



# The Extent of Availability of The Application of The Components of Responsibility Accounting in Saudi Government Institutions (Case Study: King Khalid University)

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## Abstract

The research aims to identify the impact of the application of responsibility accounting on King Khalid University. The method of this study was Descriptive – survey. The statistical population of this study was women's employees of King Khalid University in KSA country and 105 individuals were selected as samples by simple random sampling method. The tool to collect data was a researcher-made questionnaire was used. The validity of the questionnaire was confirmed by supervisor and a number of accounting and management professors and the reliability of the questionnaire was confirmed by Cronbach Alpha which was 0.93. The collected questionnaires were analyzed by chi-square by SPSS software. The results showed that the university has a clear and approved organizational structure in the university and also confirmed the availability of the degree of application of the axes of the system of responsibility accounting in King Khalid University, indicating its interest in the application of accounting control systems. It recommended the need to review the organizational structure of the responsibility centers at King Khalid University, especially in the field of operations and activities within the center by making them more homogeneous and in line with the nature of its work.

**Keywords:** Responsibility Accounting, Standard Costs, Planning Budgets.

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## Introduction

In an era of increasingly stringent competition, the company faced various challenges in carrying out its business activities. The company is required to take strategic steps to maintain the company's survival. One of the company's efforts to maintain its business continuity through accounting accountability to measure the performance results achieved by each accountability center Responsibility accounting is an accounting system that is used to measure the performance of each responsibility center according to the information that

managers need to operate their responsibility centers as part of Samryn's management control system (Sofia et al., 2019). According to Gadave (2017) several reasons are responsible for the increased demand for the adoption of responsibility accounting across various establishments both small and large. In the past, a lot of factors such as technological advancements, merger and acquisitions, diversification decisions and high rate of competition has made effective management of enterprise operation a bit challenging and difficult (Gadave, 2017).

Responsibility Accounting (RA) is a basic component of management accounting and a useful management tool for managers to use to evaluate the business performance of enterprises (Dang, 2024). Responsibility accounting is a management control system based on the principles of delegating authority and assigning responsibility. The authority and responsibility are delegated to the manager of responsibility centers. It works under responsibility centers (i.e., investment center, revenue center, cost center and profit center). The investment center manager has control over cost, revenue and investment in operating assets. Revenue center manager has control over the operating revenue of a business. Cost center manager has control over cost but not over revenue and investment in operating assets. Profit center manager has control over both revenue and cost but not over investment in operating assets (Biswas, 2017).

Responsibility accounting information is essential information in management processes because the report emphasizes the relationship between financial news and managers who are responsible for planning and implementation (Ismara and Mekar, 2019). Responsibility Accounting is one of the basic contents in corporate governance accounting, is one of the important and effective economic - financial management tools in economic organizations, both in the public and private sector. Paying attention to the implementation of Responsibility Accounting content will help businesses maximize their existing resources and develop sustainably (Hoa, 2022). With accounting accountability, the leadership can grant authority and responsibility to the lower management level more efficiently without directly monitoring all the company's activities (Choiriah, 2018).

Factors affecting RA are among the topics that have received considerable attention in the current period. Al- Htaybat & Alberti-Alhtaybat's research (2013) emphasized the significant impact of education and skill ability of accounting staffs and managers on the accounting process. In addition, Han (2018) indicated that a firm should require its accounting to compete the transformation from the accounting to the management, therefore, the responsibility accounting is bound to boost the progress of the firm reform work. Also, the results of various researches have shown the positive impact of responsibility accounting on organizational variables. Alrazi (200) showed that The industrial companies have a clear organizational structure, but it had no written policies for the application of accounting responsibility, as well as industrial companies rely on decentralized governance, and the application of the system of planning budgets and the standard costs, but does not involve the company's personnel in preparation, They also prepare comparisons between performance between planned and actual performance to identify and hold accountable those responsible deviations based upon, and that the proportion of industrial companies use reporting system, and they follow a system of incentives for workers, but they do not

adopt a "united" in the granting of the centers, any large industrial companies have the most potential application of the accounting liability. Joudeh et al (2009) showed that the Jordanian hotels clearly identify the center of responsibility and prepare planned budgets that link the planned performance with the actual one. They compare the actual performance with the planned performance for the purpose of assessment and providing an integrated reporting system to follow up and evaluate the performance in responsibility centers and provide an effective system of incentives that contribute in strengthening the responsibility accounting system in the Jordanian hotels. Dang (2024) showed that results of the linear structural model show that factors including management decentralization, managers' perspective on Responsibility Accounting, accounting staff qualifications, and information technology application qualifications have the same impact on Responsibility Accounting implementation in textile and garment enterprises in Vietnam. This study also proves that Responsibility Accounting has a positive impact on the Management Performance of the companies. At the same time, research also shows that the higher the effectiveness of Responsibility Accounting, the higher the management skills, financial efficiency and the effectiveness of management activities in these businesses. Tran et al., (2022) showed that factors in the research model aside from measurement technology and level of competition had certain impacts, including the ability of accounting staffs (TDKT), the awareness of managers at different level (NTQL), the decentralization (PQQL), the reward systems (HTKT), and the forecast for responsibility centers (DTTT). In addition, the structural management (CCTC), the competitive strategy (CLCT), the competitive advantages (YTCT) and the responsibility centers' reports (BCTT) that have greatly affected performance of listed firms. In addition, the implementation of responsibility accounting has the greatest effect on the performance of listed companies. In fact, the implementation of responsibility accounting changes by 1 point (level), it will increase/decrease the performance of listed companies by 0.409 points without considering the other factors.

King Khalid University is one of the most important institutions due to its contributions to economic and social development plans, as university education is a foundation upon which societies rely to drive the economic and development wheel. In light of the scientific and technical development toward King Khalid University in performing its duties, the increasing volume of financial investments in it, and the multiplicity and diversity of its departments between administrative, academic and service, and with the annual increasing numbers of human resources that enrolled in this university all of this has led to the difficulty of managing all the operations. Those are accomplished on a daily basis which prompted the senior management of this university to delegate the authority of some decisions to the various administrative levels to work on managing business and accomplishing tasks faster and effectively, which prompted King Khalid University to follow the system of decentralization in decision-making. Also, given the importance of King Khalid University in providing the labor market with the necessary competencies, it has become necessary to create an accounting system to monitor the work of King Khalid University in order to achieve the desired results. Responsibility accounting is an important control tool that aims to verify that every activity in the university is proceeding according to what planned. The

problem of the study lies in the extent to which King Khalid University applies the components of the responsibility accounting system.

## **Methodology**

The method of this study was Descriptive – survey. The statistical population of this study was women's employees of King Khalid University in KSA country and 105 individuals were selected as samples by simple random sampling method. The tool to collect data was a researcher-made questionnaire was used. The validity of the questionnaire was confirmed by supervisor and a number of accounting and management professors and the reliability of the questionnaire was confirmed by Cronbach Alpha which was 0.93. The collected questionnaires were analyzed by chi-square by SPSS software.

## **Findings**

### **Descriptive Findings**

The results of data analysis showed that (105) individuals, or (100%) of the respondents, are females, and the reason for this is that the questionnaire was distributed to the women's section only and (67) individuals, representing (63.8%) of the respondents, are from the age group (31 to 40 years), and (35) individuals, representing (33.3%) of the respondents, are from the age group (over 40 years), and (3) individuals, representing (2.9%) of the respondents, are from the age group (20 to 30 years). We note that most of the respondents are from the youth group and (43) individuals, representing (41%) of the respondents, are accountants, (37) individuals, representing (35.2%) of the respondents, are from management, (17) individuals, representing (16.2%) of the respondents, are from other fields, and (8) individuals, representing (7.6%) of the respondents, are from economics, which indicates that most of the respondents have specializations and high qualifications and (50) individuals, representing (46.7%) of the respondents, are administrators, (36) individuals, representing (34.3%) of the respondents, are employees, and (19) individuals, representing (18.1%) of the respondents, are department heads and (68) individuals, representing (64.8%) of the respondents (from 6 to 11 years old), and that (22) individuals, representing (21%) of the respondents (more than 11 years old), and that (15) individuals, representing (14.3%) of the respondents (less than 5 years old), which indicates that most of the respondents have high experience.

### **Hypothesis testing**

The researcher to test the hypothesis of the study focused on testing the extent of acceptance or rejection of the hypothesis. As the results and indicators of the (Chi-square) test for the significance of the differences of the existence of a statistically significant relationship between the responsibility accounting system and the availability of an organizational structure prepared according to scientific foundations. The results are shown in the following table as follows: Table No. (6) Chi-square test for the significance of the differences for the research hypothesis (there is a significant effect at the significance level (0.05)

between the availability of the main components and the application of the responsibility accounting system).

Table 2: Chi-square test for the exist of the organizational structure

<b>Phrase (the exist of the organizational structure in the university)</b>	<b>chi-square value</b>	<b>Degree of freedom</b>	<b>Morale level</b>	<b>Arithmetic mean</b>	<b>Significance of differences</b>	<b>chi-square value</b>
1) There is a clear and approved organizational structure at the university.	188,172	4	0,000	4,17	There are differences	<b>188,172</b>
2) There is a clear definition of the centers of responsibility in the university.	137.709	4	0,000	4,12	There are differences	137.709
3) The job description is clear to the university employees.	178.437	4	0,000	4,00	There are differences	178.437
4) There is a specialized manager for each responsibility center.	156.318	4	0,000	4,00	There are differences	156.318
5) There is clarity in the relationship between the responsibility centers in the university.	75,358	3	0,000	3.90	There are differences	75,358
6) The positions are filled by qualified persons.	180.093	4	0,000	3,80	There are differences	180.093
7) The director bears all his responsibilities and the responsibilities of the employees subject to his authority.	118.834	4	0,000	3,90	There are differences	118.834
8) Employees are held accountable in a manner consistent with the responsibilities assigned to them.	134.728	4	0,000	3,80	There are differences	134.728
9) There is a clear definition of authority and responsibility for each university employee.	123.675	3	0,000	4,00	There are differences	123.675

10) The operations and activities within the same center are homogeneous.	107.517	3	0,000	4,00	There are differences	107.517
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Table 1 shows that all Chi-square values are less than the significance level (0.05). Accordingly, the arithmetic averages are statistically significant, and the responses of the sample members did not reach the expected degree of neutrality. Also, through the analysis, it was noted that there are statistical differences for the hypothesis, and thus the hypothesis is accepted and the sample agrees with the content of the axis. Paragraph No. (1) was repeated first and reads: "There is a clear and approved organizational structure in the university." The last repeated paragraph was No. (6) and reads: "Positions are filled with qualified persons." The researcher believes that the university should be concerned with filling positions with qualified persons and takes this into consideration.

Table 2: Chi-square test for the axist of standard costs and planning budgets

<b>Phrase: (Standard costs and planning budgets)</b>	<b>chi-square value</b>	<b>Degree of freedom</b>	<b>Moral e level</b>	<b>Arithmeti c mean</b>	<b>Significanc e of differences</b>	<b>chi-square value</b>
1) Estimates are made for the standard performance required to complete the activity in the responsibility centers.	154.133	4	0,000	3,80	There are differences	154.133
2) Standard costs are used to estimate the costs of completing the activity.	113,934	4	0,000	3,60	There are differences	113,934
3) Standard costs are estimated scientifically.	73,801	4	0,000	3,60	There are differences	73,801
4) The cost standards used are clear and understandable to employees in responsibility centers.	151,748	4	0,000	3,70	There are differences	151,748
5) Planning budgets are used to determine the university's goals.	64,497	3	0,000	3,90	There are differences	64,497
6) The parties responsible for deviations in performance are	99,199	3	0,000	3,80	There are differences	99,199

identified for each responsibility center.						
7) Appropriate means are put in place to address deviations in performance for each center.	83,468	3	0,000	3,90	There are differences	83,468
8) The performance reports for the responsibility centers contain a comparison between actual costs and target costs.	140,093	4	0,000	3,90	There are differences	140,093
9) Each responsible individual contributes to preparing the planning budgets, each according to his specialization.	142,411	4	0,000	3,80	There are differences	142,411
10) When preparing planning budgets, the possibility of achieving them by employees should be taken into account.	184,682	3	0,000	3,90	There are differences	184,682
11) The planning budget for each responsibility center can be separated from the university's total budget.	43,305	3	0,000	3,80	There are differences	43,305

Table 2 shows that all Chi-square values are less than the significance level (0.05). Accordingly, the arithmetic averages are statistically significant, and the responses of the sample members did not reach the expected degree of neutrality. Also, through the analysis, it was noted that there are statistical differences for the hypothesis, and thus the hypothesis is accepted and the sample agrees with the content of the axis. Paragraph No. (7) was repeated for the first time and its text was (Appropriate means are put in place to address deviations in performance for each center). The paragraph with the last repetition was No. (2) and its text was (Standard costs are used in estimating the costs of completing the activity). The researcher believes that the university should use standard costs in estimating the costs of completion and take them into consideration.

Table 3: Chi-square test for the accounting information system exist

Phrase: (Accounting Information System)	chi-square value	Degree of freedom	Moral e level	Arithmeti c mean	Significanc e of differences
1) There is a link between the accounting information system and the university's responsibility centers.	188,172	4	0,000	4,11	There are differences
2) All costs are accurately recorded and accounted for.	137,709	4	0,000	4,04	There are differences
3) The link between responsibility centers and cost elements is established.	178,437	4	0,000	4,02	There are differences
4) The accounting information systems used at the university are compatible with the nature of the current activity.	156,318	4	0,000	4,02	There are differences

Table 4: Chi-square test for for the periodic reporting system exist

Phrase: (periodic reporting system)	chi-square value	Degree of freedom	Moral e level	Arithmeti c mean	Significanc e of differences
1) Periodic performance reports are a measure of the performance of responsibility centers.	75,358	3	0,000	3,91	There are differences
2) Responsibility centers receive performance reports on a regular basis.	180,093	4	0,000	3,79	There are differences
3) Performance reports are prepared quickly and accurately.	118,834	4	0,000	3,91	There are differences
4) Periodic reports help determine the reasons for deviations in the performance of each responsibility center.	134,728	4	0,000	3,79	There are differences
5) Periodic reports measure the performance of each center separately.	123,675	3		3,95	There are differences

Table 5: Chi-square test for the incentive system exist

Phrase: (Incentive system)	chi-square value	Degree of freedom	Moral e level	Arithmeti c mean	Significanc e of differences
1) Senior management provides financial incentives to employees when they achieve the desired goals.	107,517	3	0,000	4,01	There are differences
2) Incentives are granted on an objective and fair basis.	223,503	5	0,000	3,93	There are differences
3) There is a link between employee efficiency and the incentives granted.	171,530	5	0,000	3,70	There are differences
4) Incentives contribute to increasing the effectiveness of individuals while performing their jobs.	126,868	5	0,000	3,75	There are differences
5) The incentives granted are commensurate with the nature of the assigned responsibilities.	151,748	4	0,000	3,69	There are differences

## Discussion

Responsibility accounting covers overall aspects of any organization from production, marketing, administrative to financial affairs under one roof through its planning and controlling techniques. Being an integrated system, its features such as decentralization and compartmentalization ease organizational management, helps in monitoring and operating each key working area. Responsibility accounting covers overall aspects of any organization from production, marketing, administrative to financial affairs under one roof through its planning and controlling techniques. The process of decentralization has played a vital role in creating an effective and responsible organizational framework which helps in setting proper standards for running an organization. It also focuses on analysis of problems related to the performance evaluation and compensation within the different sub units of organizations. This all is done using managerial evaluation through cause-effect relationship of controllability (Raj, 2020). The purpose of this study was extent of availability of the application of the components of responsibility accounting in Saudi government institutions (case study: King Khalid University). The results of data analysis showed that the university has a clear and approved organizational structure. Also, the results showed that King Khalid University has a clear definition of responsibility centers. Also, the results confirmed that there is clarity in the relationship between the responsibility centers with each other in the university. Also, the results confirmed that there is a clear definition of authority and responsibility for each university employee. Also, the results showed that the university held employees accountable in a manner consistent with the responsibilities assigned to them. Also, the results showed that planning budgets are used to determine the university's goals. Also, the results confirmed that appropriate means are being put in place to address deviations in performance for each center. Also, the results showed that the university sets estimates for the standard performance required to complete the activity in the responsibility centers. Also, the results showed that each individual is responsible for

preparing planning budgets, each according to his specialization. Also, the results confirmed the availability of the degree of application of the axes of the responsibility accounting system at King Khalid University, which indicates its interest in applying accounting control systems. And this is consistent with the findings of other researchers such as Al- Htaybat & Alberti-Alhtaybat's research (2013), Alrazi (2008), Joudeh et al (2009), Dang (2024) and Tran et al., (2022). By presenting and analyzing the data, the following results and recommendations were reached:

- The university must be interested in filling positions with qualified people.
- Interest by standards costs in estimating the costs of completing the activity.
- The necessity for King Khalid University to activate some aspects of its standard systems related to both standard costs and planning budgets, especially in the field of determining the nature of the contribution of individuals working in preparing planning budgets and working to increase the possibility of separating the planning budgets of each responsibility center from the university's overall budget.
- The necessity of reconsidering the organizational structure of the responsibility centers at King Khalid University, especially in the field of operations and activities within a single center, by making them more homogeneous and consistent with the nature of their work.

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