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SOLUTIONS TO IMPROVE RESPONSIBILITY ACCOUNTING IN VIETNAMESE BUSINESSES

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Abstract
Responsibility accounting is considered as one of the useful financial tools for controlling and operating business activities of managers in enterprises. Paying attention to the implementation of responsibility accounting content will help businesses make the most of their existing resources and develop in a sustainable way. The article clarifies the real weaknesses in the responsibility accounting work and offers solutions to improve the development and application of responsibility accounting in Vietnamese businesses.

***Keywords**:*
Responsibility accounting, accounting, Vietnamese business.

Overview of Responsibility accounting

Responsibility accounting is viewed as a system of collecting, processing and communicating financial and non-financial information that can be controlled according to the scope of responsibility of each manager in order to achieve the overall goals of the organization; Responsibility accounting is one of the basic contents in management accounting at enterprises and is one of the economic and financial management tools that play an important role in operating, controlling and evaluating efficiency business activities of the business. Therefore, responsibility accounting directly affects the existence and development of businesses and is currently not appreciated for its role.
Some problems about responsibility accounting
Responsibility accounting is a system that recognizes each department in an organization has the right to direct and be responsible for separate operations within its scope of management. They must define assessments and report to the organization, through which higher management uses this information to evaluate the performance of parts of the organization. As the size of the enterprise's operations increases, managers cannot well monitor many activities taking place in the enterprise. Responsibility centers are formed to decentralize the management of enterprises. Every department in an organization that has control over costs, revenues, profits, and invested capital is called a responsibility center. An enterprise can have multiple responsibility centers.
The liability center can be a legal entity or not a legal entity. Responsibility centers can accomplish one or more goals to help achieve the overall goals and strategies of the entire enterprise. The responsibility accounting system is designed to promote goals among managers in decentralized organizations. Responsibility accounting is performed on the principle of gathering and reporting actual accounting information.
Usually there are 4 responsibility centers, including: cost center, revenue center, profit center, investment center. Responsibility centers are formed on the characteristics of the management structure and the goals of the administrator. In fact, choosing the right center for a department in an organization is not easy. The basis for determining what center is a department in an organization must be based on the resources, responsibilities, and powers that the manager is assigned. Therefore, clearly distinguishing responsibility centers in an entity is only relative and depends on the top management's point of view.
These centers carry out their tasks and functions and provide information to those who need them through performance reports. The performance report is a section that reflects the main financial results achieved at each responsibility center over a certain period of time. A performance report is a report that compares actual targets with estimates in accordance with the authority and scope of financial responsibility of the relevant responsibility centers. Responsibility centers, from the lowest level of management, must prepare performance reports and submit them to higher management levels in the organization, so that upper management can understand the

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activities of the departments within the scope of management responsibility on that basis to control the activities of its affiliated units.

- *Cost Center*: This is the center responsible for the input costs of the enterprise. The main goal of a cost responsibility center is to minimize costs. Inputs to the center are indicators reflecting production factors such as raw materials, wages, use of machinery and equipment, etc. and can be measured in many different ways. To determine the output of the cost center, it will be based on the criteria reflecting the production and business results, but the quantity and quality of products, the norms of production costs and the product cost... Responsible for providing reports on cost performance, product prices, etc.

- *Revenue Center*: This center usually arises in the departments that generate revenue for enterprises such as: stores, supermarkets, sales offices.... In fact, a pure center of revenue very little exists. Normally, management levels often still have to plan and control some of the actual costs incurred in the revenue center. The revenue performance report required by the management accountant is the result that this center will have to provide the users with the information.

- *Profit Center*: A responsibility center in which the manager of this center will be responsible for costs and revenue as well as the difference between output and input is profit. Usually, responsibility centers are often associated with middle management, but this center administrator can decide on all issues from business strategy to business practices. The main objective of this center is to maximize profits. Therefore, the profit center is responsible not only for revenue but also for expenses. Profit center is responsible for providing Income Statement according to contributed profit.

- *Investment center*: A center where managers are responsible for revenue and expenses and determining working capital as well as capital investment decisions. Investment centers often represent the highest level of management. The administrator of the investment center is responsible for planning, organizing and controlling all production and business activities, including the investment in the enterprise. The investment center is responsible for providing business results reports according to profit contributed profit, gross profit, profit earned.

Decentralization in management is a necessary condition for applying responsibility accounting

The responsibility accounting system is associated with the decentralization of management. A responsibility accounting system exists only and works best in decentralized organizations, where decision-making and responsibility are spread throughout the organization.

Different levels of management are empowered to make decisions and are accountable to their scope of authority and responsibilities. The management hierarchy extends decision making to multiple levels of management. Therefore, the upper management does not have to deal with the detailed case problems that occur on a daily basis, they focus on strategic work, long-term planning and coordination of the activities of departments in the organization to ensure the achievement of common goals.

Management decentralization also helps managers at all levels have relative independence in operating their work, develop skills to improve professional knowledge, increase ability to handle situations to speed up operation of each part. The management decentralization also helps managers at all levels have job satisfaction. Decentralization creates a relative independence in departments, so managers in each department are often unaware of how their decisions affect other parts of the organization.

In order to achieve the common goal, the different managers in the organization must work towards the goals of the top management. Managers must not only be positively motivated to achieve them. The task of management accountants in establishing the responsibility accounting system is to provide indicators and tools to act as a positive motivation for managers of all parts of the organization, towards the realization of the overall goals of the organization.

The need to apply responsibility accounting

The role of responsibility accounting is often expressed in the following aspects: Helps determine the contribution of each unit, department to the benefit of the entire organization; Provide a basis for quality assessment of departmental managers' performance; Measures the performance of managers and, as a result, it affects the way these managers perform their behavior; Motivate departmental managers to run their departments in a way that aligns with the fundamental goals of the entire organization.

Responsibility centers create continuity in the management system. Thus, responsibility centers are formed based on the characteristics of the management structure and the goals of the administrator. The division into centers

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will help the administrator to easily give the method and operation of the center; evaluate and control, find out the shortcomings to overcome and promote the advantages of each center.

From there, it is possible to assign specific responsibilities to each object and each department. Attributing responsibility to each specific object and department will help improve the sense of responsibility of each department and each administrator of responsibility centers, thereby, contributing to improving the efficiency of business operations in a sustainable way.

The division of responsibility centers will also create ideas for company leaders in establishing the best structure model for the organization, dividing management responsibilities for planning, analyzing, reporting, separating transparently in groups of activities to maximize resources and facilitate management.

Weaknesses in responsibility accounting in Vietnamese enterprises

Although responsibility accounting plays an important role in controlling and evaluating the effectiveness of each department in an enterprise, at present, responsibility accounting has not been paid much attention by enterprises in Vietnam. It can be said that responsibility accounting in most Vietnamese enterprises today has not been properly applied according to its very important role. Some large-scale enterprises have established responsibility centers, but these are not really clear and overlapping, such as between revenue centers, profit centers and investment centers. The responsibility of the managers of each center has not been evaluated through the system of indicators reflecting the results of the division such as division profit, division profit ratio.

The system of indicators to evaluate the effectiveness of responsibility centers in Vietnamese enterprises has hardly been built. Vietnamese enterprises are only interested in the norms of cost, revenue and realized profit, and have not analyzed the factors affecting those indicators.

Most Vietnamese enterprises still appreciate the indicators directly related to revenue and profit, but do not attach importance to accounting because the great benefits it brings are reflected indirectly and silently in the whole process business for a long time.

In fact, in Vietnam, most businesses are small and medium-sized. These enterprises do not have a clear management hierarchy, leading to no application of responsibility accounting. Responsibility accounting is mostly applied only in large enterprises. However, if it is applied in a flexible form in medium enterprises, it will bring very good economic efficiency in the process business, especially for manufacturing enterprises with a lot of costs incurred in the production process.

Solutions to improve responsibility accounting in Vietnamese businesses

In order for responsibility accounting to be more applied in Vietnamese enterprises, the contents that need to be focused on implementation include:

Firstly, perfecting the organizational and management structure to establish responsibility centers in enterprises. The essence of responsibility accounting is that each division in the management apparatus has the right to control, direct the management and be responsible for separate activities within the scope of its management decentralization. Responsibility centers create continuity in the management system. Therefore, responsibility accounting is only performed in enterprises with clearly decentralized organizational structure. Typically, every organization has four responsibility centers: a cost center, a revenue center, a profit center, and an investment center.

Secondly, build a system of criteria to evaluate responsibility centers. Corresponding to responsibility centers, senior management evaluates the activities of responsibility centers according to criteria of cost, revenue, profit or a system of norms and estimates. To ensure the correct, complete, reasonable and accurate assessment, it is required that enterprises have a system of standard internal criteria on costs, revenue and profits suitable for each responsibility center. Indicators are often compared between actual and planned (estimated). The comparative method is often used in evaluating the effectiveness of responsibility centers in order to study the volatility and completion of cost, revenue and profit targets. Some financial indicators that can be used in enterprises are as follows:

- For cost centers: The indicators reflect input costs, production costs of products by product type/group, each cost center and the whole enterprise.
- For revenue centers: Revenue targets by type/group, production batch; turnover of product production by each shipment, by each domestic and international market; revenue of each agent, branch.
- For profit centers: Indicators reflect the fluctuation of profit by each product type/group, or each shipment.

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- For investment centers: The indicators reflect the profitability of capital, the rate of return on investment, the ability to return the investment capital of each center and of the whole enterprise.

Thirdly, establish a responsibility accounting reporting system in Vietnamese enterprises. Through the responsibility accounting reporting system, administrators have useful and appropriate information in evaluating the effectiveness and responsibilities of each responsibility center. Depending on the information needs of the administrator as well as the functions and tasks of each responsibility center, the responsibility accounting reporting system is designed appropriately, ensuring the satisfaction of information supply needs in a timely manner. Some responsibility accounting reports can be set up at enterprises.

Conclusion

In the context of international economic integration and increasingly fierce competition today, enterprises need to develop management methods to improve operational efficiency and contribute to sustainable growth. Responsibility accounting is one of the effective management tools in supporting the process of controlling and evaluating the effectiveness of each department and the whole enterprise. The responsibility accounting system, if built successfully, will bring great benefits to enterprises. It not only helps managers control the activities of departments but also provides useful information for managers in planning business strategies of enterprises. Therefore, businesses need to exploit and apply responsibility accounting to maximize resources.

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