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Structural Changes in Role of Accounting in Modern Business Arena for Sustainable Development

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Abstract

The focus of the role of accountant in developing of a sustainable development and also know the percentage of variation in high quality reporting as well as in international flow of financial resources through the different independent variables along with suitable suggestions to strengthen the role of accountant in developing the nation. The data collected from the 150 respondents. The 27.3 percent of variation in high quality reporting was explained by improves of the transparency, reduce the corruption and mismanagement of resources. 69.1 percent of variation in international flow of financial resources was explained by the taking advantage of international market opportunities promotes financial stability, strengthens international competitiveness of enterprises, foster the investor confidence and create a sound investment environment and also this study observed that the taking advantage of international market opportunities was the more favourable response towards the international flows of financial resources, followed by the other variables and also stated that there was a significant difference

between the dependent to the independent variables. It is suggested that the education of accounting shall be connected to the economic development try to originate the originality of the current region and also develop a positive agenda for change, help to the police makers and identified the accounting, auditing and governance issues.

Keywords: High Quality Reporting; International Flow of Financial Resources; Financial Stability

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INTRODUCTION

The accountant plays an important role in economic development plans providing the information optimally distribution of available resources and ensure the development plans. The accountant is able to connect the accounting information to the various users of accounting and promotion of accounting scientific research and he also facilitates the economic development thorough issuing and establishing the standards and rules of the accountancy and he also provide the useful information contributing to achieve the economic development with ensure the success of the process of developing the accounting systems. It is critical to build up what is implied by practical improvement and ideal financial development. Advancement is not synonymous with development but rather is a much more extensive and incorporating idea However, the present worth utility capacity is by all account not the only conceivable target capacity to use in computing an ideal development way. On the off chance that rather, the target capacity is of a Max-Min sort where the goal is to augment the utility of minimal well off era then the "ideal" development way will be manageable. Solow [1] demonstrates that such a way exists even without innovative change in a straightforward model with an expendable asset and adequate substitution potential outcomes between reproducible capital and regular assets. The need to stress over intergenerational value emerges when there is a modest asset that the present era might utilize excessively fast. Hartwick [2] demonstrated that, in a model with comparative presumptions to Solow [1], contributing the rents accumulating from asset extraction in different sorts of capital is adequate to keep up a consistent utilization way.

ROLE OF ACCOUNTANT

Capacity Building

It is useful strengthen sustainable and ethical business that carry on with the public interest and the accountant able to generate the economic development and also economic confidence in terms of public and private sectors and it is also useful to the reinforce adequate frame works and institutional arrangements. The sound financial system is possible high-quality accounting and auditing standards supported by

regulatory governance and ethical frame work is required ingredient for economic development. The greater cross – border trade will happen with the help of the global standards.

Global Standards

It promotes transparency and easy comparison in transactions that cross borders and jurisdictions and also the translation and reconciliation costs are removed, ability to attract capital from larger pool of investors reducing the costs of capital and possible to elimination of regulatory arbitrage. The activity of cross – border mergers and acquisitions and strategic investment facilitate to a national regulator and able to develop the supervisory practices. The access to capital for companies was indeed enhanced and its costs decreased by IFRS adopting and countries gained experience in utilization of global standards so their encouragement for the system tended to increase. Accountants need to work out a wider application of standards and regulations but in a competitive market a question is arised whether these standards are right for investors and valid for a global business environment. It implies the coverage of global standards add credibility to financial reports and statements and global standards make for sustainable business and growth.

Sustainability

The every firm has to undergo a sustainability reporting and corporate transparency and the firm has to focus on environmental reporting. Specific non-financial disclosures are bribery, corruption, human rights and human capital management. The future sustainability of the company has to be at the heart of corporate decision making and this must enrich not only the individual business but also the quality of stock market as whole, as superior information, rather than short-term incomplete data will begin to define markets.

Integrated Reporting

It is intended to reflect the interconnected nature of environment, social and governance factors in organizations annual reporting. IIRC narrates the integrated reporting as a holistic approach to enable investors and other stakeholders to understand how an organization is really performing, addressing the long-term consequences of decisions and actions an integrated report makes clear link between social, economic and environmental value. Communicating the relationship between an organizations strategy, governance and business model is central to the model alongside an analysis of the impacts and non-financial opportunities. This will be based on the risks and opportunities arising from the sustainable development issues. It will suggest for a global policy frame work requiring all listed and large private companies to consider sustainability issues and to integrate sustainability information within the reporting cycle.

REVIEW OF LITERATURE

The financial market, auditing, financial accounting and tax accountancy identified areas for utility of an accounting [3]. The most of the studies confined to the examination of stocks and their returns in the financial markets. Al-Shargawis [4] focused on the ability of accounting researchers securities market occupied the first rank, followed by the other fields such as the administrative accountancy and cost accountancy and he also found that there was a significant difference between the importance of researching fields at local and international levels. Haque [5] opined that alternative development models that have been classified as reformist and radical development theories. Indeed, Haque [5] identified that imposition of some of the development policies of the developed capitalist nations on some economically less fortunate countries have not only led to the erosion of existing indigeneous cultures, values and norms. Dean [6] focus on the Rostows stages model and developing countries should go through the various stages of accounting development in a similar fashion to the broader economic development stages proposed by Rostows.

Auty [7] emphasized on the structuralist and orthodox perspectives of development, both of which concentrates on economic and quantifiable aspects of the concept. Wallace [8] identified that the exact role of accounting in socio-economic development is yet to be finalized. Indeed as Braun [9] pointed out that development meant in essence projecting the European Model of Society on the entire world. Enthoren, 1973, Mirghani, 1982, Perera, 1989 opined that accounting play an important role in the quest for advancement in socio-economic development of nations. Enthoven [10] opined that the accountant contributes in providing national income data and highlighting the trends in various components and he also emphasized on the aggregate information is required to assess the effectiveness of particular national development policies and the performance of the economy as a whole.

Statement of the Problem: It was identified elaborative research done on the role of an accountant in sustainable growth of an economy, but they were not concentrate on role of an accountant on specific issues of the integrated reporting, international financial reporting system and how the accountant creates the international flow of financial resources regarding their respective countries. This study focus how the quality reporting influenced by the different variables, and also focus on the flow of international resources through the efficient role of an accountant.

OBJECTIVES OF THE STUDY

1. To identify the role of accountant in developing of a nation.
2. To know the percentage of variation in high quality reporting through the related independent variables.
3. To know the percentage of variation in international flow of financial resources through the related independent variables.
4. To offer a suitable suggestion to strengthen the role of accountant in developing

the nation.

Hypotheses Development

NHo1: There is no significant difference between the high quality reporting to the reduce mismanagement of resources, improves the transparency through the reducing of corruption

NHo2: There is no significant difference between the international flows of financial resources in to the other independent variables

RESEARCH METHODOLOGY

Sample Selection: The data collected from the 150 respondents from the accountants and the academicians and each of them was relevant to the fifty respondents. The convenient sampling method was applied to derive the inferences.

Data Collection: The data collected through a structured questionnaire from the accountants and the academicians and each of them.

Tools Used for the Study: The SPSS 16.0 version was applied to infer the results. The frequency of percentage multiple regression techniques were applied to derive the inferences.

Table 1 describes the distribution of respondents based on their age. The 38 percent of respondents represented from the 41-60 years and 25 percent of them belonged to the 21-40 years, 18 percent of them confined to the 61-80 years and 19 percent of them belonged to the above 80 years. Hence, it can be concluded that higher number of respondents represented from the age group of 41-60 years.

Table 1: Distribution of the Respondents by their Age.

Age	Frequency	Percent
21-40 Years	25	25.0
41-60 Years	38	38.0
61-80 Years	18	18.0
Above 80 Years	19	19.0
Total	100	100.0

Source: SPSS: Field Study.

Table 2 describes about the distribution of respondents by their designation. Half-of the respondents belonged to the accountants and rest of them confined to the

academicians.

Table 2: Distribution of Respondents by their Designation.

Designation	Frequency	Percent
Accountant	50	50.0
Academicians	50	50.0
Total	100	100.0

Source: SPSS: Field Study

Table 3 shows the distribution of respondents on their marital status. The majority of the respondents (72 percent) got married and rest of them belonged to the unmarried. Hence, it can be concluded that the most of the respondents belonged to the married category.

Table 3: Distribution of the Respondents by their Marital Status.

Marital Status	Frequency	Percent
Married	72	72.0
Unmarried	28	28.0
Total	100	100.0

Source: SPSS: Field Study.

Table 4: Distribution of Respondents by their Educational Qualifications.

Educational Qualifications	Frequency	Percent
M.Com	13	13.0
M.Phil	36	36.0
Ph.D	12	12.0
ICWAI	26	26.0
CA	13	13.0
Total	100	100.0

Source: SPSS: Field Study.

Table 4 explains the distribution of respondents by their educational qualifications. The 36 percent of the respondents possess the qualification of M.Phil, 26 percent of them were ICWAI, 13 percent of them with M.Com and also with same percentage was the CA. Hence, it can be concluded that the higher number of respondents confined to the

academicians.

Table 5: Test of Variables Entered as Independent Variables.

Model	Variables Entered	Variables Removed	Method
1	Reduce mismanagement of Resources, Improves the Transparency, Reduce Corruption ^a	-	Enter

^aAll requested variables entered.

Dependent Variable: High Quality Reporting

Source: SPSS: Field Study.

Table 5 shows the variables entered as a independent variables and the high quality reporting was the dependent variables.

Table 6: Test of Variability in High Quality Reporting through the Various Independent Variables.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.523	0.273	0.251	0.75825

Predictors: (Constant), Reduce mismanagement of Resources, Improves the Transparency, Reduce Corruption

Source: SPSS: Field Study.

Table 6 explains the percentage of variation in high quality reporting through the various independent variables. The correlation coefficient was the 0.523 and square of it (0.523)² was considered as a coefficient of determination (0.273) and concluded that 27.3 percent of variation in high quality reporting was explained by the reduce mismanagement of resources, improves the transparency and reduce the corruption. The adjusted R-square considers the sample size and std. Error of the estimate was suggestible to fit the regression model.

Table 7: Test of Difference between High Quality Reporting to the Various Independent Variables.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.766	3	6.922	12.039	0.000
	Residual	55.194	96	0.575		
	Total	75.960	99			

Predictors: (Constant), Reduce mismanagement of Resources, Improves the Transparency, Reduce Corruption
 Dependent Variable: High Quality Reporting
 Source: SPSS: Field Study.

Null Hypothesis (H0): There is no significant difference between the high quality reporting to the reduce mismanagement of resources, improves the transparency through the reducing of corruption.

Alternative Hypothesis (Ha): There is a significant difference between the high quality reporting to the reduce mismanagement of resources improves the transparency through reducing the corruption.

Analysis: The sum of squares of residual value was much more than the sum of squares of the regression value at df was 99 and F value was 12.039 and the level of significance was the 0.000. Hence, it can be concluded that the there was a significant difference between the high quality reporting to the reduce mismanagement of resources, improves the transparency through the reducing of the corruption (Table 7).

Table 8: Test of More Favourable Response towards the High Quality Reporting through the Various Independent Variables.

	Unstandardized Coefficients		Standardized Coefficients	t	Sig-
	B	Std. Error	Beta		
(Constant)	0.048	0.811		0.059	0.953
Improves the Transparency	0.507	0.086	0.572	5.892	0.000
Reduce Corruption	0.290	0.103	0.299	2.813	0.006
Reduce mismanagement of Resources	0.315	0.110	0.286	2.860	0.005

Dependent Variable: High Quality Reporting.
 Source: SPSS: Field Study.

Test of more favoured response towards the high quality of reporting improves the transparency was the more favourable response towards the high quality reporting followed by the reduce corruption and mismanagement of resources (Table 8).

Table 9: Test of Variables Entered as an Independent Variable

Model	Variables Entered	Variables Removed	Method
1	Taking advantage of international market opportunities, Promote Financial Stability, Strengthens International Competitiveness of Enterprises, Foster the investor confidence, Create a sound investment environment ^a	-	Enter

Dependent Variable: International Flows of Financial Resources.
 Source: SPSS: Field Study.

Table 9 shows the variables entered as a independent variables and the international flow of financial resources were considered as the dependent variable.

Table 10: Test of Variability in International Flows of Financial Resources through the different Independent Variables.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.831	0.691	0.675	0.53951

Predictors: (Constant), Taking advantage of international market opportunities, Promote Financial Stability, Strengthens International Competitiveness of Enterprises, Foster the investor confidence, Create a sound investment environment
 Source: SPSS: Field Study

Table 10 shows the variation in the international flow of financial resources through the various independent variables. The correlation coefficient was the 0.831 and the squared of it (0.831)² was considered as a co-efficient of determination (0.691) and the 69.1 percent of variation in international flow of financial resources was explained by the taking advantage of international market opportunities, promote financial stability, strengthens international competitiveness of enterprises and the adjust R-square consider the samples size and the std error of estimate (0.53951) was suitable to fit for a regression model (Table 11).

Table 11: Test of Variation between International Flows of Financial Resources through the Various Independent Variables.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	61.279	5	12.256	42.106	0.000 ^a
	Residual	27.361	94	0.291		
	Total	88.640	99			

^aPredictors: (Constant), Taking advantage of international market opportunities, Promote Financial Stability, Strengthens International Competitiveness of Enterprises, Foster the investor confidence, Create a sound investment environment
 Source: SPSS: Field Study

Null Hypothesis (H0): There is no significant difference between the international flow of financial resources in to the other independent variables.

Alternative Hypothesis (Ha): There is a significant difference between the international flow of financial resources in to the other independent variables.

Analysis: The sum of squares of residual value was much more than the sum of squares of the regression value at df was 99 and F value was 42.106 at significance value was the 0.000. Hence, it can be confirmed that the proposed null hypothesis was rejected and alternative hypothesis was accepted and came to know that there was a significant difference between the international flows of financial resources to other variables i.e., taking advantage of international market opportunities promote financial stability, strengthens international competitiveness of enterprises, foster investor confidence and create a sound investment environment.

Table 12: Test of More Favourable Response towards International Flow of Financial Resources through the Various Independent Variables.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig
		B	Std. Error	Beta		
1	(Constant)	5.163	0.503		10.262	0.000
	Create a sound investment environment	-0.474	0.141	-0.351	-3.373	0.001
	Foster the investor confidence	-0.203	0.110	-0.128	-1.836	0.069
	Promote Financial Stability	-0.040	0.085	-0.028	-0.469	0.640
	Strengthens International Competitiveness of Enterprises	-0.495	0.100	-0.434	-4.944	0.000
	Taking advantage of	0.882	0.079	0.809	11.176	0.000

	international market opportunities					
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Dependent Variable: International Flows of Financial Resources

Source: SPSS: Field Study

Table 12 narrates about the favourable responses towards the international flows of financial resources. The taking advantage of international market opportunities favourable response towards the international flows of financial resources, followed by the promote financial stability, foster the investor confidence and strengthens international competitiveness of enterprises.

FINDINGS OF THE STUDY

1. 27.3 percent of variation in high quality reporting was explained by the improves the transparency, reduce corruption and reduce mismanagement of resources and also stated that there was no significant difference between high quality reporting to the other variables.
2. The study also found that the more favourable response towards the high quality reporting was reflected by improves the transparency, followed by the reduce corruption and mismanagement of resources.
3. 69.1 percent of variation in international flows of financial resources was explained by the taking advantage of international market opportunities, promote financial stability, strengthens international competitiveness of enterprises, foster the over confidence and create a sound investment environment and also stated that there was a significant difference between the dependent variables to the independent variables.
4. The study also observed that the more favourable response towards the international flows of financial resources was consider the advantage of international market opportunities followed by the promote financial stability, foster the investor confidence, create a sound investment environment and builds up the international competitiveness of an enterprises.

SUGGESTIONS

1. The education of accounting shall be connected to the economic development.
2. The various activities of accounting scientific research shall be established in different universities which shall carry out the studies depends upon the case study or originality of the current region.

3. The accounting scientific research shall be recognized and arranged according to the suitability of various sectors.

4. Develop a positive agenda for change, identify the actual impact on business of any variability, placing investors needs and concerns at the heart of system, helping policy makers in recognizing issues and priorities and generate more integrated and coherent view of integrated issues with obtaining evidence on which to base policy. A model in which all the key parties are brought together under the head of "Standards for Business" on identified accounting, auditing and governance issues plays an important improvement on the current fragmented approach to regulation and standard setting.

CONCLUSION

Finally, it can be concluded that accountant play an important role in developing of the economy through the applying of various strategies of accounting like international financial reporting system. Integrated reporting and sustainability of the economy. The sustainability of the economy was possible only through the effective and efficient services rendered by the professionals in this accounting arena. The approach creators around the globe perceive the requirement for business sectors to assume a more focal part in financing the proceeded with worldwide monetary development. Decreasing grating in those business sectors is the focal driver of worldwide bookkeeping benchmarks and in doing as such profit and universal acknowledgment that accompany IFRS appropriation.

LIMITATIONS OF THE STUDY

1. The data collected through the structured questionnaire from the respondents may be biased.

2. The study was meant only for general role of an accountant but the same role and functions may not applicable to all kind of firms and organizations.

SCOPE OF FURTHER RESEARCH

1. There is a lot of scope for comparative analysis of role of accountant from Indian perspective to other countries.

2. It is an great opportunity to how to enrich the knowledge of the changing face of reporting system of the financial statements through the international financial reporting system .It requires further research to accommodate the role of accountant to implementation of the international financial reporting.

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