KEY LEARNING OBJECTIVES - CHAPTER 12
Responsibility Accounting & Decentralized Operations

After studying and discussing the material in this chapter, the student should develop some insights and understanding of the following issues:

1. The reasons why some companies choose to decentralize.

2. The basic nature of responsibility accounting.

3. The notion of organizational units as responsibility centers and the classifying of these units into four basic types of centers.

4. The use of return on investment (ROI), residual income (RI), and economic value added (EVA) to assist managers in decision making and to evaluate performance.

5. The relationship first developed by DuPont, between return on sales (ROS), asset turnover (ATO), and return on investment (ROI). This relationship is often identified as the “DuPont Model.”

6. The major methods for evaluating and rewarding managerial performance.

Note: Transfer pricing, which is also presented in this chapter, will not be covered in this course.