

7015SSL MASTERS DISSERTATION

Student family name

First names

Student ID No:

Course:

7015SSL-PROJECT MANAGEMENT

Supervisor:

Dissertation Title:

Wordcount:

Declaration

I certify that this dissertation is my personal work. I am aware of [University Name]'s regulations regarding plagiarism.

[University Name] is permitted to use my dissertation as a sample for future students.

Signed:

Date:

Acknowledgement

Table of Contents

Abstract	7
Chapter 1: Introduction	8
1.1. Research Questions and Objectives	10
Chapter 2: Theocratical/Conceptual Framework	11
Chapter 3: Literature Review	13
3.1. Introduction	13
3.2. The Theory of Account analysis and Accounting	13
3.2.1. Risk Based Accounting Theory (RBA)	16
3.3. Risk-Based (RBA) Strategy to Internal Account analysis	17
3.4. Risk Based Accounting (RBA) And Traditional Risk Management (RM) for Organizational Proficiency	20
3.5. Impacts of RM Systems of Financial Performance	22
3.5.1. Fraud Risk Reduction	22
3.5.2. Consumer loyalty	24
3.5.3. Financial Stability of the Organisation	25
3.6. Conclusion	26
Chapter 4: Methodology	28
4.1. Introduction	28
4.1.1. Saunders research onion	29
4.2. Research Questions and Objectives	31
4.3. Research Philosophy	32
4.3.1. Positivism	32
4.3.2. Interpretivism	32
4.3.3. Pragmatism	33
4.3.4. Research's Philosophy – Interpretivism	34
4.4. Approaches to Theory Making	34
4.4.1. Deductive Approach	34
4.4.2. Inductive Approach	35
4.4.3. Research's Approach – Deductive Approach	35
4.5. Data Considerations and Methods of Analysis	35

Risk Based Accounting	5
4.5.1. Data Types and Data Collection	35
4.5.2. Ethical Considerations	36
4.5.3. Questionnaires and Surveys	36
4.5.4. Data Analysis	37
4.5.5. Secondary Data Collection and Evaluation (Meta-Analysis)	37
4.5.6. Data Analysis Methods – Mixed Methods	38
4.5.7. Validity	38
4.5.8. Reliability	39
Chapter 5: Findings	41
5.1. Introduction	41
5.2. Financial Risk-Based Accounting and Assessment	41
5.2.1. Financial Risk	45
5.3. Incorporate Risk into The Audit Plan	48
5.4. Conduct Risk-Based Accounting Audits	49
5.5. Conclusion	50
Chapter 6: Discussions and Implications	52
6.1. Significance of Risk-Based Accounting in Current World	52
6.2. Proposed System for RBA Management	53
6.3. Best practice ramifications	54
6.4. Risk-Based Accounting Follow Up	55
6.5. Monitor Changes in Risk	55
6.6. Actualizing the RBA Audit Plan	56
6.7. Implications	56
Chapter 7: Conclusion	58
7.1. Summary	58
7.2. Limitations	59
7.3. Future Research	60
References	61
Appendix: Questionnaire	66

Table of Figures and Graphs

Figure 1: Risk Based Accounting & Audit	11
Figure 2: Risk Based Accounting System	12
Figure 3: Flow Diagram for RBA	13
Figure 4: Flow Chart of RBA Process	15
Figure 5: Research Onion by Saunders et al. (2009)	25
Table 1: Age Profile of Participants	40
Table 2: Gender Profile of Participants	41
Table 3: Significant Domains in RBA	41
Table 4: Percentage Results Regarding Impact of RBA on Internal Control	42
Table 5: Priority Assessment of RBA Components	43
Table 6: Causes of Failed Risk Management	47
Table 7: Additional Training Requirement for Effective RBA	48

Glossary

● RBA	Risk Based Accounting
● RM	Risk Management
● IA	Internal Audit

Abstract

In terms of Accounting and Finance, risk is described in terms of cost-volume-profit analysis, cash flows, capitalization of assets, probability distribution, etc. These concepts determine the growth and development of the company. The aim of this research is to analyse the effectiveness and impact of risk-based accounting for improving the revenue and overall proficiency of the company.

The data will be analysed through *mixed methods* approach. This will allow us to combine primary data with the secondary data to verify and validate the results. 'Mixed methods' is an exploration approach whereby scientists gather and examine both quantitative and qualitative information inside a similar report. Mixed methods research draws on possible qualities of both qualitative and quantitative methods, permitting scientists to investigate differing points of view and reveal connections that exist between the complex layers of the research questions. This will also allow us to theoretically support the research outcomes. The Research philosophy will be interpretivist and the approach will be deductive. This approach will help in developing a precise and comprehensive conclusion for the research.

For the collection of primary data, questionnaires will be emailed to the participants who have shown their willingness and agreement to be part of this research. The results derived from questionnaires will be combined with secondary data for verification and deriving a comprehensive conclusion.

The study concludes that Risk Based Accounting is a proficient and critical approach that ensures the long term profitability and value generation of the company. However, to ensure that RBA is being implemented in the right way, it is important that the associated staff and management must be properly trained and oriented. Integrated and engaged RBA management ensures long term efficiency for the financial development and sustainability of the company.

Chapter 1: Introduction

Deciding the markers for evaluating the risk of a business association's exercises is the subject of questions among researchers around the globe. The way toward settling on management choices despite vulnerability is straightforwardly identified with bookkeeping and expository help, the elevated level of which permits limiting risks in business. The significant components in the arrangement of bookkeeping and diagnostic help are bookkeeping (financial) revealing and strategies for monetary investigation. The idea of risk management can be viewed as a noteworthy side effect of the expanding requirement for associations to refresh their arrangement of risks and openings in a quickly changing and exceptionally serious environment (Abidin, 2017).

In like manner, the selection of pointers for risk management has been generally examined in both logical and business networks, with, notwithstanding, an absence of understanding about what markers most clearly show the risk level. There are risks in business. Risk is a vulnerability about future occasions that can influence the accomplishment of the organization's strategic, vital, financial, and different objectives (Abidin, 2017). Today, risk has become a fundamental portion of life, including business. The issues of vulnerability and risks have been read for quite a while by different researchers and from various perspectives. During this time, multivariate ways to deal with estimating risks and ensuring against them have been expounded – it is the coordination of risks, the yearning to limit them, forestall them, etc. Notwithstanding, the issue of making a productive risk management framework at the miniature level is getting progressively effective.

The vast majority of risk management systems are centered around the protection or financial industry. There are three significant inadequacies of the current risk management structures – the

nonattendance of theoretical builds, the absence of corporate-level concentration, and the nonappearance of a satisfactory arrangement of records for risk assessment.

Since the 1990s, the issues of risk evaluation have gotten applicable for Russia, which is identified with the developing need to reflect past monetary realities in the announcing, yet also, give data on the future realities of financial life. This establishes a difficult issue since data about what's to come isn't completely known and probabilistic. Bookkeeping explanations can be a component of bookkeeping and the systematic arrangement of a company's risk management.

Also, the hypothesis and practice of risk appraisal depend on the connection between the viability of risk management, monetary speculations of decision as per risk, financial matters, and value hypothesis of monetary substances. Risk appraisal can be deciphered as portrayals of risk orders, just as total coefficients of risk. The principal approach can be designated "aphoristic" since the risk costs are determined as per the usefulness dictated by a bunch of alluring properties (Abidin, 2017). The risk cost is deciphered as a proportion of risk and can be brought about by the financial hypothesis of cost, shaped affected by risks (Abidin, 2017). The subsequent methodology is to contextualize the worries of a risk carrier by acquainting it with a market where risks are exchanged.

Researchers are presently offering thought to the bookkeeping and explanatory help of risk management, given financial and bookkeeping articulations. Another gathering of creators accepts that it is dispassionately important to survey risk by methods for utilizing money-saving advantage investigation pointers that can be utilized to recognize risk moderation methodologies, giving a suitable tradeoff between the expense of executed measures and the accomplished risk alleviation.

The main type of foundational risk centers around disentangling far and wide disparities and is outlined by extensive writing on the presence of risks, weaknesses, and uneven characters in financial frameworks and the general micro-and macro- financial climate before recorded financial emergencies. Early and late experimental writing recognized general examples in the basic weakness that went before financial emergencies. Zeroing in on the presence of weaknesses and irregular characteristics in the economy, early admonition models can be utilized to predict the probabilities of foundational financial emergencies later on. These models utilize a bunch of weakness and risk markers to decide whether the economy is in a weak state.

Risk management activities, consolidating risk management, and risk financing tasks, are very amazing assets for current risk management. The expense of such an activity for risk treatment is one of the principal factors for creating and executing proactive and responsive risk management measures.

1.1. Research Questions and Objectives

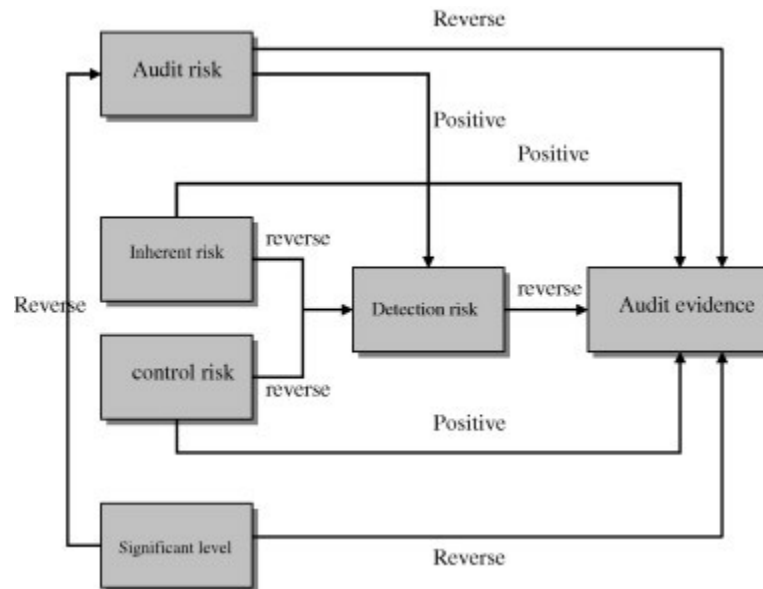
The research question for the study is:

According to risk-based accounting, how can the company develop rapidly by focusing on employee training and incentive programs?

Following will be the objectives for the research:

- Analysing strengths of risk-based accounting;
- Evaluating cost-benefit analysis of employee training and incentive plans;
- Analysing the impact of employee training and incentives on financial growth and development of the company.

Chapter 2: Theoretical/Conceptual Framework



Risk-accountants, whose expert preparing incorporated the examination of data and frameworks, performance and vital management, can have a critical task to carry out in creating and actualising risk management and inward control frameworks inside their associations (Leung & Sircar, 2009).

The changing job of risk-accountants is a significant factor in building up the setting for their job in risk management and more extensive perspectives on management control (Lin et al. 2018). Maybe fortifying customary generalisations, researchers were more risk-worried than the other researcher gatherings according to their associations, notwithstanding having a lower view of the serious force and vulnerability in their industry/segment (Beaussier et al. 2016).

The dependence on formal accounting-based controls was additionally raised doubt about. Critically, researchers were less certain about the conventional control frameworks that existed in their associations, recommending that the expert information on accountants accommodates a comprehension of the restrictions of accounting data, and information not shared by non-accountants (Alleyne et al. 2017).

Further, management accountants in the greater part of associations were being minimised comparable to risk management (Abidin, 2017). While researchers consider that management accountants ought to have greater inclusion in risk management, this was not a view shared by different researchers.

In the event that an accountant overestimates the review risk, at that point, the examining cycle will be actualized more than required which consequently diminishes the proficiency of evaluating and squanders assets. Then again, in the event that she or he thinks little of it, the risk of review disappointment can be expanded which leaves the risk of claims as well as slowly decays the monetary benefit of evaluating in the long-lasting period. Consequently, the accuracy of risk appraisal by accountants impacts legitimately proficiency and viability of review.

In the review risk model, there are factors identified with review risk segments every one may influence location risk degree and in this way at last the measure of review proof gathered and size of tests. In this manner, to recognize additionally impacting and target factors through an itemized cycle could lessen the risk of review disappointment and generally bring about more review quality.

Nonetheless, each contributing review risk components may impact or be affected by different ones and has interdependencies with different degrees. Hence, in showing up at an assessment of

each review risk segments the accountant will ordinarily need to consider factors which may impact those segments; these require the accountant to survey the significance of each factor and consider any interdependencies that exist between them.

Chapter 3: Literature Review

3.1. Introduction

Respective chapter will briefly present a detailed analysis and evaluation of theories and findings presented in various available literature regarding the chosen subject. The conclusion from this chapter will help in validating and verifying the findings of this research, as well as identifying the research gaps for further considerations.

The purpose of choosing RBA is to evaluate and identify its strengths and tendencies as compared to traditional risk management practices. Past literature has shown that RBA has the tendency to ensure financial stability and sustenance for the company in highly competitive and volatile market.

3.2. The Theory of Account analysis and Accounting

Risk-Based Accounting (RBA) is guided by the methodology or investigation concept that focuses on the inspection, audit and accountability of financial operations, decisions and processes within an organisation. This is explained by Abidin (2017) as the arrangement of audit and accountability data focusing on the financial risks involved for the organisation.



Figure 1: Risk Based Accounting & Audit (Abidin, 2017)

At the core of this theory are the most critical types of data, introspective concept, method of reasoning, and science. Reaching this level of quality from it, is the planning level of Account examination data - its conceptual foundation. Accountant managers and auditors are responsible for this planning and examination as *“Management accountants, whose professional training included the analysis of information and systems, performance and strategic management, can have a significant role to play in developing and implementing risk management and internal control systems within their organizations”* (Chartered Institute of Management Accountants, 2002).

It proposes, the basics for deducing thoughts, must relate to and be pleasing with this explanation and see the likely results and imperatives of its new development and evaluation of RBA strategies reasoning. Each field must have such a foundation and it ought to never permit itself to get disconnected from the characteristic requests from which it draws quality. The field of audit

and financial accountability grows outwards from its conceptual foundations; it enters the hypothetical structure. By then come the rules and the domain of preparing and suitable applications and thereafter exhibiting the adjacent fields of data. This is because “*The changing role of management accountants is an important factor in establishing the context for their role in risk management and wider views of management control. Perhaps reinforcing traditional stereotypes, CIMA respondents were more risk-concerned than the other respondent groups in relation to their organisations, despite having a lower perception of the competitive intensity and uncertainty in their industry/sector*” (Collier et al. 2006).

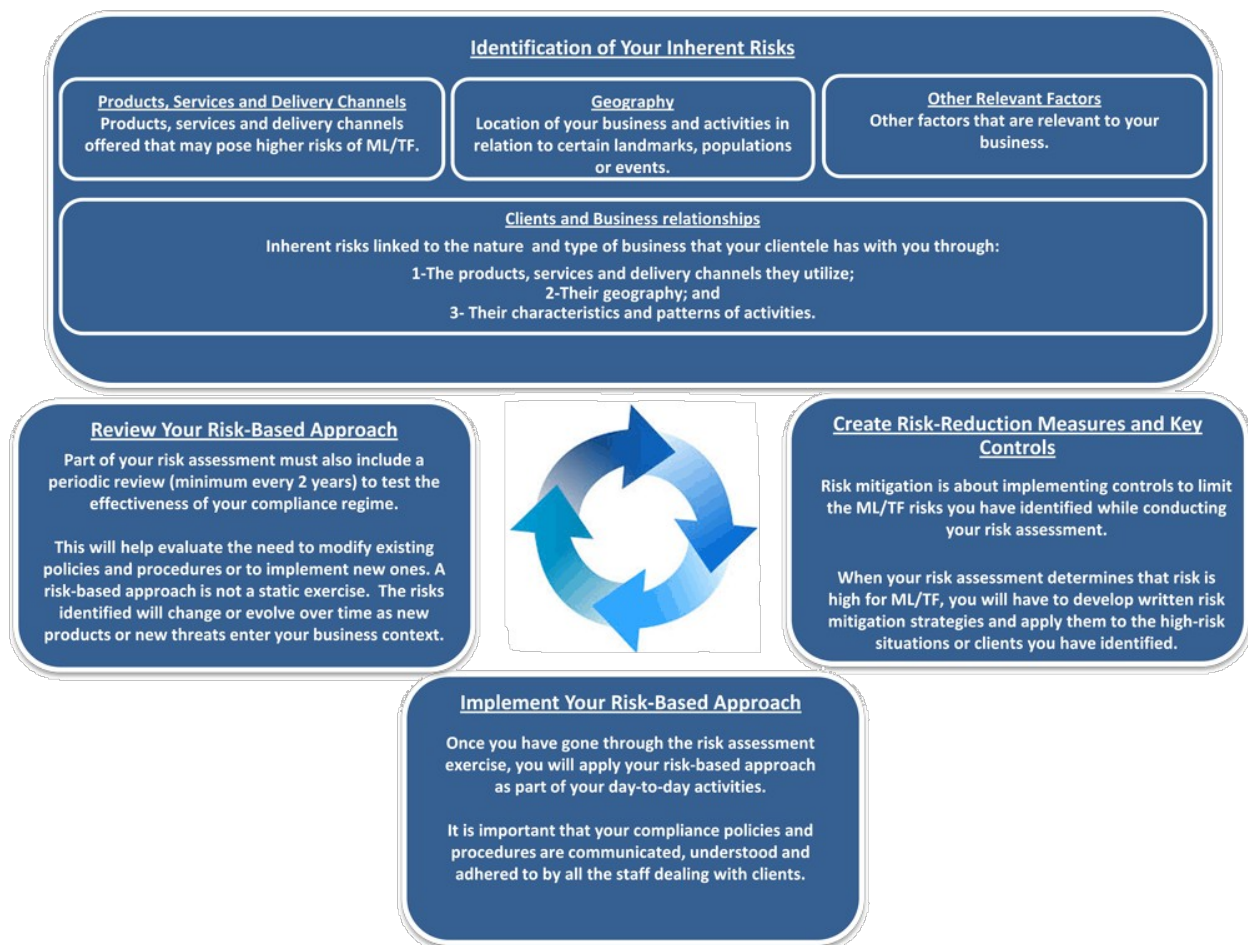


Figure 2: Risk Based Accounting System (McKinnon, 2016)

3.2.1. Risk Based Accounting Theory (RBA)

RBA theory emphasizes that customers' unequivocal experience extends an Accountants' ability to assess future stakeholder risks accurately. Regardless, prior assessment in psychology prescribes that stakeholders tend to overweigh experience when defied with current risk flags that conflict with experience (McKinnon, 2016). This arrangement dissects the aftereffects of prior, positive stakeholder express insight and efficiency pressure, addressed by over the top risk signs, on the ability to make a practical risk assessment. The results exhibit that stakeholder's inclination toward related information. Capability results recommend that higher sign costs bring about blemished risk brief assurance, yet don't unfavorably affect risk assessment amplexness. Risk examination speculation fights accountant appraisals during the examination become all the more impressive with stakeholder unequivocal experience (Young, 2020). Or on the other hand, possibly, there is a risk that accountants will rely upon certain stakeholder unequivocal experience, which is backwards-looking in nature, despite getting this extended stakeholder express data.

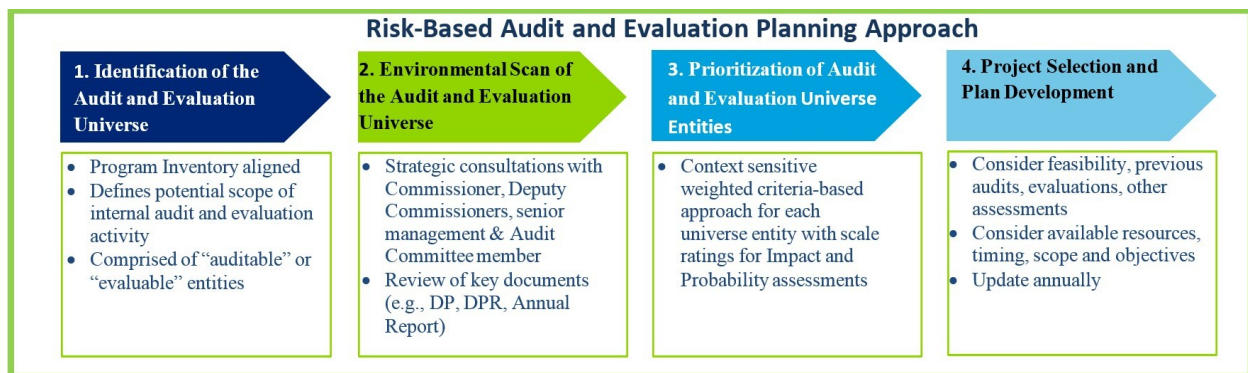


Figure 3: Flow Diagram for RBA (McKinnon, 2016)

The RBA of the speculation is applied to within control system and RM, requiring all divisions should set up Risk Management (RM) care, perceive the risk control centres, risk take

appropriate measures to control, and recorded a grouping of risk control, making RBA of the noteworthy wellsprings of data (Shyyreva et al. 2016). According to this theory, the commitment of recognizing and managing risks has a spot with management, while one of the key elements of an internal examination is to confirm that those risks have been properly managed (Shyyreva et al. 2016). Capable inside examination activity can best accomplish its primary objective as an establishment of an organisation by arranging its work concerning the organization's RM structure. This remembers looking at how managers perceive, assess, respond to, and report risks, similarly to how well managers screen how responses to risks are working.

3.3. Risk-Based (RBA) Strategy to Internal Account analysis

In the mid-twenty-first century, the transformative act of inward Account analysis brought about the improvement of inner investigation best practices which moved the IA's concentration from frameworks-based account analysis to deal with based Account analysis to risk-based Account analysis (Shyyreva et al. 2016). The sanctioning of the Sarbanes-Oxley Act of 2002 (SOX) in the US has constrained the management to set up destinations, recognizing risks that influence those targets and thinking of control measures to relieve those risks even though the spotlight is fundamentally just on interior powers over financial explanations and divulgences (McKinnon, 2016). SOX mandated organizations to survey control against a reasonable inward control structure.

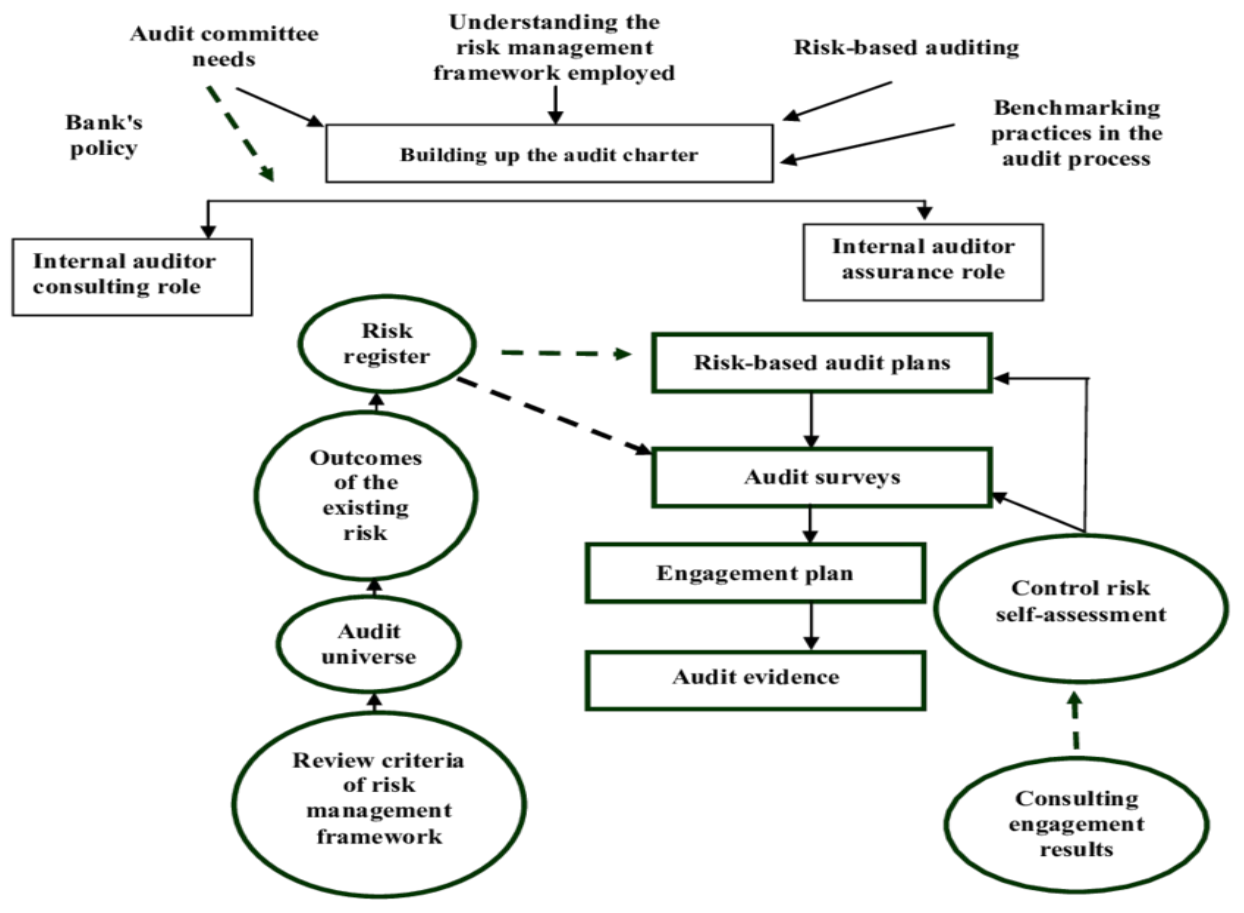


Figure 4: Flow Chart of RBA Process (McKinnon, 2016)

In arranging and executing investigation undertakings, interior Accountants would consider the appropriate investigation strategy based on the adequacy and proficiency of the methodology in accomplishing the main job. There are commonly three sorts of investigations which internal Accountants perform and they are procedural, operational, and financial investigations.

- Procedural Audit: This is conventional, task-based audit, focusing on the completion of designated procedures and processes.
- Operational Audit: This audit focuses on the operational efficiency of the company.
- Financial Audit: This audit focuses on the financial feasibility and transparency of the company.

The goal of these investigation types is to help the organisation's attestations. In a consistence investigation, the organisation gives affirmation that it is in consistence with the pertinent laws, rules, guidelines, and arrangements while in operational investigations, the organisation's declarations identify with the proficiency and viability of tasks. The organisation, in the process performance of financial explanation investigation, would confirm that the financial proclamations are reasonably introduced (Eutsler, 2020).

A risk-driven methodology then again includes evaluating, during the yearly investigation and planning stage, the risks innate in each investigation zone. Explicit investigation methodology would just be set up after considering the risks in question. The objective of the investigation arranging measure is to modify a dynamic, risk based and faultless investigation plan that tends to all the necessities of the organisation (Gorener, 2017). The way that risk-driven methodology encourages inner Accountants to zero in their endeavours on zones which are generally riskier, it is subsequently viewed as more powerful in meeting the destinations, and proficient as it pivots around zones which are riskier when contrasted with the systems-driven methodology. By recognizing, surveying, and checking an organisation's risk, inner Account analysis assists with guaranteeing that sufficient assets are sent and pivots around needs (Shyyreva et al. 2016). To put it plainly, RBA focuses on surveying the objectives, risks and controls that are imbued in the organisation's prosperity (Eutsler, 2020). While risk evaluation is a basic aspect of the investigation arranging measure, interior investigation offices are finding their assets are restricted with the extent of investigation and the related risk introductions expanding in the difficult climate (Gorener, 2017). By embracing a risk-driven methodology where the investigation commitment goals, the organisation's attestations and risks are thought of, the interior Accountant can guarantee that proper concentration and assets are given to risky regions

and that investigation can be acted in the most proficient and viable manner. In this regard, the risk-based way to deal with Account analysis permits more viable arranging, execution and correspondence to all the more likely adjust the outcomes to accomplish the investigation destinations set.

At the stakeholder investigation unit level in a risk-based model, Account analysis systems ought to be intended to accomplish the target that the controls set up are satisfactory. The interior Accountant ought to comprehend the control and its current circumstance; assessing the ampleness of controls and test these controls are working as planned and powerful (Abidin, 2017).

3.4. Risk Based Accounting (RBA) And Traditional Risk Management (RM) for Organizational Proficiency

The partition of possession and management capacities and the presence of data lopsidedness present the chance of head operator clashes. It additionally brings about risks to partners in the organisation management, investors and banks (McKinnon, 2016). Those organisation clashes, office expenses and risks are presently managed inside the corporate administration structure through accountability systems, for example, inner control and investigation. Partners presently contend to take an interest in corporate administration to look for power in organisations by attesting their originations of risk and how it ought to be managed, and attention on Risk Management (RM) has gotten fundamental to this opposition since it defines the accountability of the management of the organisation (McKinnon, 2016). The demand for Account analysis is an element of the arrangement of risks looked by singular partners in an organisation and the arrangement of control systems accessible for moderating those risks. Subsequently, inward

Account analysis RM direction has given the investigation work expanded validity over the enterprise and more noteworthy acceptance by management (McKinnon, 2016).

Through RBA effective RM techniques which are forward-looking and assist with improving business choices (Gorman & Koch, 2019). It isn't just about maintaining a strategic distance from or limiting misfortunes, however about managing openings. It is an incredible asset for public part managers. Great Risk Management (RM) is based on a very much arranged, intelligent, thorough and recorded technique. This system gives general strategy direction, and plans and strategies that can be utilized as a major aspect of the organisation's regular work to manage risk (Gorman & Koch, 2019).

The RBA strategy includes management to a far more noteworthy degree. The risks to be canvassed in investigations will exist in all pieces of the organisation and investigations will subsequently include managers in divisions never visited (Gorman & Koch, 2019). Many risks will be exceptionally critical to the organisation and the conversation of their controls will include more ranking directors and chiefs than maybe engaged with customary finance orientated investigations. RBA accentuates management's duty regarding managing risks. Investigations will include more conversation with managers about their risks and their reactions to them. There will be an underlying gathering with managers, potentially including a risk workshop to look at risks in more noteworthy profundity, and contact all through the investigation to examine issues.

The accompanying Internal Audit (IA) significant jobs are required in RM: deciding cycles and their destinations recognize risks that thwart the cycles with management, test and controls relieving the risks, detailing where risks are not adequately alleviated by controls and guarantee management that risks are moderated to an acceptable level. This has been made simple with the reception of RBA in the public segment (McKinnon, 2016). Through upgraded limit working for

inside investigation staff to refresh their insight and competency in managing present-day patterns in RM and foundation of investigation boards of trustees is a portion of the measures that have been set up to contain and manage risks (Gorener, 2017). Through RBA, the investigation movement gives valuable and significant data to the organisation for managing its risks.

The goal of RBA is to give autonomous affirmation to the board that there is a sound of RM structure inside the organisation, and risks that may influence the organisations' business targets and methodologies are being distinguished, managed and diminished to a level that is acceptable to the board (Abidin, 2017). One sign of the RM system is the presence of a different board or gathering, comprised of supervisors and managers to create RM improvement strategy.

3.5. Impacts of RM Systems of Financial Performance

Eulerich et al. (2019) underlined that endurance of an organisation can be dictated by the performance which is a marker of benefit or misfortune. The authors included that an organisation's performance can be improved by a solid RM framework, which makes and increase the value of the achievement of business through the decrease of vulnerabilities and consumer loyalty.

3.5.1. Fraud Risk Reduction

Decrease of hazards and loss is achieved through observing and controlling methods for the standard-setting of arrangements to guarantee the minimization of risks. Shiri et al. (2018) declared that risk reduction practice decidedly influences the financial performance of an organisation through risk control, risk alleviation and contingency plan for protection of the organisations. They clarified that risk reduction practices fundamentally improve the profit for

resources of the organisation. Lessening uncovered risk builds the nature of administration just as the organisation's financial performance. They included that risk alleviation and financial performance has a positive relationship. Ernst and Young (1999) uncovered that organisations with a legitimate risk decrease rehearse produce more income and their risk development connected with better profit for resources and a positive noteworthiness on financial performance. The impact of RM has a positive noteworthy relationship with organisational performance. RM has a critical positive relationship to the financial performance of an organisation. A solid critical and positive connection between the financial performance of organisations and RM measures exists. Nonetheless, the absence of consistency in actualizing a proper RM structure causes a more vulnerable connection among performance and control frameworks set up.

There were some dubious findings by different researchers against the impacts of RM on financial performance. Shiri et al. (2018) contended that instead of basing on RM, organisations need enough cash-flow to continue its financial performance; hence, the organisation's capital has a positive relationship. Nonetheless, there exists a frail connection between RM and an organisation's financial performance. They recommended that better performance can be influenced primarily by board and management choices than RM. An organisation with better benefits are locked in into littler income age with little endeavours in RM structures, subsequently a negative connection between RM and performance.

Notwithstanding, Ganguly et al. (2017) couldn't affirm on the impact of risk decrease on an organisation's financial performance. He attested that organisations' risk level ought to be firmly observed and surveyed to guarantee the improvement of performance. RM is basic however the connection between financial performance and RM of organisations isn't clear.

There are no remedial estimates taken to lessen risks as the findings are as yet repeating. The absence of risk decrease has been confirmed by the repetitive of perceptions consistently. Nonetheless, the vast majority of the experimental examinations on the impacts of RM on performance had been done generally in evolved nations and agencies.

3.5.2. Consumer loyalty

Eulerich et al. (2019) saw that organisational performance starts with providing stakeholders with particular merchandise and ventures, taking care of their question's buyer efficient. A positive and noteworthy connection exists between consumer loyalty and financial performance. The organisation should make stakeholders satisfied and keep loyalty to them as this training increment the organisation's performance. They included that decreasing risks expand consumer loyalty and result in a positive connection with the organisation's performance. The decrease in evident risks bring about a great connection with organisation and stakeholder and a stakeholder has an inclination of keeping up a relationship with specialist co-ops; consequently, huge positive performance is achieved by the organisation. In any case, the decrease in inalienable risks brings about a positive connection between the organisation and stakeholders' satisfaction.

Gorman & Koch (2019) explained that it is the stakeholder's conduct and disposition that can cause a redundant demand for products or administrations not satisfaction by the organisation. The organisation's performance results from the parts of financial matters and comfort by the other organisation's branches. Estimation of the organisation is the significant impact of the organisation's performance as worth has an upper hand.

Some writing investigation showed impartial reactions. The relationship for consumer loyalty and performance is convoluted as performance might be either sure or negative. Both consumer

loyalty and dedication are not helpful in organisation performance as they have no enduring impacts on the organisation's performance. Consumer loyalty has both a positive and negative effect on financial performance.

3.5.3. Financial Stability of the Organisation

(McKinnon, 2016) concentrated on the impacts of executing MS on the estimation of the organisation and saw that there exists a solid connection between enterprise RM and the estimation of an organisation as managing risks increase the value of the organisation coming about because of risk evasion, alleviation, moving and maintenance. RM strategies and procedures increment incentive to the organisation and boost investor and partner esteems. A general risk based incorporated framework demands for an extraordinary degree of directing of the organisation's arrangement of risks which is related with key organisational objectives bringing about expanded income to the organisation esteem along these lines a critical positive between RM, organisation worth and performance exists. Enterprise RM framework has a positive and noteworthy impact upon both organisation worth and performance. He included that financial performance can encourage RM execution. Examination results by eminent researchers, uphold that a noteworthy positive impact that exists among RM and performance can interface an organisation's capital and estimation of organisation. On the side of the view, the constructive outcome of RM to both estimation of organisation and financial performance.

There are a few studies against the consequences of positive hugeness connection between RM, estimation of organisation and financial performance as demonstrated by different researchers. Gorener (2017) contended that execution of RM is just confined to satisfy the prerequisites of recorded organisations in created nations; along these lines, there is no critical relationship that impacts the organisation esteem just as financial performance or benefit of unregistered

organisations. A connection between RM and organisation esteem doesn't exist for the organisation worth can be affected by its drawn-out target to assist investors. The arrival of advantages is just determinant of organisation esteem and expansion in productivity shows the organisation's capacity to control its benefits, thus, gainfulness has positive effect and relationship than RM. Financial specialists don't base their choices on enterprise RM due to its intricacy and it can't be tantamount between different organisations, thus no beneficial outcome exists.

General outcome of some investigation risk-related findings points away from of nonattendance of risk decrease frameworks, consequently contrarily influences the organisation's performance. Consequences of constructive outcomes of RM has been concentrated in recorded organisations in created nations, consequently, this target focuses around assessing the impacts of RM on performance. Therefore, it can be added that introduction of RBA in combination with traditional RM can improve the overall efficiency of the organization.

3.6. Conclusion

Studies emerged against the adequacy of risk-based incorporated frameworks as certain researchers exceptionally upheld the reception of RBA as basic to the organisation. Inner investigation fundamentally influences the organisation's performance through accountability and straightforwardness. Basing on the investigation function in recognizing risks, they concurred that RBA has can profoundly impact the organisation's performance in this way; a positive connection among RBA and performance exists. RBA incorporates all parts of RMS through accountability, straightforwardness and responsiveness even though it's anything but an advanced and coordinated framework. Others clashed on the adequacy of an RM giving reasons that it can't be managed as it very well may be costing more and it tends to be effortlessly

managed in evolved nations. They defended their supposition basing on the impression of protection organisations in creating nations that RBA is related to solid organisational performance. An examination by COSO set that impacts of RBA can improve the organisation's performance through the foundation of inner control frameworks.

Observational investigations uncovered that an RM framework that can relieve operational and financial risks ought to be comprised of all segments of RM, for example, risk recognizable proof, examination, checking and appraisal.

Chapter 4: Methodology

4.1. Introduction

For the research, the methodology is one of the most critical domains that ensures the direction, validity, and reliability of the study. For developing the methodology, following paradigm by Saunders et al. (2009) was used.

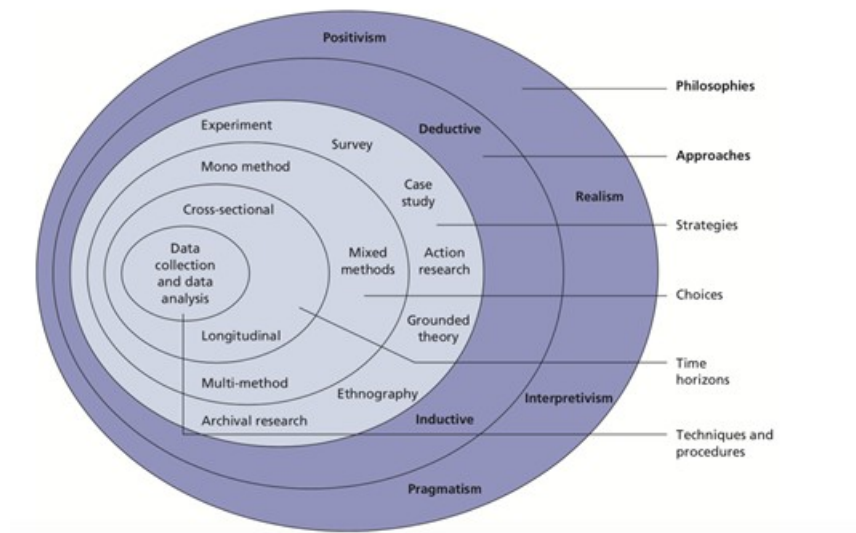


Figure 5: Research Onion by Saunders et al. (2009)

The Saunders Research onion illustrates the stages engaged with the improvement of a research work and was created by Saunders et al, (2007). All in all, the onion stages give a more point by point depiction of the phases of a research cycle. It gives a powerful progression through which a research strategy can be planned. Its convenience lies in its flexibility for practically any kind of research approach and can be utilized in an assortment of settings. Saunders et al (2012) noticed that while utilizing research onion one needs to go from the external stage to the inward stage. When seen from an external perspective, each stage of the onion depicts a more itemized phase of the research cycle. Saunders et al observes research measure as unwrapping of an onion stage by stage, for the inward stage to be seen the external stage must be unwrapped first. For an

objective to be accomplished the correct advances must be taken likewise, this applies in research, spread one stage first before continuing to another.

4.1.1. Saunders research onion

The approach taken in utilizing the research onion system is to go from the external stage to the inward stage of the research onion.

The peripheral stage is the research philosophy which makes way for the research cycle and characterizes the technique which is embraced as the research approach in the subsequent advance. In the third step, the research strategy is received, and the fourth stage distinguishes the time skyline.

The fifth step represents the stage at which the information assortment procedure is recognized. The advantages of the research onion are along these lines that it makes a progression of stages under which the various strategies for information assortment can be perceived, and illustrates the means by which a methodological study can be depicted.

The Saunders research onion stages include:

- Research philosophy
- Research Approach
- Research strategies
- Research Choice

Philosophy

A research philosophy alludes to the allowance of faith based expectations concerning the idea of the truth being examined. It is the basic meaning of the idea of information. Additionally,

Research philosophies can contrast on the objectives of research and on the most ideal way that may be utilized to accomplish these objectives. These are not really unique, yet the choice of research philosophy is characterized by the kind of information being explored in the research venture.

Strategies

The research strategy depicts how the researcher expects to complete the work. The strategy can incorporate various approaches, for example, experimental research, action research, case study research, meetings, surveys, or a methodical writing audit.

a. experimental

Experimental research alludes to the strategy of making a research cycle that looks at the results of an experiment against the expected results. It tends to be utilized in every aspect of research, and typically includes the thought of a generally predetermined number of factors.

b. Survey

Survey strategy of the research onion is frequently connected with the deductive approach. It is one of the best and practical research strategy. You can gather rich and solid information through this technique. Surveys will in general be utilized in quantitative research extends, and include examining a representative extent of the populace. The Survey strategy is generally used to watch contributing factors among various information. It allows the assortment of immense information that will be utilized to address the research question.

c. Case Study

This strategy is centered around a one or more individuals or a solitary zone. It can offer a knowledge into the particular idea of any model, and can build up the significance of culture and setting in contrasts between cases. Case study research is the evaluation of a solitary unit so as to build up its key features and draw speculations. This type of research is viable in budgetary research, for example, contrasting the experiences of two organizations, or looking at the impact of interest in distinction settings. This option was not chosen as my research is using mixed media research approach focusing on survey/questionnaires.

d. Action research

This type of research is basic in callings, for example, instructing or nursing, where the practitioner can evaluate manners by which they can improve their expert approach and comprehension. This strategy is utilized principally to discover the arrangement that can be utilized to tackle a specific issue.

The following are the methodological specifications for the research being conducted.

4.2. Research Questions and Objectives

The research question for the study is:

According to risk-based accounting, how can the company develop rapidly by focusing on employee training and incentive programs?

Following will be the objectives for the research:

- Analysing strengths of risk-based accounting;
- Evaluating cost-benefit analysis of employee training and incentive plans;

- Analysing the impact of employee training and incentives on financial growth and development of the company.

4.3. Research Philosophy

4.3.1. Positivism

[Portion of text redacted]

This approach relies on quantifiable perceptions that lead to quantifiable evaluations. It has been considered that to be a viewpoint, legitimate induction is as indicated by the empiricist see that information begins from human experience. It has an atomistic, ontological point of view on the world as including discrete, unmistakable parts and limits that interface in a perceptible, picked and standard way.

In this approach considers the researcher is self-sufficient structure the appraisal and there are no designs for human interests inside the assessment. As a last resort, positivist appraisals by and large handle the deductive procedure, while inductive research approach is routinely connected with a phenomenology thinking (Creswell and Clark, 2017). Additionally, legitimate induction identifies with the viewpoint that the researcher needs to focus in on genuine variables, notwithstanding, phenomenology revolves around the significance and has an approach for human interest.

4.3.2. Interpretivism

Interpretivism joins researchers to interpret portions of the evaluation, accordingly, the interpretivist approach integrates human interest into an assessment. In like manner, interpretive researchers recognize that acceptance to the truth is essentially through social unforeseen

developments, for example, language, insight, normal implications, and instruments (Creswell and Clark, 2017). Progress of interpretivist speculation depends upon the evaluation of positivism in humanistic frameworks. Appropriately, this viewpoint stresses passionate assessment over quantitative appraisal.

Interpretivist approach is associated with the philosophical position of optimism, and is utilized to pack masterminded frameworks, including social constructivism, phenomenology and hermeneutics; pushes toward that reject the objectivist see that criticalness resides inside the world uninhibitedly of care (Creswell and Clark, 2017). As shown by the interpretivist approach, it is enormous for the researcher as a social entertainer to perceive contrasts between individuals. Also, the interpretivist approach zeros in regularly base on criticalness and may utilize different philosophies to reflect various bits of the issue.

4.3.3. Pragmatism

Pragmatism research thinking perceives musings to be noteworthy just on the off chance that they maintain development. Pragmatics see that there is a wide extent of systems for interpreting the world and undertaking research, that no single point of view can truly give the whole picture and that there might be diverse genuine components (Creswell and Clark, 2017).

Logical empiricism and interpretivist approach are two ludicrous totally separated standards about the nature and wellsprings of information. Different proposal points fall broadly inside one of these two key standards. Simultaneously, there is an uncommon need for masterminded researchers to change their philosophical suppositions after some time and move to another position on the continuum (Creswell and Clark, 2017). The adjusted philosophical questions are changed by pragmatic researchers, who for the most part end up being experienced, researchers.

As indicated by the pragmatic approach research theory, the research question is the most basic determinant of the research thinking. Pragmatics can join both, positivist and interpretivist approach positions inside the level of single research as indicated by the possibility of the research question.

4.3.4. Research's Philosophy – Interpretivism

Considering the merits and limitations of all research philosophies, my research will be based on interpretivism. This is because it is simple and straightforward. Also, it helps in gathering the information in a simpler way through surveys and questionnaires that can be structured as well as unstructured to grasp the reviews, ideas and feedback of the interviewee. This approach is appropriate for qualitative and mixed-media research.

4.4. Approaches to Theory Making

4.4.1. Deductive Approach

Deductive Reasoning is the sort of thinking where a valid and legitimate end is inferred dependent on evident and substantial recommendations (Heit and Rotello, 2010). Utilizing this methodology, a particular end is determined utilizing genuine premises. It is otherwise called the top-down methodology as it begins from summed up proclamations to arrive at a legitimate and genuine explicit end (Heit and Rotello, 2010). As per the scientists, this methodology of thinking is normally more coherent, valid and legitimate that prompts solid ends. In the vast majority of the logical investigates, the deductive methodology is normally utilized.

4.4.2. Inductive Approach

Inductive Reasoning is the sort of thinking where the end is upheld by the recommendations. In this base, the end is the theory (Heit and Rotello, 2010). All in all, it very well may be said that the whole thinking approach in base up approach where inductive thinking is utilized to demonstrate the case being made at the end (Heit and Rotello, 2010). Nonetheless, it has been scrutinized by analysts that this methodology is frequently utilized for summed up speculation that can be powerless and may prompt invalid contentions also.

4.4.3. Research's Approach – Deductive Approach

This research will be based on deductive reasoning. Deductive reasoning is the type of valid reasoning that is initiated from a general hypothesis and using the various research methods, we reach up to a logical conclusion. This is a top down approach and is used specifically for testing the validity of the hypothesis, theories and research claims. The conclusion of the deductive reasoning is necessarily true. One of the major differences between the inductive and deductive reasoning is that in deductive reasoning the conclusion is achieved by iteratively applying the research rules over the defined domain and narrowing them down till the conclusion i.e. true is achieved. However, if the antecedent is denied, it becomes a logical fallacy.

4.5. Data Considerations and Methods of Analysis

4.5.1. Data Types and Data Collection

For the research, primary data will be collected. The results of the primary data will be verified through available literature and researches.

The data will be collected through specially designed surveys that will be distributed amongst the participants of the specified company. For the collection of primary data, questionnaires will be emailed to the participants who have shown their willingness and agreement to be part of this

research. The results derived from questionnaires will be combined with secondary data for verification and deriving a comprehensive conclusion.

The Non-Objection Certificate for the participants is also attached in the Appendix.

4.5.2. Ethical Considerations

For conducting the research, the following ethical considerations will be ensured:

- The research guidelines and standards by the university research committee will be ensured.
- The data will be kept confidential and private. It will not be shared with any unauthorized individual. Any and all the gathered data will be destroyed once the purpose of data analysis is accomplished.
- The participants will be integral. They will be briefed about the purpose of their participation and the research. The entire process will be kept transparent.

4.5.3. Questionnaires and Surveys

This method of data collection is very normal and well known, and it is relevant for itemized inquiries. The questionnaire is an arrangement of questions concentrated on the particular subject or concentrated territory. In this method, more often than not a questionnaire is sent to a respondent with a request to answer the questions and restore the questionnaire.

The respondents were randomly chosen belonging to the age group of 25 to 40 years old. Fifty participants were chosen carefully. 33 were male and 17 were female participants. All the participants belonged to US nationality. 12 of the Participants were Finance Managers, 3 were Finance Directors, and remaining were from audit and accounts departments.

Secondary data represents an effective apparatus for the researcher as whole research work is completed on the premise of secondary data. It is only the foundation of research work.

Secondary data is the one which has as of now been collected and analyzed by another person.

Normally this analyzed data is accessible in the distributed frame.

4.5.4. Data Analysis

For Data analysis, we will be using the data analytical tools including:

1. MS Excel for data gathering, sorting and analyzing.
2. Graphical representation of the results
3. Comparison of the results with literature review meta-analysis

4.5.5. Secondary Data Collection and Evaluation (Meta-Analysis)

In order to build a credible and reliable research paradigm, it is important for the researchers to adopt the approaches that will not only help them in supporting their findings, but will also help them in providing enough evidences to support the outcomes of their research. One of the most efficient and effective ways to lay a foundation for the research and collecting credible evidences for the outcomes is the use of literature review. This approach is often known as Embedding Research approach.

Two of the most effective methods of Data Evaluation were introduced by Harris and Stebbins (Harris, 25). Both of these methods have their own limitations and strengths that are briefly contrasted in the respective section.

Harris proposed the three-fold evaluation method known as E-A-R or Expertise – Accuracy – Reliability Evaluation Method (Harris). As is apparent by its components, this method tests the

research work for the level of expertise of the researcher, accuracy of the content with the designed hypothesis, and the reliability of the evidences and documentation of the research. This makes the method comprehensive and precise for the quality evaluation. On the other hand, Stebbins proposed the method of evaluation that is much extensive and detailed as compared to Harris' methods (Harris, pg 26). Stebbins had detailed steps of evaluation that made his method of evaluation more reliable and efficient. Therefore, it is recommended to use Stebbins method for more detailed, efficient and effective evaluation of the research.

4.5.6. Data Analysis Methods – Mixed Methods

The data will be analyzed through a mixed-methods approach. This will allow us to combine primary data with the secondary data to verify and validate the results.

'Mixed methods' is an exploration approach whereby scientists gather and examine both quantitative and qualitative information inside a similar report (Creswell & Clark, 2017). Mixed methods research draws on possible qualities of both qualitative and quantitative methods, permitting scientists to investigate differing points of view and reveal connections that exist between the complex stages of the research questions.

This will also allow us to theoretically support the research outcomes. The Research philosophy will be interpretivist and the approach will be deductive. This approach will help in developing a precise and comprehensive conclusion for the research.

4.5.7. Validity

There are various components that can restrain the legitimacy of this research think about. The best danger to internal legitimacy is puzzling. Frustrating happens at whatever point an unessential variable change deliberately alongside the autonomous variable. Jumbling keeps us

from surmising a causal connection between the free and ward factors. Dangers to unwavering quality in questionnaires incorporate the utilization of vague questions or being excessively long. There are a few sorts of legitimacy that add to the general legitimacy of an investigation.

4.5.8. Reliability

Unwavering quality means that there is redundancy or inconsistency in the collected data.

Unwavering quality alludes to the certainty we can put on the measuring methods to ensure reliability. Furthermore, we will also ensure that the reliability is the degree to which a test, test, or any measuring methodology yields the same result on rehashed trials. Moreover, without considering and understanding of autonomous observers ready to duplicate research procedures, or the capacity to utilize research apparatuses and procedures that yield reliable estimations, researchers would be not able agreeably to reach inferences in the case of opinion, speculations, and constraints.

Following questions are mulled over by the researcher while testing the data.

- Who collects the data?
- What are the wellsprings of data?
- Whether the Methods of data collection are appropriate?
- At what time the data is collected?
- Was there any inclination for assemblage?
- What was the level of precision?

The research presents all subjects with an institutionalized jolt, thus goes far toward wiping out instability in the researcher's observations. The watchful wording, arrange, content, and so on can decrease altogether the subject's trickiness.

Chapter 5: Findings

5.1. Introduction

In this chapter, the findings and results of the study will be presented based on the data gathered from survey/questionnaires as well as the secondary data from past literature - evaluated and analyzed. The chapter will present description of the results, analysis and their implications along with the graphical overview of the gathered statistics through surveys that were distributed amongst the carefully chosen participants. Aim of this chapter is to comprehensively derive the results and findings of the study so that they can be used to validate and verify the research question, inquiries and objectives.

5.2. Financial Risk-Based Accounting and Assessment

A financial RBA approach to managing internal audits allows the organization to study the criticalness and execution of each area to be audited and to use the results to give the auditing time and resources to these basic business areas. Based on this risk examination, the organization may moreover conclude that particular areas of the business don't require as much oversight (Mexmonov, 2020).

The motivation in an RBA strategy frequently comes as higher thing quality, since burden areas will receive the time and thought they need to improve. RBA quality audits similarly improve productivity. The organization will contribute more energy finding and handling issues instead of auditing areas that are already performing great.

The reason for the preliminary risk evaluation is to decide the degree of risk and amplexness of controls in the different useful cycles of a specialty unit. The evaluation centers around the business profile, the executive's structure, hierarchical changes, and explicit worries of the board

and the audit panel to decide the areas of greatest risk. It likewise serves to help the internal auditor in assessing the control configuration to decide the desired audit scope (Augustina & Ahmar, 2018). Numerous partnerships (Vijayakumar & Arun, 2017) (Nazier & Bauer, 2012) have fused a robotized risk appraisal application into their RBA methodology, which utilizes computerized reasoning to interface audit arranging, risk evaluation, diagnostic review, internal controls review, and choice of audit procedures into one completely integrated, mechanized cycle. The risk evaluation decides how well each capacity's control configuration mitigates inherent risk.

For the given research study, the results were obtained from the following participant profile:

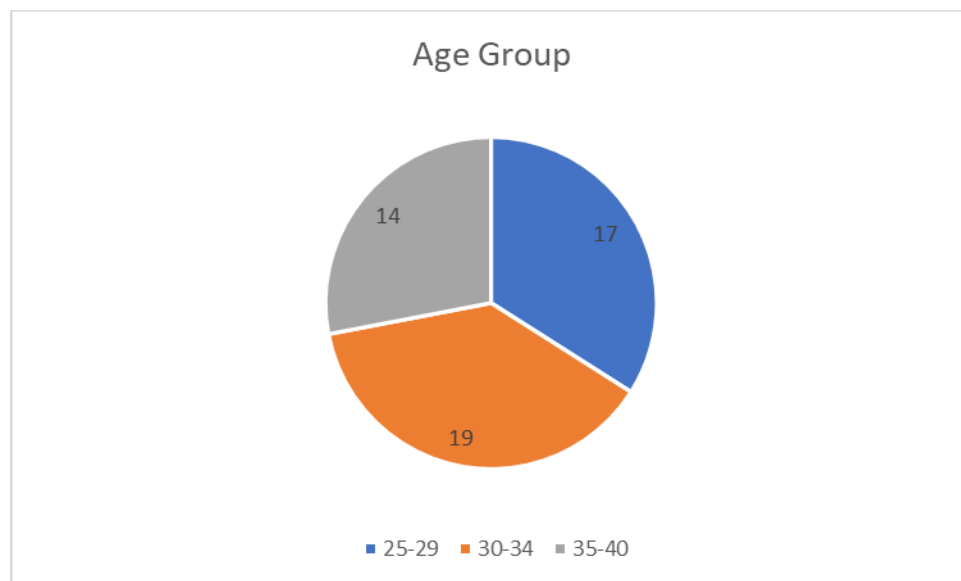


Table 1: Age Profile of Participants

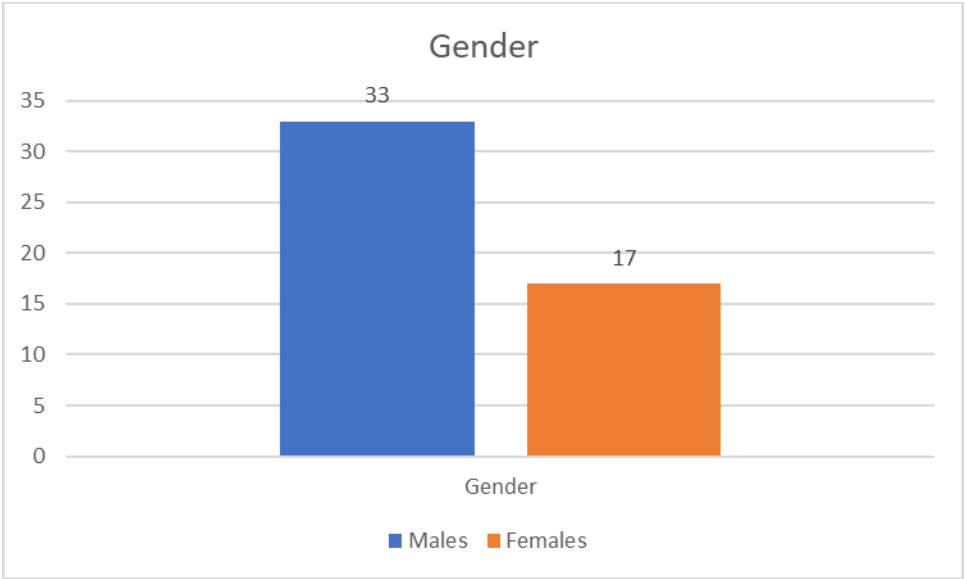


Table 2: Gender Profile of Participants

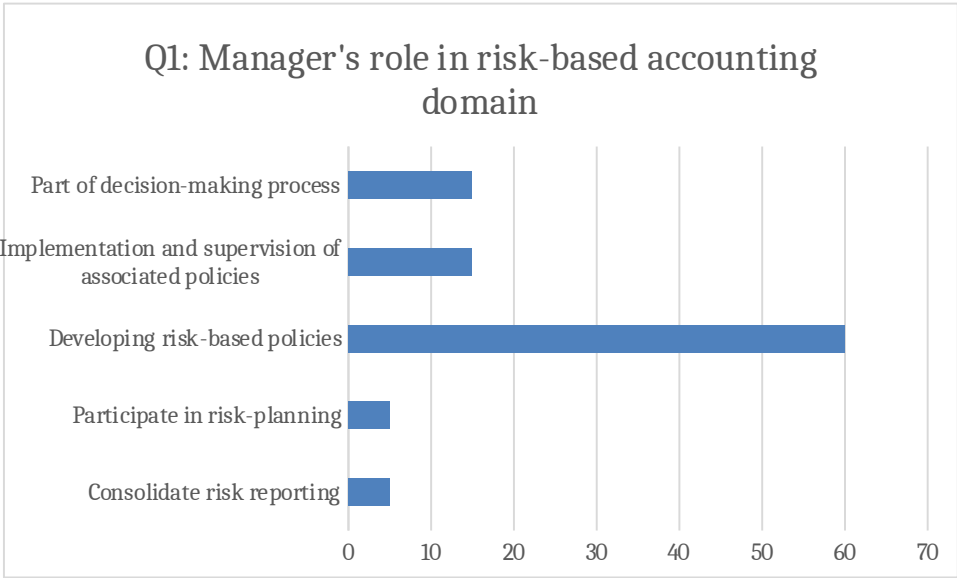


Table 3: Significant Domains in RBA (survey result)

Out of the 50 respondents for survey, majority (60%) focused on the development and implementation of risk-based policies to avoid any setbacks and ensure effective RBA process.

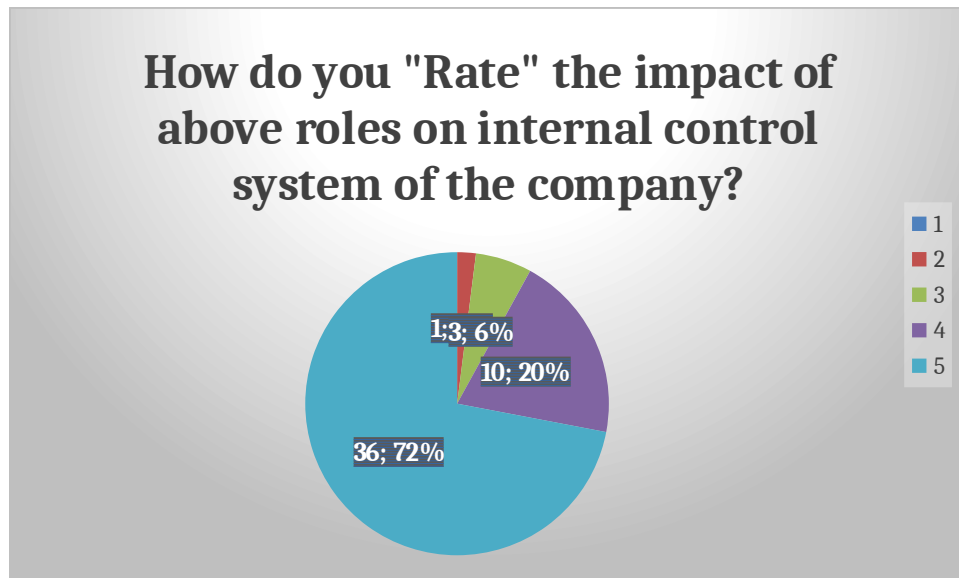


Table 4: Percentage Results Regarding Impact of RBA on Internal Control (Survey Results)

According to the survey results, majority of the participants i.e. 72% considered that the above-mentioned factors are all important for the effective conductance of RBA, while 20% stated that 4 out of 5 of these factors are critical only (Graph 2).

In the financial help industry, explicitly banking foundations, the evaluated risk factors are classified into three general classifications: financial, business, and operational risk. These general classes are then weighted to decide aggregate risk, for example, business loaning which would be weighted more vigorously in financial risk, while wire move tasks would be more intensely weighted in operational risk. A comprehension of these risk definitions is required to successfully review the related risks and control requirements.

Audit Cycle/Area	Aggregate Risk from Risk Assessment Matrix	Audit Frequency (1, 2, or 3 year rotation)
LENDING OPERATIONS		
Commercial Loans	■	2
Consumer Loans	■	2
Real estate Loans	■	2
Credit Administration	■	1
Secondary Marketing	■	3
TREASURY MANAGEMENT		
Securities	■	2
Cash Management	■	3
Asset/Liquidity Management	■	2
Wire Transfer	■	1
Automated Clearing House	■	1
Borrowings and Repurchase Agreements	■	3
ACCOUNTING AND FINANCIAL REPORTING		
General Accounting	■	2
Financial Reporting	■	2
DEPOSIT OPERATIONS	■	2
BRANCH OPERATIONS	■	2
BANK ADMINISTRATION		
Human Resources	■	2
Payroll	■	3
Purchasing	■	3
Insurance Coverage	■	2

Table 5: Priority Assessment of RBA Components (Vijayakumar & Arun, 2017)

5.2.1. Financial Risk

Financial Risks are the crux and most critical types of risks that lead to depleted revenue generation for the company. These risks can not only hinder the monetary stability of the company, but can also make the company less competitive, less sustainable and less reliable. Therefore, identification, control and mitigation of financial risks is critical for ensuring long term success of the organization.

Financial risk incorporates the following:

- Credit risk

which is most firmly connected with loaning exercises in the financial administration industry — is the risk to an organization's income and capital when a client neglects to meet the details of any agreement or in any case neglects to proceed as agreed (Augustina & Ahmar, 2018). Credit risk envelops a wide scope of financial establishment exercises, including things reflected both on and off the asset report, just as from any action where the organization is subject to broker, borrower, or counter-party execution. For instance, a speculation security portfolio has inherent credit risk, (for example the risk that the backer of security may default) as do counter-parties in subordinate agreements.

- Interest rate risk

It centers around the effect on profit and capital arising from financial development in interest rates (Augustina & Ahmar, 2018). The emphasis is on the adjustment in esteem in a speculation portfolio (for example portfolios held-to-development and ready to move) and the likely effect on an organization's interest income, just as the monetary viewpoint of the market estimation of portfolio value. Interest rate risk ought to be assessed for re-pricing risk, basis risk, yield bend risk, and options risk.

Interest rate risk definitions:

- a. Re-pricing risk represents the risk related to the differences in the timing of incomes and rate changes with a foundation's items.
- b. Basis risk represents the risk related to changing rate relationships among shifting yield bends related to a foundation's items.

- c. Yield bend risk is related to changing rate relationships over an establishment's development structure.
- d. Options risk is related to interest-related options, which are implanted in an establishment's items.
- e. Market risk centers around the effect on income and capital arising from changes in market factors — interest rates, market liquidity, unpredictability — that influences the estimation of exchanged instruments.

Market risk incorporates things reflected both on and off the asset report, zeroing in fundamentally on mark-to-market portfolios (for example accounts revalued for financial articulation presentation, for example, exchanging accounts and certain subordinates. Foreign trade, which is a different risk classification, can likewise be delegated having market risk.

- f. Liquidity risk, which is frequently monitored alongside interest rate risk and price risk, if relevant, is assessed through the administration's a resource/obligation the board cycle. Liquidity risk, including both on and wobbly sheet movement, centers around the effect on income and capital resulting from an establishment's powerlessness to meet its commitments as they become due in the typical course of business without causing critical misfortunes. It additionally remembers the administration of spontaneous decreases or changes for subsidizing sources, just as overseeing changes in market conditions that could influence an organization's capacity to liquidate resources in the ordinary course of business without bringing about critical misfortunes.

There are various areas to consider when assessing risk including:

- The risk to Product Quality or conceivably Patient Safety — Rank each division or cycle as demonstrated by its criticality to the extent conveying a secured, amazing thing.
- Performance Risk — Review the authentic setting of nonconformances, recalls, or threatening capacities for each area to be audited. Areas with a higher number of these scenes should be given a higher risk score.
- Compliance Risk — Look at past recommendations and play out an opening examination on existing regulatory requirements over all countries where the organization have market support. This score can similarly factor in how well the area has corrected previous audit recognitions.

At whatever point the company has considered these areas (and other risk areas unequivocal to the business), the organization can combine their risk scores to create an overall risk score for each office or cycle (Sisco et al. 2020). This can help the organization quickly comprehend the high-risk areas so the organization can create the audit plan in like way. This examination outlines the basis for the RBA audit plan, so it should be reported in an overview or spreadsheet as the organization work through it.

5.3. Incorporate Risk into The Audit Plan

As the company has situated each office's risk, the company has doubtlessly begun to outline a mental picture of the audit plan. Presently it's an ideal occasion to examine each area and its corresponding risk score. A fundamental bit of the organizing will be the audit plan. Higher risk areas ought to be audited more frequently (in any function each year, aside from conceivably more regularly) (Mexmonov, 2020). For RBA areas, remember that a yearly audit isn't continually required. In either case, the organization needs to portray how regularly the

organization will audit each division based on the risk examination, record a schedule, and stick to it.



Table 6: Causes of Failed Risk Management (Survey Results)

There are different pieces of the audit plan that are similarly affected by risk. These can join the audit length and the size and aptitude of the audit gathering. The organization may need to prepare for more, more positive audits of high-risk areas (Augustina & Ahmar, 2018). Areas including more things or cycles may require auditors with uncommon capacities or data.

5.4. Conduct Risk-Based Accounting Audits

RBA auditing doesn't stop with the audit plan. At whatever point the company has chosen an area to audit, the organization can join the RBA procedure into each audit the organization lead. The underlying advance is to review each division's current procedures (Sisco et al. 2020). These records give the organization a bouncing off point for understanding which measures an office sees as high-risk, so the organization can focus the requests in these areas.

In the function that the company has audited an area before, the organization should review the data the organization already have from previous audits and work starting there. A couple of things to review include (Mexmonov, 2020):

- a. Observations from previous audits
- b. Previous corrective movement plans and their suitability
- c. Areas that were not inspected during previous audits
- d. Defects, hostile capacities, or recalls related to this division
- e. Changes to cycles or work power since the last audit

Understanding these areas will help the organization with zeroing in on anticipated areas of concern. This will help the organization by focusing the requests properly and get the most motivator from the time spent auditing.

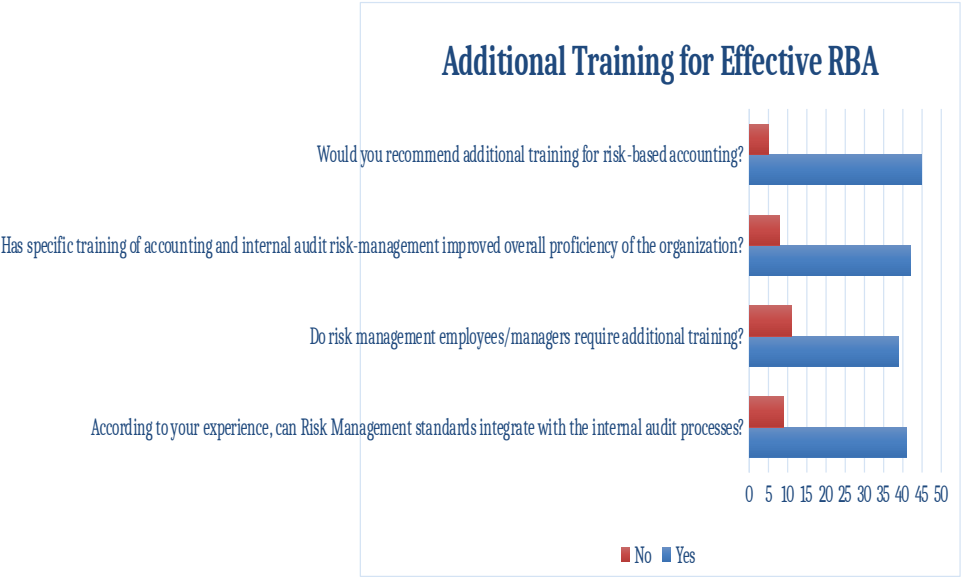


Table 7: Additional Training Requirement for Effective RBA (Survey Results)

5.5. Conclusion

The cycle to RBA auditing includes the characteristics of business information, large scale risk appraisal, key audit arranging, and nitty-gritty risk evaluation important to adequately and effectively convey audit resources (Mexmonov, 2020). Whenever performed appropriately, the cycle will permit the internal auditor to zero in on the areas of risk proportionate to the possible exposure to the organization. The pattern of consistently surveying risk, productively arranging audit exercises, and successfully performing, conveying, and reporting audit exercises will result in a generally lower risk to the association.

Chapter 6: Discussions and Implications

This chapter aims to present a detailed discussion regarding the subject by integrating the results and findings of this study with the data analysis. Furthermore, this chapter will integrate literature review and analysis of the available data to validate, verify and further explain the findings of this research. The chapter will also be helpful in identifying and discussing the implications of the findings, and developing a comprehensive framework of recommendations. It will also help in identifying potential trends, patterns and gaps worthy for future considerations and research work.

6.1. Significance of Risk-Based Accounting in Current World

Ongoing world occasions, most eminently the worldwide financial crisis, have pulled together and increased revenue on risk and the idea of approaches that work to manage risk. One region that has gotten moderately little consideration is the interrelation between risk, RBA department, and management accounting and control rehearses. By changing authoritative practices RBA department can encourage and legitimize certain methods of getting sorted out. It can change lines of duty and accountability in firms, speaking to a specific method of overseeing people and exercises. The contention is additionally made that the RBA department has moved away from being an issue of restricted worry to finance or accountants to an issue about management control and consequently a vital territory in which the RBA department needs to lock in (Karami et al. 2020).

The examination results have some huge ramifications for the part of accountants. The reactions uncover that line managers were generally worried about distinguishing risk, investigating, and covering risk. Finance directors had a significant function in breaking down and surveying, and

revealing and checking risk. Settling on RBA department activity was overwhelmingly the worry of the CEO and the board.

The finance director (general designation specifications as per the survey results) was related to a larger number of parts of the RBA department than some other job, recommending that they most likely have a critical function in the RBA department. The changing function of the RBA department is a significant factor in building up the setting for their part in the RBA department and more extensive perspectives on management control.

Maybe fortifying customary generalizations, questionnaire participants were more risk-worried than the other participant gatherings comparable to their firms, regardless of having a lower view of the serious force and vulnerability in their domain.

Further, the RBA department in the dominant part of firms was being underestimated according to the RBA department. While participants consider that the RBA department ought to have greater inclusion in the RBA department, this was not a view shared by different participants.

Participants saw the range of abilities of RBA Managers as not being suitable to a more extensive contribution to RBA Management, even though their scientific and displaying aptitudes were fundamental in a supporting job. The qualification between task-situated RBA Managers and vital finance directors was fortified in the meetings.

6.2. Proposed System for RBA Management

My overview results, intensified by the meeting information, empowered us to advance a structure for RBA Management. This Approach mirrors the essential exploration findings, specifically that:

- There are many outside drivers to RBA Management, administrative as well as that these are authorized by or through the board of directors.
- Other than association size, there gives off an impression of being no relationship between ecological vulnerability or serious factors and RBA Management rehearses.
- Risk affinity was not as significant as the risk position.
- RBA Management rehearses exist along a continuum of heuristic to efficient yet at the corporate level, the heuristic techniques rule.
- RBA Management rehearses are accepted by participants to move along a daily existence cycle from heuristic to approach ward to socially inserted.
- The association of accountants in RBA Management was negligible.
- RBA Management was seen to improve authoritative performance and there is a sign that a risk mindful position could be identified with a lower capital market risk profile.

6.3. Best practice ramifications

Based on my examination, my report features some crucial best practice suggestions for RBA Management:

- Taking a more extensive entrepreneurial way to deal with RBA Management, based on a risk/return compromise, instead of a simply guarded or defensive position.
- Using proper and viable instruments, yet these apparatuses ought to be enhanced by experience, instinct, and judgment.
- A purposely proactive position towards RBA Management, instead of an over the top dependence on customary methods, but to the degree that these procedures stay helpful.
- Emphasizing the significance of socially implanting risk mindfulness in associations.

- Training clients of financial data in the impediments of that data.

There are further best practice suggestions for the RBA accountants:

- The function of RBA Managers needs to move towards a more key and worth adding job, which by definition incorporates the thought of risk if management accountants are not to be underestimated in RBA Management measures.
- The individuals may need to arrive at Finance Director positions before they can offer all the more fundamentally to RBA Management, yet obviously, they ought to be taught to have the option to satisfy that work.

6.4. Risk-Based Accounting Follow Up

If the company has completed the audit, the organization will designate recommendations just as disclosures. Using an RBA approach to manage to follow up, the organization will give out a risk level to each finding to clarify which disclosures need a fast response or elevating. This allows the organization to address basic disclosures more quickly, rather than following up to revelations in the request they were discovered. This deals with the audit cycle (Augustina & Ahmar, 2018). High-risk revelations can trigger an audit cycle, while alright can be resolved quickly and closed with the audit.

6.5. Monitor Changes in Risk

The basic risk evaluation was a preview of the quality, execution, and consistency risks. Changes to things, cycles, or blemish history will cause this preview to create after some time. That is where robotized quality organization software can help stay aware of arising risks (Sisco et al. 2020). Courses of action will help the organization with noticing and control deserts, customer complaints, changes, and different cycles that will impact the overall risk. The organization will

have the option to quickly comprehend the presentation of the different areas and measures and change the audit plan and other quality cycles in like way.

6.6. Actualizing the RBA Audit Plan

Actualizing an RBA audit plan, or such an RBA cycle can be trying. In any case, the organization doesn't need to change the entire audit measure simultaneously. Take it one site, office, or cycle at a time, document the course of action, and the organization will keep the audit plan moving in the correct direction. Overall regulatory workplaces are envisioning that manufacturers should end up being more "planned." Taking a good RBA approach to managing internal audits is a basic development towards this.

6.7. Implications

On the off chance that an accountant overestimates the review risk, at that point, the examining cycle will be executed more than required which consequently diminishes the productivity of inspecting and squanders assets. Then again, if she or he thinks little of it, the risk of review disappointment can be expanded which leaves the risk of claims as well as slowly decreases the monetary benefit of inspecting in the long-term time frame. In this manner, the accuracy of risk evaluation by accountants impacts directly proficiency and adequacy of review.

In the review risk model, there are factors identified with review risk parts every one may influence location risk degree and along these lines finally, the measure of review proof gathered and size of tests. In this way, to recognize all the more impacting and target factors through a definite cycle could diminish the risk of review disappointment and all around bring about more review quality.

In any case, each contributing review risk components may impact or be affected by different ones and has interdependencies with different degrees. Accordingly, in showing up at an assessment of each review risk segment the accountant will as a rule need to consider factors that may impact those segments; these require the accountant to survey the significance of each factor and consider any interdependencies that exist between them.

RBA Management might be seen to a great extent as a consistent workout. In any case, half of the participants revealed that the advantages surpassed the expenses, with 40% detailing that advantages and expenses were unbiased. Even though this was an abstract judgment, the Vice President of a European alliance of RBA Management affiliations summarized the advantages as (Williams et al. 2016): an association that doesn't give benefit admonitions, doesn't have major ridiculous outstanding expenses on its yearly accounts since they pondered things ahead of time. They have managed acquisitions and consolidations proactively to guarantee that they have met their objectives and destinations and haven't hindered the altruism or resource esteems.

These are a portion of the things you may see. A productive and fruitful organization, amazing standing, corporate social obligation each one of those things kind of emerge from it.

Chapter 7: Conclusion

This chapter will knot down the findings, data analysis and the literature review that was conducted for this research study. With the integrated analysis of these components, respective chapter will present a brief synopsis of the research, and will identify gaps and limitations. The identification of gaps in this research study can be used for future research considerations.

7.1. Summary

The RBA approach is repetitive. The stretch between updates in inner accounting's appraisal of the risk development and its accounting arranging relies upon the idea of the association: how regularly its conditions change and how oftentimes it must cover risk management matters. The span ought to concur with the accounting board.

Changes to the evaluation of risk development may change the accounting technique. Changes to the risk register, arising from changes to the evaluation of risks or from changes in the reactions to risks, may change which reactions require accounting evaluation, how they are dispensed to accounting tasks, and the need of the various accountings.

Different wellsprings of progress include (Bowlin, 2011):

- i. accounting work
- ii. the risk management system
- iii. the context analysis
- iv. the targets of the association.

Accounting work accumulates proof on the risk development of the association which is taken care of once more into the evaluation. The risk management system is a unique development,

subject to individuals to work adequately, and it requires nonstop exertion to keep it functioning admirably.

As the context and the goals of the association change, the conditions and setting of potential risk occasions likewise change with the goal that the risk register needs to develop over the long haul.

Accounting threat is the vulnerability of confirmation to a mistake which could be material, anticipating that there were no associated internal controls. It is limited either to the possibility of the thing in the spending rundowns under overview, for instance, a plan which is surveyed, or the possibility of the substance and the business where it works.

A 'top-down' business approach will be particularly appropriate while perceiving trademark dangers falling into the last arrangement. Control danger is the danger that a misrepresent that could occur in an affirmation and that could be material autonomously or when amassed with various mistakes won't be thwarted or recognized and corrected on a lucky reason by within control. Accounting administrators consider the controlled atmosphere of a substance alongside point by point control activities and structures focuses on assessing the control danger for a predefined district of the monetary synopses.

7.2. Limitations

Like that the accounting director has no impact over the level of either natural or control danger; these are dangers borne by the substance subject to accounting. Regardless, the accounting director needs to assess them during the time spent choosing the level of the unequivocal significant frameworks to be finished.

This is essentially the danger that the accounting director's strategy won't recognize a misrepresent that exists in an explanation that could be material. Given that accounting chiefs

use their judgment in choosing levels of relevant characteristic danger and control danger, indisputably the accounting supervisor's data impacts of recognizable proof danger allowed. Believe it or not, accounting administrators deal with the overall level of accounting danger that they are set up to recognize on a given accounting process by not simply choosing the nature and level of the methodologies and testing to be done, yet furthermore by assigning a proper level of accounting resource for the process.

Furthermore, conducting surveys and research was physically restricted due to the COVID-19 pandemic. Therefore, all the surveys were conducted, compiled and organized through digital mediums.

7.3. Future Research

RBA is comparatively new domain of Risk analysis and mitigation. Traditionally, the managers and supervisors tend to focus on managerial, procedural and human resource-based risks. However, in recent times there have been an increased interest in evaluating the significance of focusing and investing in financial risk assessment. Also, there is lack of literature focusing specifically on RBA. Therefore, one possible research domain for future research can be:

- Developing an Integrated Model for Traditional Risk Management and Risk-Based Accounting to ensure comprehensive risk coverage for the organization.

Future RBA research will focus on the following aspects:

1. Importance of documentation in RBA.
2. Significance of audit planning and audit controls for improved organizational proficiency.

3. The enhanced methodology of risk detection, and mitigation exclusive to audit and accounts.
4. Development of concentric and level-based risk identification process for audit and accounts.

References

- Abidin, N. H. Z. (2017). Factors influencing the implementation of risk-based auditing. *Asian Review of Accounting*.
- Alleyne, P., Charles-Soverall, W., Broome, T., & Pierce, A. (2017). Perceptions, predictors and consequences of whistleblowing among accounting employees in Barbados. *Meditari Accountancy Research*.
- Beaussier, A. L., Demeritt, D., Griffiths, A., & Rothstein, H. (2016). Accounting for failure: risk-based regulation and the problems of ensuring healthcare quality in the NHS. *Health, risk & society*, 18(3-4), 205-224.
- Bowlin, K. (2011). Risk-based auditing, strategic prompts, and auditor sensitivity to the strategic risk of fraud. *The Accounting Review*, 86(4), 1231-1253.
- Chartered Institute of Management Accountants. (2002). *Risk Management: A Guide to Good Practice*, London: CIMA Publishing
- Collier, P. M., Collier, P. M., Berry, A. J., Berry, A., & Burke, G. T. (2006). *Risk and management accounting: best practice guidelines for enterprise-wide internal control procedures* (Vol. 2, No. 11). Elsevier.
- Creswell, J. W. (2009). Research design: Qualitative, quantitative, and mixed methods approaches. Los Angeles: Sage.
- Creswell, J. W., & Clark, V. L. P. (2017). *Designing and conducting mixed methods research*. Sage publications.

- Eulerich, M., Georgi, C., & Schmidt, A. Continuous Auditing and Risk-Based Audit Planning- An Empirical AnalysisContinuous Auditing and Risk-Based Audit Planning. *Journal of Emerging Technologies in Accounting*.
- Eutsler, J. (2020). Risky Business: Assessing the Generalizability of the PCAOB's Risk-Based Inspection Reports for Annually Inspected Audit Firms. *Auditing: A Journal of Practice and Theory*, 0000-0000.
- Felder, R. M., & Silverman, L. K. (1988). Learning and teaching styles in engineering education. *Engineering education*, 78(7), 674-681.
- Görener, A. (2017). Risk-Based Internal Audit. In *Risk Management, Strategic Thinking and Leadership in the Financial Services Industry* (pp. 261-275). Springer, Cham.
- Goswami, U. (2002). Inductive and deductive reasoning.
- Harris, Robert A. (n.d.). "Using Sources Effectively". 3rd Edition. pg: 25-26.
- Heit, E., & Rotello, C. M. (2010). Relations between inductive reasoning and deductive reasoning. *Journal of Experimental Psychology: Learning, Memory, and Cognition*, 36(3), 805.
- Karami, M., Samimi, A., & Ja'fari, M. (2020). the Impact of Effective Risk Management on Corporate Financial Performance. *Advanced Journal of Chemistry-Section B*, 144-150.
- Leung, T., & Sircar, R. (2009). Accounting for risk aversion, vesting, job termination risk and multiple exercises in the valuation of employee stock options. *Mathematical Finance: An International Journal of Mathematics, Statistics and Financial Economics*, 19(1), 99-128.

- Lin, C., Schmid, T., & Xuan, Y. (2018). Employee representation and financial leverage. *Journal of Financial Economics*, 127(2), 303-324.
- McKinnon, R. C. (2016). *Risk-based, Management-led, Audit-driven, Safety Management Systems*. CRC Press.
- Mexmonov, S. (2020). The Role of the Internal Audit Based International Internal Audit Standards in Uzbekistan. *Архив научных исследований*, 33(1).
- Shiri, H. A., JAMSHIDI, H., & MIRSEPASI, N. (2018). Tax Audits Based on Risk-Based Audit Strategies.
- Shvyreva, O. I., Petukh, A. V., & Kruglyak, Z. I. (2016). Realization of the risk-based strategy to the audit work in conditions of application of the international auditing standards. *British journal for social and economic research*, 1(2), 5-18.
- Williams, J., Chen, R., Antoncic, M., Litke, A., Abbott, M., & Mark, R. (2016). Comments on Risk Accounting. *Journal of Risk Management in Financial Institutions*, 9(4).
- Young, J. (2020). DETERMINANTS FOR A RISK-BASED AUDIT OF AN OPERATIONAL RISK MANAGEMENT FRAMEWORK: A SOUTH AFRICAN PERSPECTIVE. *Academy of Accounting and Financial Studies Journal*, 24(2), 1-19.
- Eulerich, M., Kremin, J., & Wood, D. A. (2019). Factors that influence the perceived use of the internal audit function's work by executive management and audit committee. *Advances in accounting*, 45, 100410.
- Ford, B. R., Bornstein, J. M., & Pruitt, P. T. (2007). *The Ernst & Young business plan guide*. John Wiley & Sons.

- Vijayakumar, K., & Arun, C. (2017). Automated risk identification using NLP in cloud based development environments. *Journal of Ambient Intelligence and Humanized Computing*, 1-13.
- Nazier, R., & Bauer, T. (2012, November). Automated risk-based testing by integrating safety analysis information into system behavior models. In *2012 IEEE 23rd International Symposium on Software Reliability Engineering Workshops* (pp. 213-218). IEEE.
- Ganguly, R., Al-Faraj, M., & Hancock, G. (2017, March). Introducing Scenario Based Audit—A Risk-Based Strategy to Auditing. In *SPE Middle East Oil & Gas Show and Conference*. Society of Petroleum Engineers.
- Agustina, R. A., & Ahmar, N. (2018, December). Audit Fees, Financial Performance, and Risk-Based Assets Revaluation. In *International Conference on Issues in Social and Education Research (ICISER 2017)*. Atlantis Press.
- Goman, M., & Koch, S. (2019, June). Multiplicative Criteria Aggregation Technique for Risk-Based Audit Planning. In *2019 14th Iberian Conference on Information Systems and Technologies (CISTI)* (pp. 1-6). IEEE.
- Sisco, J., Setiany, E., & Setiyawati, H. (2020, August). Effects of risk-based internal audit implementation, the competence of government's internal auditors, auditors' independence, and auditors' ability to detect fraud. In *Public Sector Accountants and Quantum Leap: How Far We Can Survive in Industrial Revolution 4.0?: Proceedings of the 1st International Conference on Public Sector Accounting (ICOPSA 2019), October 29-30, 2019, Jakarta, Indonesia* (p. 79). Routledge.

Sisco, J., Setiany, E., & Setiyawati, H. (2020, August). Effects of risk-based internal audit implementation, the competence of government's internal auditors, auditors' independence, and auditors' ability to detect fraud. In *Public Sector Accountants and Quantum Leap: How Far We Can Survive in Industrial Revolution 4.0?: Proceedings of the 1st International Conference on Public Sector Accounting (ICOPSA 2019), October 29-30, 2019, Jakarta, Indonesia* (p. 79). Routledge.

Appendix: Questionnaire

Risk-Based Accounting – Questionnaire

Name (Can be left Blank):

Job Title:

Years of experience:

1. What is your role in risk-based accounting domain?

- Consolidate risk reporting.
- Participate in risk-planning.
- Developing risk-based policies.
- Implementation and supervision of associated policies.
- Part of decision-making process.

2. How do you describe the impact of above roles on internal control system of the company?

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

3. Do you believe that the 'internal audit' and 'risk management' should be kept separate?

YES

NO

4. Would it be feasible to keep them separate?

YES

NO

5. Rank the following causes of failure of risk-management:

- Lack of trained internal auditors related to risk management issues.
- Separate departments for internal audit and risk management
- Poor training and vocation
- Increased risk of integrated risk-management and auditing.
- Incompetent personal Chief Risk Officer.
- Other

How would to analyze the role of risk management and internal audit standards in associated policy making?

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

6. According to your experience, can Risk Management standards integrate with the internal audit processes?

YES

NO

7. Role of Employee Training/Orientation on Risk-Based Accounting

a. Do risk management employees/managers require additional training?

YES

NO

- b.** Has specific training of accounting and internal audit risk-management improved overall proficiency of the organization?

YES

NO

- c.** What was the cost of additional training?

.....

- d.** Would you recommend additional training for risk-based accounting?

YES

NO

- 8.** Would you like to add more comments related to the subject?

.....

.....

.....

.....

.....

.....

Thank You for Your Cooperation!

Certificate of Ethical Approval

Applicant:

Project Title: Implementing Risk-Based Accounting for Improved Efficiency of the Company.

This is to certify that the above named applicant has completed the [University Name] Ethical Approval process and their project has been confirmed and approved as Medium Risk

Date of approval:

Project Reference Number:

06 Oct 2020 P110088