



## Cost Accounting System and Its Impact on Service Pricing in Vodafone Oman

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### Abstract

This study aims to develop the cost accounting system and improve the provision of services to customers of the company. Survey questionnaires were distributed and collected from Vodafone customers in order to collect data, analyse and obtain results, with 74 respondents obtained from these questionnaires. There were also interviews with employees of Vodafone Company and these were also analyzed. The results of the questionnaire were analyzed using Excel program. Main findings revealed that the company is interested in the cost accounting system and service pricing significantly for development, in this case, the company is considering developing its basic system in terms of cost accounting and service pricing. It was also found in the results that the company is training employees in order to gain experience about the work they will work on. It is possible that employees will provide their ideas with the management in the event that they want to develop the system, so from the results it appears that the company is trying to progress significantly.

**Keywords:** cost accounting, cost accounting system, service pricing, telecommunication service pricing

### Introduction

Cost accounting and its impact on service prices is considered one of the basics in institutions in general. All institutions must pay attention to cost accounting and its impact on the company itself. Such programs need the company to be highly experienced in distinguishing between cost accounting and its impact on services, because it is possible that such things will increase the company's benefits. The company is useful in improving management data by accurately calculating costs, both the variable and fixed costs, in order to assist in the cost assessment of all aspects of the business that occur in the company, including the cost of operations, products and projects.. When the company calculates the cost of accounting and pricing on services, it saves a lot of costs for its services Through customers who receive services that made them happy, they

tell others what they have gained from the services of the company or the good services they obtained from advertisements, as well as attracting other customers to use the company's services.

### **Statement of Research Problem**

There are many studies that consider that cost accounting is of fundamental value in companies in order to raise profitability in the company because it is considered the system that collects the company's results in all aspects of the company because it arranges all the results and costs of the company, so the organization must take over the management costs in order to improve the performance and results of the company through this system. Companies must pay great attention to this system, which may help them in many administrative aspects of the company. It can greatly increase the profitability of the company if they use this order correctly.

### **Aim and Objectives of the Study**

#### **Aim of the Study**

This study aims at cost accounting and service pricing in Oman Vodafone Company and how the performance of this system in the organization is compared to the company being non-risk. The cost accounting system is considered the expected system that is in the organization in order to improve the cost system and this system is under the management of the company because it is a system that calculates costs, revenues, and services for the company. The cost accounting system organizes the results well for the stability of the institution through this system. Cost accounting is also useful for the company because it is considered the main determinant of financial issues and challenges.

#### **Objectives of the Study**

- 1- Determine the methods of cost accounting and their impact on service pricing of the company.
- 2- Identify issues and challenges that occur to company on cost accounting and service pricing.
- 3- Recommend suggestions and solutions to address the issues and challenges of cost accounting and service pricing of the company.

#### **Research Questions**

- 1- What are the methods of cost accounting and its impact on service pricing of the company?
- 2- What are the issues and challenges of cost accounting and its impact on service pricing?
- 3- What are the suggestions and solutions to address the cost accounting and service pricing issues and challenges of the company?

#### **Scope of the Study**

The purpose of this research is to identify method to use cost accounting system in order to increase the company's profitability. The results of this study will benefit society as it will

provide a source of information about cost accounting and the benefits to institutions. The main reason for this study is to see Vodafone as a new company that offers a lot of services, and to be a competitive company with good reputation.

### **Literature Review**

Cost accounting methods have been developed through products or services in several ways, so that income is achieved through the effects that occur around cost accounting. There must be positive things, from the external, environmental and social factors that must be maintained so that the company will continually keep good reputation for customers. In order to increase profitability through service pricing, the company must attained environmental sustainability for profit. When the company has a lot of customers, it reduces the company's damage and risks. Customers are the basis of the company's success methods. They are the ones who raised the company's profitability. Companies have to maintain good cost accounting methods in order to attract customers (Olaf, 2020). Cost accounting methods are assessments that depend on several factors for the total production in the enterprise by looking at all costs incurred in both variable and fixed costs (Mukherjee, 2021).

Cost accounting methods are the operations incurred by the organization in order to obtain a classification of costs. The use of accounting methods or costs is of great importance in the market because it includes a wide range of techniques that estimate cost accounting and its methods about the level of the product or service, so the methods that are used in organizations are of great importance on this subject. Cost accounting is an expanded coverage for cost estimation techniques (Bush, 2019).

Accounting events are currently considered highly developed, and there are dangers in this and great challenges as well that organizations may face through the development of technology in a large scale. The accounting system is now considered to be all the focus in the cloud system, which poses a threat at times because it is a technology and there are many hackers who target this information, hence, this is one of the challenges that organizations faced through cloud technology. Currently, everyone uses technology for data and analysis of financial data, and therefore technology has become the basis for organizations to save or analyze the organization's data, and it is an application that everyone uses to save data (Skinner, 2020).

At present time, the requirements of technology require accurate accounting knowledge than to be purely accounting to understand the true meaning of drawing a financial picture. This is considered a challenge as well for accountants as accountants must be highly skilled in understanding the requirements to carry out the work and operations in which they exist. Accountants are highly skilled to finalize processes on customer data, and behavior must be respectful for the sake of customers. Accountants have a great interest in analyzing data through technology, so they must be confident in order to make the best decisions for the company to save money and increase profit. The company must employ highly qualified accountants with high skills that increase the value of creating decisions for the company to achieve major financial goals for the company (Hesford, 2017).

Development is progressing in everything in this world. Therefore, the development of accounting and accounting methods is also an indication of progress for the company. Accounting in management has developed greatly and many types of techniques are used in

present time. There are now several methods in calculating cost and other administrative matters that need to be considered to get information or results from the organization. There are several methods or techniques that can be employed as well to do cost accounting for the company, primarily for the organization's financial performance metrics (Skinner, 2020).

Determining cost accounting systems is one of the resources used to provide services in order to record and provide financial requirements. Therefore, the cost accounting system provides several important information to the company as cost is an important value to secure. This system includes many important things in calculating both fixed and variable costs, and several strategies on service pricing. Therefore, this cost accounting system is important in companies for productivity and developing the company's financial performance (Wolfram, 2017).

Cost accounting is one of the basics that develops the company through competition and the use of methods of entry into the cost accounting system, hence, company must monitor the cost accounting system in order to be strong in competition. Cost accounting in an orderly manner can be developed by taking certain methods for development and it must evolve with the environment around it from the competing companies in this system (Omyre, 2019).

Service pricing is also one of the important methods affecting financial position of the companies. Therefore, from the recommendations, companies should focus on service pricing in order for the services provided by the company to be competitive with the services of other companies. Companies should also take this recommendation into consideration for the sake of competition. It is considered one of the services pricing recommendations that it should be balanced with the environment around it, so the necessary instructions must be taken in this matter, as well as suggesting some things about service pricing by the senior managers in the company. There must be a balance in these matters so that they do not lead to risks in costs (Harbor, 2022).

Service pricing it is also considered one of the challenges or risks that the company may face in monitoring the accounting system that may be disrupted or something else may happen to it that may stop working, as it will completely sabotage the company's cost system; so the company must monitor the system consistently in order for the company to avoid significant risks (Pranav, 2022).

The impact of service pricing is very important for companies in terms of costs and profits. Pricing is the thing that makes profit for the company's products and services. As a result, pricing becomes too critical. The price of the service cannot be set too high and that customers may buy it. In this case, the company has serious problems and sales are significantly reduced, so the pricing of the service must be good enough so that the company can compete with companies in similar services, hence, service pricing is very important from the profitability side (Campbell, 2022).

Pricing the service must be known in order to take part fairly in price competition. Services cannot be priced without reviewing the competitors. The company's profits may be affected without reviewing the competitors' pricing. The competition must be close in prices in order to increase the company's profitability and to move away from financial risk to the company It is

also possible for customers to move away due to high prices, and also, when the prices of services and products go down, there may not be enough profits, so companies must review prices and services consistently (Wolfram, 2017).

### Research Methodology

In this research, quantitative survey was used because it is considered as one of the most common types of data collection. This was done through distribution of survey questionnaire. The qualitative method was considered as well through interviews with employees of Vodafone.

The population of the study is 1300. From this, sampling size was computed using sampling size calculator. The sampling size of 120 (90 employees from accounting department and 30 from sales department) was considered for this study.

The study has applied the non-probability sampling technique to ensure that employees in the accounting and sales departments will have the same possibility of choosing and analyzing the questionnaire.

Primary sources and secondary sources have been used in this research, so the primary information was taken through the direct interview between the researcher and the employees, as well as through the questionnaire that was distributed, which includes open questions and closed questions, and there are secondary sources that provide information on the subject. Therefore, the researcher made a questionnaire in order to obtain and collect the results of the respondents in the easiest way possible in order to combine the information collected through literary reviews.

### Results analysis

Data analysis expresses several areas of the data system and is vastly broad and useful for companies when they do work Data analysis; the company needs this in order to know the coordinates about the data and what it needs in order to reduce risks or errors. Therefore, data analysis helps all people, not just the researcher. Therefore, there are different types and areas around data analysis, and each organization uses a certain method to collect and Data analysis, but in this research a sample was taken from the company in order to make a questionnaire for them and analyze their data for research. (Talaat, 2022)

*Table 1 Cost accounting has a major role in determining the price of the service*

Answers	Responses	Percentages
Strongly agree	15	20%
Agree	42	57%
Neutral	12	16%
Disagree	4	6%
Strongly disagree	1	1%
Total	74	100%

In table 1, there were five options for the question, and the options were Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree, so these five options were in the question and the number of strongly agree was 15 by 20%, and the number of respondents in the Agree option was 42 57% and there is also a neutral option, their number was 12 by 16% and I do not agree, their number was 4 by 6%, and the one who strongly disagree was only one person by 1%. The percentage of the number of the percentage "Agree" was the largest number in this question. This helps the administration in pricing the service and in formulating the business policy; and to innovate new tools or techniques around the cost in order to achieve the company's goals and raise their profitability (Krishnan, 2022).

*Table 2 Vodafone is interested in the service pricing system*

Answers	Responses	Percentages
Strongly agree	16	22%
Agree	36	48%
Neutral	17	23%
Disagree	3	4%
Strongly disagree	2	3%
Total	74	100%

In table 2.0, Strongly Agree was 16 by 22% and "agree" was 48%. Both were considered the most choice taken by the employees. Therefore, the pricing of the service in the company for the sake of customers was considered well by the employees as this has large and direct impact on the sales and profitability of the company, so the company must pay attention to these matters. Pricing the service appropriately is considered direct profitability for the company, which means offering temporary offers in order to reduce the price, with appropriate pricing will be of interest to customers (Camiron, 2019).

*Table 3 Vodafone trains employees to cost accounting system effectively*

Answers	Responses	Percentages
Strongly agree	23	31%
Agree	36	49%
Neutral	9	12%
Disagree	4	5%
Strongly disagree	2	3%
Total	74	100%

In table 3, Agree and Strongly Agree registered as best two options. The company believes that every new employee must be trained for a certain period in order to adapt to the job. Training is very important for new employees. During training, employees create skills at work (Fallon, 2022).

*Table 4 Vodafone will improve the cost accounting system and service pricing in the future and focus on it more*

Answers	Responses	Percentages
Strongly agree	15	20%
Agree	42	57%
Neutral	12	16%
Disagree	4	6%
Strongly disagree	1	1%
Total	74	100%

In table 4.0, “Agree” and “Strongly Agree” registered as best two options. Employees believed that cost accounting helps the management in cost issues, as through this expenses will be controlled, hence, would raise the profitability as well (Krishnan, 2022).

### **Conclusions**

This research has realized the importance of the cost accounting system and service pricing and how this system can impact on the profit of the company as it affects in increasing the income of the company. In order to attract the customer to buy the product, there should be a good strategy plan that the companies have to follow and to fix the range of product or service pricing. Through this study, it was revealed that companies are interested in terms of the cost accounting system and service pricing, so this system is considered one of the basics for companies in improving the company’s costs because it organizes the cost system and increases the company’s profitability.

### **Recommendations**

The researcher’s recommendation for the company is to make a cost accounting system that can impact positively on the growth of the company. They can provide data to develop the stability of the budget, and for the internal processes it is better to use software that allocates indirect costs. In addition, evaluating the potential business projects reduces the risk of losing.

The company must focus on the cost accounting system and service pricing significantly because it is one of the basic things that reduce costs and this system is a basic system that every company takes in order to increase the company’s profitability. This is one of the things that organize the company’s cost plans Companies must give it great importance in order to reduce the risk of wasteful costs and lead to losses, so they must focus in this system to avoid risks.

The company must focus and develop around the accounting systems, because it will certainly keep them away from risks. Therefore, it must focus on developing the accounting systems so that there is a system that protects the costs that are not necessary, so the company must follow

the systems that keep them away from the risks that may cause losses so cost accounting system and service pricing one of the best systems in accounting.

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