

APPLICATION OF ACCOUNTABILITY ACCOUNTING IN COMPANY WORK ASSESSMENT (CASE STUDY ON PT NUSA PALAPA GEMILANG TBK)

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ABSTRACT

The purpose of the research is to determine the application of accountability accounting, identify the factors that affect the application of accountability accounting in performance assessment at PT Nusa Palapa Gemilang Tbk. The research method used is qualitative case study on PT Nusa Palapa Gemilang Tbk. Based on the research that has been conducted by PT Nusa Palapa Gemilang Tbk, the division of duties and responsibilities by directors and managers related to the application of accountability accounting has been It is done quite well, but there is still no special handling from the company. It can be concluded that the effective implementation of accountability accounting requires the support of various factors, including organizational structure, information systems, management policies, and manager skills. External factors such as the economic environment, technological developments and government regulations greatly affect the application of accountability accounting, especially in the revenue and profit centers, greatly affect the performance assessment.

Keywords: Accountability Accounting; Performance Assessment; Company

INTRODUCTION

In a business, many factors always affect its performance, one of which is environmental factors. The business environment can be divided into external environment and internal environment. The external environment includes the macro environment and the industrial environment. Meanwhile, the internal environment includes structure, culture and resources. Therefore, to achieve good results, improve the management control system, especially accountability accounting to the desired level.

The center of accountability in business organizations is often referred to

as accountability accounting, where accountability accounting is a concept of management accounting whose system is in the accounting process from reporting to accountability for work management (Tambunan et al., 2020), whose system is arranged in such a way as to be in accordance with the nature and activities of the company with the aim that each organizational unit can account for the results of the activities of the units in which it is located under his supervision so that the goals of the company are achieved. The management control system is able to achieve the goals of the company (Nugraha, 2021), so it must be supported by a good organizational structure. The organizational

structure is manifested in the form of a central accountability structure.

Accountability accounting is also carried out by PT Nusa Palapa Gemilang Tbk which is a national private company engaged in the fertilizer industry since 2001. The company was established in Sidoarjo, East Java, which produces organic fertilizers, has grown and developed until now it is a non-subsidized NPK fertilizer producer with modern technology using a Steam Granulation machine with a fertilizer production capacity of 150,000 metric tons per year. The Head Office and Factory of PT Nusa Palapa Gemilang is now located on Jl. Raya Surabaya Mojokerto Km 39, Bakungtemenggungan, Balongbendo, Sidoarjo Regency, East Java.

The current phenomenon with the economic crisis and global uncertainty affecting the center of responsibility which is still affected by the Covid-19 pandemic followed by Russia's invasion of Ukraine has made global economic conditions not yet conducive. The increase in the price of goods and services occurred in almost all sectors, including the price of raw materials for producing fertilizers. Most of these needs are met through imports, making it a challenge for the Company. This condition disrupted the company's supply of raw materials due to a very significant increase in the price of fertilizer raw materials reaching 300%-400%. This affects fertilizer production, which has decreased drastically, then has an impact on the company's revenue.

The decline in revenue due to the economic crisis has a significant impact on accountability accounting. Difficult economic times often require companies to complete their financial goals and operating results. At PT Nusa Palapa Gemilang Tbk, it is not only the decline in revenue that affects accountability accounting. The accountability accounting system is usually designed to motivate performance and achieve financial goals, but it can face challenges related to diminishing results. Managers and employees face performance

standards that are difficult to achieve, while a significant drop in revenue can create a gap between expectations and reality. To keep employees motivated and ensure operational continuity, companies need to adjust performance appraisal parameters and metrics. In addition, aspects of accountability accounting related to cost control and resource allocation can also be remanaged to overcome unstable economic conditions. The adaptability of the accountability accounting system is essential to overcome the challenges arising from the decline in income in the economic crisis.

Based on the description above, the study focuses on explaining how to apply accountability accounting in performance appraisals in companies and the factors that affect the application of accountability accounting. This study aims to determine the application of accountability accounting, identify factors that affect the application of accountability accounting in performance assessment at PT Nusa Palapa Gemilang Tbk.

LITERATURE REVIEW

Accountability Accounting

According to Hansen and Mowen (2010), accountability accounting is a basic tool of management control and is determined by four important elements, namely the determination of responsibility, making performance measures or benchmarking, performance evaluation, and awarding. Meanwhile, according to Carter (2009), the organizational chart shows the main management position of a unit and helps determine the authority, responsibility and accountability which are very important in developing a cost accounting system that has the capacity of the responsibilities of those involved. Accountability accounting consists of three main components, namely:

1. Responsibility center: the organizational unit responsible for a specific activity or group of activities.
2. Performance measures: criteria used to

assess the performance of an accountability center.

3. Reporting system: a system used to collect and present performance information to managers.

The center of accountability is the area of business where leaders are responsible for a specific set of activities. There are 4 types of accountability centers according to Anthony & Govindarajan (2002), namely:

1. Revenue Center

A revenue center is a center of responsibility where output is measured in monetary units but is not associated with inputs. The financial performance of the revenue center is measured based on the revenue obtained, specifically the products sold per unit and the selling price.

2. Cost center

A cost center is a center of responsibility where inputs or costs are measured in monetary units but outputs are not measured in monetary units. The cost center is divided into:

- a. Technical/standard cost center is an element of cost that actually occurs and can be measured with certainty because it has a close relationship with the product produced. For example: raw materials, labor wages, fuel consumption, other auxiliary materials.
- b. Policy cost center is a cost that is largely unrelated to the output produced.

3. Profit Center

A profit center is a center of responsibility whose performance is measured based on the profit earned.

4. Investment Center

The Investment Center is an accountability center whose performance is measured based on the benefits obtained in connection with the investment used to obtain these benefits. Information based on investment centers can encourage managers to:

- a. Generate profits.
- b. Make decisions to increase

investments.

- c. Make the decision to unblock an investment if it doesn't make a profit.

According to Mulyadi (2008), the accountability accounting system in this chapter has five conditions, namely:

1. The organizational structure clearly defines the duties, authorities and responsibilities of each level of management.
2. A cost budget is prepared for each level of management.
3. Classify costs according to whether they can be controlled by a particular operations manager.
4. There is a corporate account code structure that is connected to the central control authority of accountability.
5. The system reports costs to the responsible manager (liability reporting).

Performance Assessment

Performance appraisal is a process carried out to assess the work results of an individual or group. Performance appraisals aim to provide feedback to employees, measure performance effectiveness, and provide a basis for compensation.

In companies, performance appraisals can be carried out using various methods, such as:

1. Budget method: compare actual performance with budget.
2. Comparison method: comparing the performance of an accountability center with that of other accountability centers.
3. Non-financial methods: use non-financial performance measures, such as customer satisfaction, employee satisfaction, and product or service quality.

Factors Affecting the Application of Accountability Accounting

The application of accountability accounting in performance appraisal is influenced by various factors, including:

1. Organizational structure: a clear organizational structure will facilitate

the implementation of accountability accounting. The position group consists of the board of directors, including the president commissioner, independent commissioner, commissioner, audit committee, remuneration and nomination committee, president director, internal audit, director of operations and production, director of marketing and development and director of finance. In the general manager group, among others, the general manager, supply chain and company secretary. Meanwhile, the manager group includes factory managers, procurement managers, logistics managers, PPIC and QC managers, HR and services managers, NPK product marketing managers, NPK product marketing managers and special products, Bisdibt and engineering managers, finance and tax managers, accounting and analyst managers, corp communication managers, risk management & GCG managers, and legal managers. Where its duties and authorities have been explained in detail in the annual report of PT Nusa Palapa Gemilang Tbk.

2. Information system: An adequate information system will support the implementation of accountability accounting, greatly supporting the sustainability of the effectiveness and efficiency of the use of the system for the company's operational activities.
3. Management policies: management policies that support the implementation of accountability accounting will increase the effectiveness of its implementation, especially in increasing employee motivation and achieving production targets.
4. Manager skills: managers' skills in understanding and using accountability accounting will affect the effectiveness of its implementation. PT Nusa Palapa Gemilang Tbk conducts training for managers related to accountability accounting which aims to improve

managers' understanding of accountability accounting and how to apply it.

Previous Research

Some previous studies related to the application of accountability accounting in performance appraisal in service companies include:

1. Research conducted by Sapriani and Kamilah (2022) discusses that the application of accountability accounting at PT Prima Multi Terminal has not met the criteria because there is no specific implementation of accountability accounting, but the duties and functions of accountability accounting have been carried out and outlined in the company's management report. This study concludes that the proper application of accountability accounting can improve the competitiveness of companies.
2. Research conducted by Rio Tambunan et al. (2020) discusses that the application of accountability accounting in CV Usaha Semesta is not effective and efficient when viewed from the results of SWOT analysis. The performance of managers is still low because irregularities in the use of the budget were found, the lack of role of financial staff in the preparation of financial statements so that the implementation of accountability accounting is not good.

RESEARCH METHODS

This research uses a qualitative approach with case studies. Qualitative methods are used to analyze data that is complex and cannot be quantitatively measured. Case studies are used to study in depth the application of accountability accounting in performance appraisals in companies. The location of this research is at PT Nusa Palapa Gemilang Tbk, a fertilizer industry company located on Jl. Raya Surabaya Mojokerto Km 39, Bakungtemenggungan, Balongbendo, Sidoarjo Regency, East Java. PT Nusa Palapa Gemilang Tbk has several

accountability centers, namely revenue centers, cost centers, and profit centers.

The subject of this study is the documents of PT Nusa Palapa Gemilang Tbk related to the application of accountability accounting in performance appraisal. The data used in this study is secondary data obtained through the PT Nusa Palapa Gemilang Tbk website and company documents, such as budgets, financial statements, and performance reports contained on the Indonesia Stock Exchange page from 2020-2022.

The data collection techniques used in this study are observation and document study. Observation was carried out to observe the process of applying accountability accounting in performance appraisal at PT Nusa Palapa Gemilang Tbk. Document study was carried out to obtain supporting data from company documents. Data analysis was carried out descriptively to describe the application of accountability accounting in performance assessment at PT Nusa Palapa Gemilang Tbk.

RESULTS AND DISCUSSION

The application of accountability accounting in performance appraisal at PT Nusa Palapa Gemilang Tbk, has been quite good and has a clear organizational structure, relevant performance measures, and an adequate accounting information system. Based on the organizational structure contained in the annual report of PT Nusa Palapa Gemilang Tbk, the division of duties and roles of each position has been clearly described. The guidelines used by all members of the board of directors in carrying out their duties and responsibilities are Law No. 40 of 2007 concerning Limited Liability Companies, Law No. 8 of 1995 concerning Capital Market, POJK 33/2014 and the Company's Articles of Association and their amendments. Every work done by employees will be supervised and coordinated by the manager of each field who is directly supervised by the director.

Research shows that, in the process of implementing accountability accounting at

PT Nusa Palapa Gemilang Tbk, there has been no specific implementation or handling of accountability accounting, but the duties and functions of accountability accounting have been carried out and outlined in the company's management report. The report contains an assessment of the company's performance, both operational and financial, which will later become monitoring and decision-making information for management. When viewed from the requirements for the implementation of accountability accounting, PT Nusa Palapa Gemilang Tbk has implemented several accountability accounting requirements and remuneration systems in the company, but it is still not effective and efficient.

The center of responsibility in the application of accountability accounting in the annual report of PT Nusa Palapa Gemilang Tbk can be assessed based on four elements as follows:

1. Revenue center

The accountability accounting revenue center can be seen in the results of the income report managed by the manager responsible for the preparation of reports in that field. The calculation of the performance of the revenue center can be seen from the company's profit margin. The company's gross profit margin as of December 31, 2022 was recorded at negative 0.87% and compared to the same period in 2021 and 2020 of 16.45% and 24.96%, respectively. The company's gross profit margin began to show signs of decline compared to the previous period. Meanwhile, the company's operating margin ended on December 31, 2022 was negative at 20.98%; in the same period in 2021 and 2020 by 6.07% and 7.91%, respectively. The company's operating profit margin decreased because in 2022 the company recorded a loss. This shows that revenue from sales activities did not run according to the desired target in this period, so that the company's profit margin decreased and recorded a loss.

2. Cost center

In accountability accounting to control company costs, it is very important to measure the performance of the cost center, in the annual report of PT Nusa Palapa Gemilang Tbk, the cost of goods sold in 2022 was recorded at IDR 153.44 billion, down by 47.88% or IDR 140.95 billion compared to the previous year which was worth IDR 294.38 billion. This amount was caused by a decrease in the purchase of raw materials and a decrease in sales to third parties. The decrease in the purchase of raw materials also resulted in a decrease in the amount of fertilizer production and sales targets, affecting the revenue received by the company from being used optimally.

3. Profit center

The profit center is responsible for measuring the performance of the profit center in accountability accounting. PT Nusa Palapa Gemilang Tbk's operating profit in 2022 decreased by 249.24% or IDR 53.30 billion, a loss of IDR 31.91 billion compared to the previous year which earned a profit of IDR 21.38 billion. In 2022, the company recorded a net loss of IDR 38.59 billion or 999.61%, equivalent to IDR 42.88 billion compared to the previous year of IDR 4.29 billion. This is due to a decrease in sales levels from third parties.

4. Investment center

The investment center aims to support, be responsible, and support operational activities and manage long-term assets. In 2022, the realization of capital goods investment reached IDR 28,656,313,342. The investment in goods aims to build and maintain the sustainability of the company's business by building a new factory and purchasing new machinery to support the operation of the new factory in Panceng.

The application of PT Nusa Palapa Gemilang Tbk's accountability accounting can still be improved in several aspects, such as in the assessment of the company's financial performance, both financial and

non-financial, in addition to measuring other performance such as customer satisfaction levels and employee satisfaction to assess the performance of revenue centers. Furthermore, there is a cost allocation that needs to be increased according to the relationship between costs and the center of accountability. The cost allocation method can use a more complex activity-based costing method. Then performance reports need to be improved to provide more detailed information about the performance of the accountability center, detailed, accurate and accurate information greatly helps managers in evaluating and making the right decisions.

The factors that affect the implementation of accountability accounting at PT Nusa Palapa Gemilang come from the company's internal and external sources. The company's internal factors such as a clear organizational structure with a firm division of responsibilities between the center of responsibility, coordination and supervision from superiors and subordinates, in this case the company's board of directors and employees. Furthermore, there are company policies that are adjusted and revised based on applicable laws and regulations, such as accounting policies that are in accordance with PSAK which have a significant effect on the company. Then there is an adequate information system and the ability of managers will greatly support and encourage the implementation of accountability actuations used by managers to report the results of information obtained from the information system.

In addition to internal factors, there are several external factors that affect the implementation of accountability accounting and accountability centers, such as the global economic crisis, the conflict between Russia and Ukraine, the Palestine-Israel conflict which has quite affected the economy not only in the world but also in Indonesia. The increasing demand and high cost of the company's raw materials that need to be imported from abroad have led

to a decrease in revenue, sales and profits obtained by the company. Another influential factor is the development of technology and government regulations that affect the implementation of accountability accounting from external companies.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the results of the research and discussion that has been carried out, it can be concluded that the application of accountability accounting in the performance assessment of PT Nusa Palapa Gemilang Tbk to the accountability centers including revenue centers, cost centers, profit centers and investment centers can provide significant benefits for the company. However, the effective implementation of accountability accounting requires the support of a variety of factors, including organizational structure, information systems, management policies, and manager skills. External factors such as the economic environment, technological developments and government regulations greatly affect the application of accountability accounting, especially in the revenue and profit centers, greatly affect the performance assessment. The implementation of PT Nusa Palapa Gemilang's accountability accounting has not been efficient and effective because there has been no special implementation.

Suggestion

From the results of the research, the author provides suggestions as recommendations for company policies to improve the implementation of accountability accounting at PT Nusa Palapa Gemilang Tbk, including:

1. Increase the relevance of performance measures by evaluating performance measures used to assess the performance of the responsibility center that is adjusted to the company's objectives.
2. Improve the accuracy and accuracy of the company's cost allocation using the

activity-based costing method.

3. Improve the details of the company's performance by improving more detailed information about the performance of the accountability center in the company's accountability accounting.

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