

## The Effect of Responsibility Accounting on Cost Control (PDAM Padang )

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### Abstract

Responsibility accounting is part of management accounting which aims to collect and report accounting information for each responsibility center. This study aims to determine the effect of Responsibility Accounting, both partially and individually. Data collection methods used in this study are using field research and library research. The method of data analysis in this study uses simple linear regression. The results of this study indicate that: Responsibility Accounting has a significant effect on cost control seen by the results of the t test with a sig value (0,000) that is smaller than the probability value of 0.05

*Keywords:* Responsibility Accounting, cost control

### Introduction

In an era of increasingly stringent competition, the company faced various challenges in carrying out its business activities. The company is required to take strategic steps to maintain the company's survival. One of the company's efforts to maintain its business continuity through accounting accountability to measure the performance results achieved by each accountability center Responsibility accounting is an accounting system that is used to measure the performance of each responsibility center according to the information that managers need to operate their responsibility centers as part of Samryn's management control system (2012: 76). In accountability accounting, accounting information is associated with managers who have the authority over the occurrence of information to be held accountable to the manager concerned. Accountability accounting is applied in organizations that have divided the area of responsibility clearly and decisively (Ikhsan Lubis, 2014). According to Horngren, Srikant and George in Lestari (2013) responsibility accounting is a system that measures plans for budget use and actions using actual results from each responsibility center .

Accounting accountability, the leader can delegate the authority and responsibility to the level below it more efficiently without directly monitoring the entire company activities. Accounting accountability is one of the concepts of management accounting and accounting systems that are linked and adapted to existing accountability centers within a company. Accounting accountability also needs to be evaluated to take place properly so that management can easily connect the costs incurred with the Central Manager responsible responsibility. The application of adequate accountability accounting is able to encourage the company to achieve the company's objectives (Setianto, 2017).

Ikhsan Lubis (2011:204) reveals that the purpose of accounting accountability is to ensure that individuals at all levels of the company have contributed to a satisfactory contribution to the overall achievement of the company's objectives. This is accomplished by divide a company to individual accountability centers (a network of responsibilities) that provide a framework for decentralized decision-making and participative at the company level in setting the company objectives.

According to Anthony and Govindarajan in Kurniawan Tjakrawala (2015) there are four types of accountability centers for control purposes namely the Revenue center, cost center, profit center, and investment center. Accountability at the center of income is a marketing/sales unit that does not have the authority to set the selling price and is not responsible for the price of the sale of the goods they market. Actual sales or orders are measured against budgets and quotas, and managers are deemed liable for costs incurred directly in the unit, but the main size is revenue. The cost center is a widely used type of accountability center. This is because the fields in which the manager has responsibility and authority over

costs can be quickly identified in most companies. Large or small cost centers depend on activities. The financial performance of an accountability center is measured in the scope of profit (i.e., the difference between revenue and cost), hence the center is known as profit center. Profit is a useful measure of performance as profit allows senior management to be able to use a comprehensive indicator, compared to using multiple indicators. In other business units, profit compared with the assets used to generate the profit. This accountability center is known as an investment center. The size of the Investment center Manager's achievement can be the ratio between profit and investment used to obtain the profit. This accountability center is known as an investment center. The size of the Investment center Manager's achievement can be the ratio between profit and investment used to obtain the profit. An investment center is a major development of the accountability Center idea as it includes all the elements found in the company's goal of obtaining a satisfactory return on investment.

According to Mulyadi (2017:188) Accounting accountability is an accounting system that is arranged so that the collection and reporting of costs and revenues is done in accordance with the Accountability Center in the organization, with the aim to be appointed to the person or group of persons responsible for the deviation of the estimated cost or income. These variables include indicators, the first organizational structure. The organizational structure is an arrangement of systems of relationships between leadership positions that exist in an organization. The organizational structure is the result of consideration and awareness of the importance of planning for the determination of the power, responsibilities and specializations of each member of the organization. The second indicator is budget . A budget is a detailed plan formally stated in terms of quantity, usually in units of money to show the acquisition and use of the resources of an organization within a certain period, usually one year. The third indicator is the system of cost accounting and cost reporting. The cost accounting system is one branch of accounting that is a management tool in systematically monitoring and recording transaction costs, and presenting cost information in the form of cost reports.

Responsibility accounting is an important thing in the process of planning and controlling company activities and costs, because it can emphasize the relationship between information and managers who are responsible for planning, controlling and realizing it. Control can be done by giving a role for each manager to plan the income and / or costs that are his responsibility, and then present information on the realization of those revenues and / or costs according to the responsible manager (Mengko and Tirayoh, 2015). Responsibility accounting is a tool used to control costs, because in accounting responsibility costs are accumulated and reported in a liability center.

Cost control is a complex problem because it is influenced by various parties namely the market mechanism of economic action, human resources owned ( *Professionalism* ) and no less important is the technological development of the company itself. Cost control is the comparison of actual performance with standard performance, controlling the differences that arise to identify causes that can be controlled and taking action to fix or adjust planning and control in the future (Wijayani, 2014).

The bigger the company, the more difficult it is for the leader to control costs, for that the leader must delegate authority and responsibility that is very important to the level of the leadership below (the executors) in making decisions so that all existing problems can be handled better and more carefully. With the delegation of duties and authority various levels of responsibility and authority in the organization will arise, therefore it is necessary to apply responsibility accounting which is a system to control the responsibilities of each work unit or department which is better known as the responsibility center (Martini, 2014)

Research conducted by Setiyanto and Norafyana (2017) about the effect of the application of responsibility accounting to cost control in the manufacturing industry in Batam, shows that there is a positive and significant effect between the responsibility accounting variable on cost control. So that with a high accountability accounting will make cost control also high. Different research conducted by Anik (2013) explains in his research that responsibility accounting has no effect on cost control. Weaknesses in the results of the study are due to the absence of a cost code so that it cannot assess company performance.

PDAM (municipal water company) is a government-owned business entity that has a business scope in drinking water management and management of dirty water facilities to improve the welfare of the community which includes social, health and public service aspects. PDAM is a business entity that must carry out two functions at once, namely as social oriented and profit oriented. Social oriented is a good steward of the community in the provision of clean water, while profit oriented is the goal to generate profits as funds to operate and as a source of regional revenue. Then it is imperative that in carrying out both functions. To prevent and minimize ineffectiveness that occurs in a company's operations, we need a tool that can help management in supporting cost control through accountability accounting. Through accountability accounting, each division or unit is responsible for costs incurred. Thus the manager can find out the source and information from where these costs come from.

The importance of the cost problem so that it can be used as a means of production control, so this needs to be considered by every company, especially PDAM. Considering that drinking water is the main basic need that is needed by the wider community, therefore to maintain the company's existence so that it still exists in sufficient clean water, the company needs to pay attention to accounting responsibility and cost control incurred by the company, which consists of decreasing the level water losses, direct labor costs and new connection speeds.

Based on the phenomenon mentioned above, this study aims to determine the effect of the application of accounting to control costs in the PDAM Padang.

HI : Accounting for Responsibility Presumably Influences Cost Control in the Padang of Padang City.

### **Research Methods**

This type of research is quantitative research. The source of data in this study is primary data. Primary data is data obtained directly from research respondents through a questionnaire distributed. Population is a complete group of elements, which are usually in the form of people, objects, transactions, or events where we are interested in learning or being the object of research (Sugiyono, 2015: 118). In this study, the population is directly related to the employee budgeting, accounting / financial reporting, cash receipts and expenditures in the PDAM Padang. The sampling method in this study is the *Total sampling* method. According to Arikunto (2016: 120) total sampling is the same sampling with the total population.

### **Validity test**

Tests on the validity undertaken to ensure that measurements are used properly - properly measure the concept to be measured (have now, 2017).

### **Reliability Test**

Measurement reliability indicates the level of measurement freedom from bias or error (Sekaran, 2017).

### **Classic assumption test**

This test is conducted to test the feasibility of the regression model used so that the resulting test is not biased, it must first meet the classical assumption test.

### **Normality test**

Normality Test aims to test whether the regression model of confounding or residual variables has a normal distribution (Ghozali, 2013: 160).

### **Heteroscedasticity Test**

Heteroscedasticity test aims to test whether in the regression model there is an unequal variance from the residuals of one observation to another (Ghozali, 2013). If the variance from the residuals of one observation to another observation is fixed, then it is called homoscedasticity and if different is called heteroscedasticity.

## Data Analysis Method

### Simple Linear Regression Analysis

The regression method was carried out on the model proposed by the researcher using the SPSS 24 program to predict the relationship between the independent variable and the dependent variable, with the formula:

$$Y = a + bX$$

Information :

Y = Cost control

X = Accountability Accountability

a = constant

b = Regression coefficient

### Hypothesis Testing

#### Test t

T test (t-test) is used to partially test the hypothesis in order to show the effect of each independent variable individually on the dependent variable.

#### Determination Test (R<sup>2</sup>)

The coefficient of determination (R<sup>2</sup>) is a tool to measure how much the model's ability to explain the variation of the dependent variable. The coefficient of determination is between zero or one.

## Results and Discussion

### Descriptive Analysis and Data Quality Testing

Descriptive analysis in this study is a description or explanation of the results of primary data collection in the form of a questionnaire that has been filled out by research respondents. The number of samples in this study were 36 employees of the Municipal Water Company (PDAM) working in the accounting and financial division. The respondent characteristic variables discussed included gender distribution and education. The respondent's description is explained as follows:

**Table 1. Frequency Distribution of Respondents by Gender**

Gender	Frequency	%
Male	22	61.1%
Woman	14	38.9%
Total	36	100%

*Source: Primary data processed 2019*

Based on Tabel 1 where the picture identification of the respondent, the views of gender more dominated by man as much as 22 respondents with a percentage of 61.1% when compared to the woman as much as 14 respondents with a percentage of 38.9%.

**Table 2. Distribution of Frequency of Respondents by Education**

Education	Frequency	%
Senior High School	17	47.2%
Diploma	2	5.6%
S1	13	36.1%
S2	4	11.1%
<b>TOTAL</b>	36	100%

*Source: Primary data processed 2019*

**Test validity**

Based on the validity test it can be seen that all questions from each variable have a correlation coefficient greater than the value of 0.3 in accordance with the testing criteria.

**Reliability Test**

**Table 3. Test Reliability on Variable Accounting for Responsibility and Cost Control**

Variable	Cronbach Alpha Value
Accountancy responsibility	0.887
Cost Control	0.728

Based on the results of the reliability test on Table 3 it is known that the questionnaire is reliable, because the *Cronbach Alpha* value is greater than 0.6.

**Classical Assumption Test : Normality Test**

Normality test in the regression model is used to test whether the residual values generated from the regression are normally distributed or not. A good regression model is one that has a normally distributed residual value. If the significance value > 0.05 then the data is normally distributed.

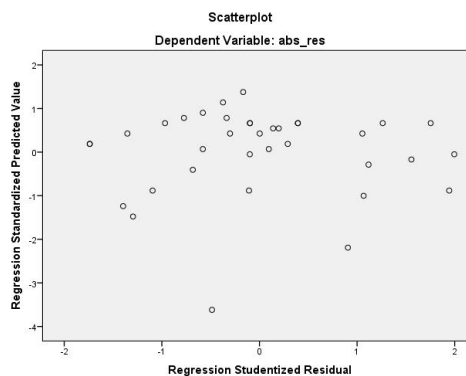
**Table 4. Normality Test Results**

One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
N	36
Asymp. Sig. (2-tailed)	, 539

Based on the table, it can be seen that the normality test uses a significant level of more than 0.05 which is 0.539 for the Accountability variable with Cost Control. Thus the data can be stated both research variables are normally distributed .

**Heteroscedasticity Test**

Heteroscedasticity test aims to see whether in the regression model there is a disparity between the confounding variables from one observation to another. If the *variance* from one observation *residual* to another observation is fixed, then it is called Homoscedasticity and if different is called Heteroscedasticity.



**Figure 1. Heteroscedasticity Test Results**

Based on the heteroscedasticity test Figure 1 there is no clear pattern and point of spread, then heteroscedasticity does not occur.

**Data Analysis Method**

**Simple Linear Regression Analysis**

The statistical analysis model used is a simple linear regression model. This analysis model was chosen because this study was designed to examine the factors that influence the dependent variable.

Based on simple linear regression equation as follows:

$$Y = 11,434 + 0.318X$$

Based on the simple linear regression equation above, note:

- 1 The constant value of 11,434 is the magnitude of the value of the responsibility accounting variable, if the value of the Accountability variable is constant or has a value of 0.
- 2 Accountability Accounting Variable has a regression coefficient of 0.318 states if the Accountability Accounting variable increases by one unit, it will cause an increase in Cost Control by 0.318 units.

**Hypothesis Testing**

**Test t**

Significance of the regression coefficient significance (t test) was conducted to test whether an independent variable partially had a significant effect on the dependent variable and also to test the significance of the constants of each variable for decision making in accepting or rejecting the research hypothesis that the author had previously made.

Table 5. T test

Model	T	Sig.
(Constant)	2,074	0.046
accountability_1 responsibility	5,128	0

a. Dependent Variable: cost control

Source: Secondary data processed in 2019

The hypothesis in the Responsibility Accounting research has a positive and significant impact on Cost Control. Probability Value (Sig.) From Accountability Accountability 0.000 <0.05, then Ha is accepted Ho is rejected, it is accepted that the Accountability Accountability variable has a significant effect on Cost Control .

**Coefficient of Determination (R2)**

To determine the percentage of variation of variable Y data is determined by the variation of variable X data used the Coefficient of Determination.

Table 6. Coefficient of Determination

Summary Model <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,660 <sup>a</sup>	,436	,419	3,088

a. Predictors: (Constant), akt\_pertanggungjwb

b. Dependent Variable: cost control

Based on Table 7 , the coefficient of determination R2 lies in the Adjusted-R column. The coefficient of determination is known as 0.419. This value indicates that the independent variable, namely Responsibility Accounting influences 41.9% of Cost Accounting, the remaining 58.1% is influenced by other factors.

## Discussion

Based on the technical analysis that has been carried out, the results of the Effect of Accounting for Responsibility on Cost Control are as follows : The results of the study show that Accountability Responsibility has an influence on Cost Control that has a positive and significant effect. Probability Value (Sig.) Of Accountability Accountability 0.000 <0.05, then  $H_a$  is accepted and  $H_o$  is rejected that the variable of Accountability Responsibility has a significant effect on Cost Control. This shows that the results of this study support the results of research conducted by Setiyanto and Noraviana (2017) that there is a significant influence between the responsibility accounting variable on cost control. So that with the high accountability accounting will make cost control higher too. The budget contains activities that will be carried out by the company, where the preparation is carried out by each unit of responsibility center. The budget can function properly because it is supported by an adequate corporate organizational structure. The budgeted budget prepared and planned in advance was used as a control tool in assessing the performance of each department unit. Reporting the cost of liability made by the company so that each department unit in the organization has guidelines or tools to monitor the implementation of their respective activities and to find out when deviations occur so that analysis and action can be done.

## Conclusion

This study is to determine the effect of Responsibility Accounting for Cost Control as measured by respondents' answers to the questions of each variable in the questionnaire given. Based on the results of the study, it can be concluded: The Accountability Accounting Variable has a significant positive effect on the Cost Control variable because the significant value of the study (0,000) is smaller than the probability (0.05). The independent variable namely Responsibility Accounting partially affects the Cost Control variable by 41.9%, the remaining 58.1% is influenced by other factors.

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