

Current event business articles relative to managerial accounting

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Teacher Current event business article related to managerial accounting:

Viacom: The autumn of Summer Link: [http://www.economist.com/news/business/21646744-future-nonagenarians-media-empire-looks-](http://www.economist.com/news/business/21646744-future-nonagenarians-media-empire-looks-ever-more-uncertain-autumn-summer)

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The article entitled Viacom: The autumn of Summer is about Viacom's declining share due to several factors. To date, its shares have fallen by 21% and its assets are down by 4% while its revenue had been flat for several years. The ratings of its TV stations also have slipped by 30% since February 2010. The managerial accounting problem stated in the article is the reduced profit and shrinking market share due to its declining ratings.

Analysis

The changing technology could be blamed for Viacom's decline in audience share. The changing technology such as the advent of internet shifted many of young audience's attention from the traditional TV shows of Viacom to internet base videos and intensified competition. The lack of measurement tool also contributes to the shrinking number of its share in the market.

Nielsen, a rating provider does not count shows that are watched in its main audience ratings.

Conclusion

To save the company, Viacom employs the traditional managerial accounting remedy to stop the company from "financially bleeding". It tried to cut its cost by around \$250m a year which means firing many executives. To increase the value of its declining stocks and revive its share price, Viacom is also borrowing to buy back stock and increase the dividend. It is also trying to expand its operation outside of United States and buy ones abroad.

Viacom is making these drastic steps to arrest the decline of the company which according to the article could be taken over by another company due to its poor performance within five years.