsibility accounting, such as overcoming the shortage of funds due to late payments, improving the smooth running of company activities, balancing the income and expenditure of the cost budget, and assisting in making better decisions and actions within the company.

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## **INTRODUCTION**

In era of competition and rapid business growth, companies must look forward to anticipate risks that affect the company's future development. In every company, there are goals that must be achieved, either to obtain large profits or to advance organizational growth (Kusumawati, 2020). A complex business environment makes it increasingly difficult for company management to achieve goals. In addition, organizations or companies need to step up their quality game to combat fiercer competition in the economic world (Wahyudi & Yulianasari, 2019). Therefore, accounting plays an important role in supplying decision makers with the necessary information.

Accounting is important for decision making in management because the use of accounting as a management tool in fulfilling tax and legal reporting obligations, as well as in providing information regarding a company's financial results is very important (Wandari & Sujana, 2021). Accounting is also important in business because it provides relevant and accurate financial information about an organization that will be used in decision making for stakeholders.

Managing an organization, especially a large organization, requires a more detailed approach in managing different parts or units. This is where the importance of responsibility accounting is needed.

Responsibility accounting is a sub-field of management accounting that is concerned with tracking and reporting monetary data related to the efficiency of organizational accountability hubs (Normansyah, 2021). In the concept of responsibility accounting, there are four types of responsibility centers which are used to group organizational activities based on the nature of each center's financial responsibility, namely cost, investments, income and profits. In each responsibility center, there is a manager who has responsibility for the tasks in that center. One of the tasks of the responsibility center manager is to control cost and budget cost that have been determined (Salesti et al., 2022). In other words, managers have the dual responsibility of keeping expenses under control and ensuring that company requirements and goals are still met.

Cost control involves actively managing activities to ensure they are in line with predetermined plans and objectives, achieved through ongoing cost budgeting and careful monitoring of any deviations that may arise, thereby enabling rapid follow-up on resulting losses (Risal & Wahyuni, 2018). The main goal of cost control is to optimize the use of company resources and ensure operational efficiency.

However, in a company it cannot be separated from uncontrollable cost determined by the company from the budget planning that has been made previously. To ensure the continuity of their company, organizations must manage and minimize cost effectively, thereby eliminating unnecessary cost incurred during their operations (Munawaroh, 2022). To facilitate cost control, it is very important for companies to implement responsibility accounting.

Controlling cost using responsibility accounting is very important to avoid unwanted deviations. In line with research (Asril & Asmeri, 2019), the results prove the implementation of responsibility accounting at PT. Gunung Naga Mas Padang is inadequate because the company does not separate administrative and non-administrative cost. Companies cannot manage cost well

without separating managed and unmanaged cost. Finally, it is difficult to analyze in detail the cost deviations that occur.

Leveraging the establishment of responsibility from designated cost centers, where leaders are entrusted with the task of managing and making cost-based choices, is an important component of responsibility accounting. In the context of cost management, responsibility accounting allows managers to understand and manage the cost associated with the particular section or unit they lead. Measuring cost control results can be done by comparing the budget with actual cost. (Suryani & Nadirsyah, 2021).

Successful implementation of the concept of responsibility accounting also increases the effectiveness of cost control. As in research published by (Bakti & Sabrina, 2021). At PT Pupuk Sriwidjaya Palembang, research shows that a good responsibility accounting system has a significant or at least positive impact on cost control.

Although this concept has been widely used in practice, there is still debate regarding its effectiveness and implementation in various organizations. Research by (Sharon & Mintalangi, 2021) on PLN North Sulawesi shows that implementing good responsibility accounting can help organizations control cost effectively. However, research conducted (Risal & Wahyuni, 2018) shows inconsistent results. The research results show that the implementation of responsibility accounting does not make a significant contribution in increasing the effectiveness or success in controlling cost at the Awana Hotel located in Palopo City.

Carrying out cost control through responsibility accounting will of course encounter obstacles. Difficulties and obstacles to its implementation have been previously documented in research (Fitriyah & Siregar, 2021). The problem of responsibility accounting as cost control at PT. WII includes inadequate follow-up, such as no action to correct cost deviations, meaning that major problems with cost deviations persist even after a month has passed.

Therefore, based on these findings, further research regarding "Implementation of Responsibility Accounting in Controlling Cost" is deemed necessary. This research aims to make a theoretical and practical contribution to cost control by collecting the latest literature and applicable case studies.

## **LITERATURE REVIEW**

### ***Implementation***

implementation is the process or action of implementing or applying a concept, method, or policy in real situations or in practice. The process of implementing a system includes various activities, operations, and methods. This system shows that implementation is more than just a simple task. It is the process of adhering to set standards to achieve predetermined goals.

So implementation is the act of applying a theory, method, or other concept in practice to achieve certain goals in accordance with the interests of certain groups or groups that have been previously planned.

### ***Responsibility Accounting***

Assigning tasks to designated “responsibility centers” and then monitoring those centers' progress toward goals is the essence of responsibility accounting (Fitriyah & Siregar, 2021). According to (Jusmani & Mursalin, 2020), this system monitors what is spent, produced and invested by each organizational unit. Each of these organizational units acts as a responsibility center.

With the help of responsibility accounting, upper level management can more easily supervise and coordinate the operations of all responsibility centers. Each organizational unit presents reports periodically, such as monthly, quarterly, semi-annually or annually, which are then used as a tool for accountability to managers at higher levels (Kusumawati, 2020). The purpose of responsibility accounting is to motivate the work of managers, secondly to evaluate the work performance of managers, and to cost control.

So it can be concluded that responsibility accounting allows management to control and coordinate the activities of the various responsibility centers through reports submitted periodically.

### ***Cost Control***

Cost control is management's effort to achieve cost targets in specific activities (Bakti & Sabrina, 2021). Responsibility accounting is used to provide this control by systematically arranging tasks, explicitly outlining the relationships between company components, and ensuring that accountability is detailed at each level (Risal & Wahyuni, 2019).

Control can be achieved by giving each manager responsibility for planning income or cost, then the manager will compile and provide information regarding the realization of income or cost (Suryani & Nadirsyah, 2021). With effective cost control, organizations can increase their profitability, optimize the use of resources, and improve their overall operational performance.

## **METHODOLOGY**

This research uses a literature review which involves analyzing articles that are relevant to the research topic. Literature review is a process of carefully examining previous research and other related sources. The aim is to summarize, evaluate and critically discuss this work (Pradana et al., 2021).

This research aims to explore the implementation of responsibility accounting to manage expenses or control cost in various organizations. Journal articles found via Google Scholar were used as data sources for this research. Using the terms “implementation”, “responsibility accounting” and “cost control”, a search was conducted. The characteristics of the articles used are that the first explains the importance of responsibility accounting in controlling cost, the second is a journal indexed by Sinta, and the third does not differentiate between research methods and objects. And 6 (six) articles were selected which were used in this literature review.

## **RESEARCH RESULT**

Implementation can be seen as an important step in translating concepts and theories into practical actions that benefit organizations and individuals.

Deployment is often considered the implementation phase of a plan or strategy. In the context of responsibility accounting as a cost control tool, implementation is seen as an important step in transforming the concept of responsibility accounting into a practice that allows organizations to manage cost more effectively.

Research conducted by (Samadhinata & Purnamawati, 2020) on CV. Cok Konfeksi in Bali provides results that responsibility accounting in controlling production cost is very good so that it can overcome the lack of funds resulting from late payments by customers. Responsibility accounting has a very important role for CV. Cok Konfeksi in carrying out its company activities smoothly. Through monitoring, reporting, and evaluation, this system provides valuable information that assists companies in decision making and action. Apart from that, implementing responsibility accounting also provides other benefits for CV. Cok Konfeksi, which can overcome financial difficulties that arose as a result of the last corona pandemic. Thus, responsibility accounting not only acts as a tool for controlling production cost, but also as a strategic support in managing company finances and operations.

According to research conducted by (Jusmani & Mursalin, 2020), responsibility accounting is not only important in controlling production cost, but also in managing other cost in the company, namely administrative cost. This research analyzes data regarding budgets and the realization of administrative and general cost, and shows that cost control efforts involve all levels of management in preparing the budget. Preparing a budget according to regulations ensures that managers are accountable and work towards achieving the set goals. Earning more money and spending less is the result of using responsibility accounting. Responsibility accounting has a beneficial influence on organizations when used as a cost management tool, according to this research.

In the government hospital services industry which does not prioritize profit, the implementation of responsibility accounting as cost control is not much different. However, in terms of reporting, there are differences in the format of accountability reports because government hospitals are included in the Regional Public Service Agency (BLUD) category which always reports electronically in accordance with government regulations. Wandari and Sujana's research findings (2021) show that responsibility accounting has been successfully implemented at Buleleng Hospital, Bali. The control carried out by RSUD is to compare the budget plan with its realization, but because the cost incurred are smaller than the budgeted amount, there is a difference in profits. This usually results in a profit because the actual cost are lower than the budgeted cost. This also shows one of the benefits of using responsibility accounting to control cost.

Responsibility accounting is an important technique for reducing expenditure at the Badan Pertahanan Nasional Kota Bengkulu, according to other research on government agencies (Torina et al., 2022). This is because it assigns cost to specific units or sectors that are responsible for those cost. To keep cost under control, it is necessary to compare actual expenditure with the predetermined budget. Management can then use this information to better control cost by examining any variations that arise. As a result, government

entities can use responsibility accounting as a cost control method so that resource management effectiveness and efficiency increase.

The implementation of responsibility accounting is considered good if it meets the requirements. From the results of research by (Suryani & Nadirsyah, 2021), the implementation of responsibility accounting at Iskandar Muda Hospital has played a role in controlling cost and evaluating performance. Management can pinpoint where expenses come from and hold individuals accountable for meeting or exceeding budget targets with the help of responsibility accounting. Management can manage expenses better using this data so that leadership policy decisions can be based on accurate information. Iskandar Muda Hospital also reviews its reports to ensure that the planned budget is in accordance with its implementation.

Study at PT. PLN North Sulawesi (Sharon & Mintalangi, 2021) states that having a good and correct responsibility accounting system will help businesses manage cost effectively. This implementation is considered effective because PT. PLN North Sulawesi has fulfilled all the requirements and characteristics needed. This success is very crucial in controlling cost PT. PLN North Sulawesi. Each requirement and characteristic applied in responsibility accounting makes a positive contribution in controlling cost. This system allows comprehensive monitoring and easy identification of all operations within company units, thereby enabling the management of related expenses efficiently and effectively.

## **CONCLUSIONS AND RECOMMENDATIONS**

From various research conducted on various types of organizations, especially in the context of cost control, it can be concluded that the implementation of responsibility accounting has a very important role. Responsibility accounting helps organizations manage cost more effectively and efficiently through good cost control, budget monitoring and systematic reporting.

This research indicates that the implementation of responsibility accounting has provided various benefits, such as overcoming lack of funds due to late payments, improving the smooth running of company activities, balancing income and expenditure budgets, and helping in making better decisions and actions within the company.

The advice that researchers can give to organizations is that it is important for organizations to continue to improve the implementation of responsibility accounting as a method of controlling cost by paying attention to developments and changes in the business environment and applicable regulations.

In addition, regular evaluation of the implementation of responsibility accounting needs to be carried out to evaluate success and make necessary improvements so that cost control can continue to be improved.

For further study, it can be further explored how the implementation of responsibility accounting can provide greater benefits in controlling cost and company financial management.

## **ADVANCED RESEARCH**

Implementation of accounting responsibilities has a very important role in managing costs more effectively and efficiently through good cost control,

budget monitoring and systematic reporting. It is important for organizations to continue to improve the implementation of responsible accounting as a cost control method by paying attention to developments and changes in the business environment and applicable regulations. In addition, regular evaluation of the implementation of accounting responsibilities needs to be carried out to initiate success and make necessary improvements so that cost control can continue to be improved.

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