Chapter Two

Review of Literature

2.1 Introduction -

This chapter surveys the literature relevant to this research, in particular outsourcing, business processing outsourcing and outsourcing accounting that commences with an introduction to outsourcing accounting activities.

The present chapter examines the various functions and reasons for outsourcing. It also deals with the concepts and presents the review of past studies having a bearing on the present study. In this chapter researcher has shown 24 previous studies, research, papers, theses, books.

2.1.1 Chapter Objective

The objective of the chapter is to undertake a literary review on outsourcing that reviews the background and rationale of the research as it applies to accounting outsourcing in order to prepare a theoretical framework for the study. This review then proceeds to examine the theoretical implications contained within discipline of outsourcing, followed by a review of the immediate discipline dealing with accounting outsourcing. Variables of decision, benefit, process, advantages, disadvantages and impact factors will be assessed to identify and define research issues emerging from the literature.

2.1.2 Chapter Structure -

Chapter Two is presented in five sections, Section 2.1 Introduction, chapter objectives and chapter structure. Section 2.2 reviews of Thesis, focuses on the current literature dealing with outsourcing accounting and review of Books, Section 2.3 Research gap Section 2.4 presents the conclusion of chapter two. Section 2.5 References.

2.2 Review of thesis, Articles and Books -

The Researcher is motivated for this research work because of the following relevant literature. Mainly-
Thesis –
1) Finance and Accounting Outsourcing: and Empirical Study of Service Providers and Small Business in Australia.
2) Second, Finance and Accounting Business Process Outsourcing in China.
4) Outsourcing to India.

Section – II –

Articles –
1) Outsourcing of Accounting Functions amongst same Companies in Malaysia.
2) Offshore Accounting Outsourcing: The Case of India
3) Business Process Outsourcing – an analysis of recent developments and implications
4) Small Business guide to off-shoring Finance and Accounting Process.
5) The Impact of Accounting Outsourcing on Iranian SME Performance: Transaction Cost Economic and Resources - Based Perspectives.
6) Finance And Accounting Outsourcing – The Next Logical Steps for Small Business
7) SARANES - OXLEY and the Outsourcing of Accounting.
8) Outsource Portfolio – Research Article Series published article financial and Accounting Outsourcing.
9) Finance and Accounting Business Process Outsourcing Study
10) Finance and Accounting Outsourcing – How to Avoid Pitfalls and Gain Value
11) How High Technology Companies will benefit from Finance & Accounting Business Process Outsourcing Services
12) Outsourcing The Finance And Accounting Functions
13) Critical Factors in Outsourcing of Accounting Functions in Malaysian Small Medium-Sized Enterprises (SMEs)
14) Accounting Outsourcing Decision Processes in a Malaysian Company.
15) Finance and Accounting Outsourcing – An Exploratory Study of Service Providers and their Clients in Australia and New Zealand.
16) Delivering Higher Value in Finance and Accounting Outsourcing.
17) Outsourcing Of Accounting Tasks in SMEs: An Extended TCT Model
18) Outsourcing: The Shining Path Way of Growth in India

Section – III –

The books-
1) Essentials of Business Process Outsourcing
2) Business Process Outsourcing.

2.2.1 Review of Thesis -
Review No. 1-

The following theses inspired the Researcher for the selection for research topic.

Graham Ray submitted his thesis on the topic “FINANCE AND ACCOUNTING OUTSOURCING : AN EMPIRICAL STUDY OF SERVICE PROVIDERS AND SMALL BUSINESS IN AUSTRALIA” Published by Southern Cross University, Lismore, to Graduate College of Management, Southern Cross University, Lismore, NSW in partial fulfillment of the requirement of the Degree of Doctor of Business Administration in December 2009. Its goal is to capture and preserve the intellectual output of Southern Cross University authors and researchers, and to increase visibility and impact through open access to researchers around the world.

The researcher has selected quantitative or qualitative research paradigm by using specific criteria.

The aim of this research study is to determine whether perception gaps exist between accounting service providers and small business, by identifying variables considered by both groups when considering outsourcing internal accounting activates, and how these perceptions align. The researcher has used survey method for the data collection. The study involves data collection from two sub-groups. Service provider participants were sourced from a national organization whose members provide finance and accounting service to small businesses, with 34 service provider respondents drawn from a sample population of 61 participations. Small business participants were randomly sourced from a national database, with 71 respondents drawn from the selected population of 314 taking part. The research study was
confined to accounting service providers and small businesses operating within Australia, and was conducted during the period July to October 2007.

The epistemology employed for this study adopted a positivistic/hypothetic, deductive approach using a web survey research method to provide valid, reliable and practical data to identify the perceptions of accounting service providers and small business owner/managers in relation to finance and accounting outsourcing decision factors. This study not only identifies the decision, benefit and impact factors of finance and accounting outsourcing, but also identifies, compares and contrasts the perceptions of accounting service providers and small business owner/managers. The researcher identified three questions that frame for research proposition, these questions are as follows –

RQ1: What are the perceived decision factors and their levels of importance in the decision to outsource the internal accounting functions as considered by accounting service providers and small business?

RQ2: What are the perceived benefits of outsourcing the internal accounting function as considered by accounting service providers and small business?

RQ3: What are the perceived impacts of outsourcing the internal accounting function as considered by accounting service providers and small business?

The aim of the research is to identify whether a perception gap exists between accounting service providers and small business relating to benefits of outsourcing the internal accounting function.

The data obtained from the surveys would be mostly categorical, and will be presented in terms of frequency and central tendency or dispersion.

Each of the questions contained statements requiring responses. A seven point Likert scale was generally regarded for providing interval-type data that was developed for this study and used to record responses. These scales were used to anchor words at each end of the scale, and will be summed to provide composite responses.

Cross tabulations and frequency analysis were used to compare and contrast responses relation to decision, benefit and impact factors. Questions were assessed by using a seven point Likert scale utilizing statistical analysis to compare the means of
responses by each group, and examining these responses with respect to the mean of each total.

Questionnaire was prepared for the survey in which –
Section A – Outsourcing information – Ques. 1 and 2 in Section A of the questionnaire collected data regarding participants’ perceptions on the level of outsourcing undertaken by small business.
Section on B – Outsourcing decision factors - Ques. 3 to 7 in Section b of the questionnaire collected data regarding participant’s perceptions relating to the factors affecting the outsourcing decision by small business.
Section C – Outsourcing benefits factors – Ques. 8 to 11 in Section C of the questionnaire collected data regarding participant’s perceptions of the benefits of finance and accounting outsourcing on small business.
Section D – Outsourcing impact factors – Ques. 12 to 17 in Section D of the questionnaire provided data on the perceptions of the impacts upon small business of finance and accounting outsourcing. All survey questionnaires provided the opportunity to collect data that could be contrasted and compared. Likert scale questions were used in this section.
Section E – Background information Ques. 18 to 24 in Section E collected data relative to the demographic aspects of the two sub-groups surveyed, and are not presented here.

As per the survey by using the above questionnaire Graham Ray states that-

Core activates of the business were less likely to be outsourced. Small businesses were less likely to outsource activities considered as core to the business where the timing and co-ordination of the activity is critical to overall performance. Outsourcing accounts receivable was considered by both participant groups as the activity providing greater benefit by reducing the volume of work for small business. Respondents considered technical expertise a very important benefit of outsourcing. Payroll was the activity having the least negative impact upon small business performance over the past three years. “turnkey management services” were considered by both groups as the most difficult of all activities to arrange for an alternate service provider, and represented the activity most likely to have a negative impact upon small business.

Researcher could not frame a special chapter for theoretical framework. Theory frames how researchers look at and think about a topic and give meaning to
concepts, provide basic assumptions, direct researchers to important questions, and
suggest ways of making sense of data.

As suggested by Neuman, a theory comprises three parts: concepts, relationships and scope. Neuman further explains that concepts are the building blocks of theory, and are divided into symbols and definitions. Accordingly, theories provide a framework that can guide business strategy by understanding operational insights that are useful for predicting future behavioral patterns.

Sekaran states that literature surveys provide a solid foundation for development of the theoretical framework by identifying variables that may be significant, as determined by previous research findings. As per various literature survey author explain the theory.

As per survey research Rey suggest the following implications –

Implications for theory -

In synthesizing and extending existing theory in the BPR and BPO domains, the proposed approach is to apply multiple theoretical perspectives to better understand the F&AO activity. Subsequently this study suggests a greater insight into the why and what of outsourcing is needed, rather than use a single perspective.

Accounting service providers and small business defined in this study are the stakeholder groups involved in outsourcing finance and accounting activities, and within this context, that these stakeholders will obtain the greatest value from the findings of this research.

The findings and contributions of this research have several theoretical implications about perceiving the importance and performance held by F&AO service providers and small business.

The theoretical implications of the research carried out and reported in this thesis include, but are not limited to, the following areas:

1. Extending theory to an area not previously addressed through expending identified drivers for outsourcing by small business and identifying factors influencing their Outsourcing decision, other than those previously identified through the literature review and this research study.

2. Developing a research framework for critical decision factors for finance and Accounting outsourcing by extending the framework proposed in Figure 5.2 (page 113) as An outcome of future research and extending theory discussed in point 1
above. The implications of this research to accounting service providers and small business are now considered in more detail:

At the end the researcher concludes – Section A outcomes –
• Accounts receivable was considered a core activity of small business, and timing and co-ordination of this activity deemed critical to small business performance (Table 4.11, page 82 and Table 4.12, page 84).
• Levels of expertise were considered the most important consideration in selecting outsourcing service providers, considered specialists in their fields (Table 4.13, page 85 and Table 4.14, page 86)
• Core activities of the business were less likely to be outsourced (Table 4.15, page 87)

Section B Outcomes -
Frequency distributions of outsourcing benefit factors were investigated and reported in Section 4.3.3 of Chapter Four (Tables 4.16, 4.17, 4.18 and 4.19, pages 89–94). From these tables.

The following conclusions related to outsourcing benefit factors are:
• Levels of control over outsourced activities (Table 4.16, page 89) indicated respondents had different perceptions as to which activities provided the greater degree of control.
Small business respondents considered outsourcing financial planning services would provide marginally good levels of internal control.
• Outsourcing accounts receivable was considered by both participant groups as the activity providing greater benefit by reducing the volume of work for small business (Table 4.17, page 91)
• Respondents considered technical expertise a very important benefit of outsourcing (Table 4.18, page 92)
• 48.6% of respondents believed that outsourcing the accounting activities would provide moderately successful cost reduction of between 10% to 30% (Table 4.19, page 94).

Section C outcomes -
Frequency distributions of outsourcing impact factors were reported in 4.3.4 of Chapter Four (Tables 4.20, 4.21, 4.22, 4.23, 4.24 and 4.25, pages 96–104). From these tables the following conclusions related to outsourcing impact factors are stated:-
• “Management accounting services” was considered by both respondent groups as the principal activity possibility susceptible to exploitation by accounting service providers, and delivering a negative impact on the business. “Hardware support services” however, were considered to have the least impact as a result of exploitation by accounting service providers (Table 4.20, page 96).
• “Turnkey management systems” was considered by both respondent groups as the most difficult to determine if the service has been performed satisfactorily, and represented the activity most likely to impact negatively on small business. “Systems installation and help” was considered by small business as the least difficult to determine, and any impact would be minor (Table 4.21, page 97).
• “Business exit or succession planning services” were considered by both respondent groups the most difficult activity to determine if the service was performed according to contractual obligations, and represented the activity most likely to impact negatively on small business. “Budget and cash flow services” was considered the least difficult to determine (Table 4.22, page 99).
• “Turnkey management services” were considered by both groups as the most difficult of all activities to arrange for an alternate service provider, and represented the activity most likely to have a negative impact upon small business. “Computer accounting help and training” was considered the least difficult to arrange an alternative service provider, and likely to cause only minimal negative impact upon the small business (Table 4.23, page 101).
• “Payroll” was the activity having the least negative impact upon small business performance over the past three years (Tables 4.24, page 102).
• “Being able to devote more time to strategic activities” was considered by 89.5% (94) of respondents as having the most positive impact on small business (Table 4.25, page 104).

Section D outcomes –

There is conclusive evidence that outsourcing impacts small business. Negative impacts were considered minor, while positive impacts were expected to flow from outsourcing finance and accounting activities.

Conclusion of Thesis:-

In a nutshell, Ray studied in house outsourcing accounting with benefit and impact factors of outsourcing accounting but could not focus on offshore accounting.
Offshore accounting have major role in Outsourcing Accounting. It is powerful management tool for redefining and re-energizing any organization. It is useful, not only for maximizing the present profits of the organization with the existing client, but is also relieves and enables the employee to work on higher value added jobs.

Review No. 2-

Junking Ago submitted his master thesis to Swedish School of Economics and Business Administration Supervisor: Anders Tallberg, Hanker on 9th November, 2007 on the topic “FINANCE AND ACCOUNTING BUSINESS PROCESS OUTSOURCING IN CHINA”. Junking Ago was working in Department of Accounting Program in Advanced Financial Information System. Researcher used survey method to study the functions outsourced by China. Advantages of outsourcing, situation of Finance business process sourcing along with special factors and circumstances in China that have both positive and negative infancies on the Finance and Accounting business process outsourcing. Among 70 questionnaires, 62 are received, the respondents were from multi-national companies, small foreign companies, state-owned companies, joint ventures and private companies in different industries.

The research is conducted by the survey and interview. The method is selected because there is very little study about Finance and Accounting outsourcing in China. Survey is a descriptive method that is useful and powerful for collection data from large group on phenomena that cannot be observed directly. The analysis on the survey feedback could normally show peoples’ opinions on something. The survey for this research is conducted by sending questionnaires by email, following explanations by phone. The questionnaire consists of two parts. The first part is about the basic background of the company. The second part is about the respondents’ viewpoint and experience on Finance and Accounting business process outsourcing. Most of the questions are forced-choice ones that aim to get respondents’ basic information and their basic opinions on Finance and Accounting outsourcing. There are also few open-ended questions that aim to get more information beyond the researcher’s knowledge and imagination.

The hypothesis of the research were—

1) Not all the companies are suitable for F&A Outsourcing.
2) For multi-national companies, the result of F&A outsourcing in China office might be different from that in Europe and USA.

3) Unique culture and circumstance of China has obvious and unique impact on F&A outsourcing.

The limitation of the survey is that if the samples not broad enough, the survey result might be biased and the results might not represent the whole picture. It is also possible that some respondents purposely or unconsciously answer the questions incorrectly or flippantly.

**Thesis consist the following points:-**

Meaning of outsourcing explained by the researcher as – outsourcing means that some work of a company is done by people that are not the company’s full-time employees. With the outsourcing agreement between two companies, one companies, one company provides services to another company. The services could also be done and usually have been done by the second company in-house. Outsourcing is actually a management pattern that a company utilizes ad combines the specialized resources of outside agents. It can also be regarded as a predetermined external service provision by the 3rd company to deliver some goods or services that have previously been provided in-house.

Outsourcing is evaluated as –

1) PC-based computing platform,
2) Internet based platform,
3) Work flow software,
4) Open sourcing,
5) Y2k computer crises triggered the outsourcing to India,
6) China joins to WTO.

Researcher stated the types of outsourcing as -

1) Near shore outsourcing – in which company’s work is done by people in the country of neighborhood instead of being done in its own country.

2) On-shore outsourcing – in which work of company is done by another company in the same country. It’s also called domestic outsourcing.
3) Offshore outsourcing – in which outsource the work from some developed countries to the developing countries.

4) In-sourcing – in which companies outsource their whole logistic process or main part of the supporting process to their parties that will go into the companies to understand their business and then create efficient processes for it.

Researcher study had positive and negative impact of outsourcing. Positive impact of outsourcing is discussed as –

- Outsider service providers provide similar or even better services at lower cost than what is previously provided in-house. Off-shoring outsourcing created around 50% savings to United States.
- Offshore the non-core activates to specialist vendors may speed the company’s innovation so that the company could improve in quality and develop the new service product.
- Outsourcing provide more capacity of flexibility for companies especially in the purchase of fashion goods, fast developing new technologies, and excellent process.

Negative points discussed by the researcher as –

- Outsourcing reduce operating cost in only short term, it is not a long term strategy for development.
- The evidence on the value of outsourcing is not so clear and some outsourcing contracts might fail since it is hard to verify the outcomes.
- Outsourcing may directly lead to the redundancies of employments and thus the layoffs, which usually bring internal fear and employee resistance. In this case, organizational culture might be influenced and the collaboration between the company and the service provider might be impacted. The culture clashes between the company and the service provider are usually regarded as a factor leading to the failure of outsourcing.
- Poaching might be the most serious problem that outsourcing brings. Poaching means to misappropriate the information from the company by the outsourcing vendor.
As per researchers point of view the following are the drivers of Finance and Accounting business outsourcing –

1) Finance and accounting has been expanding its role from bookkeeping only to decision making.

2) More strict accounting standards, principles and regulations were publicized.

3) Global competition urges companies to find ways to reduce their cost and operation expenses.

4) Finance and accounting process outsourcing as a Human Resource strategy and as an IT strategy.

Advantages explain by Junking Ago as –

✓ Cost saving and reduce the capital investment
✓ Improve enterprise management quality, internal Control and the transparence of finance.
✓ Focus on their main business and increase the innovation.
✓ To grow partnering with professional outsourcing parties.

Outsourced and not outsourced functions – functions are divided in to 4 tier of which bottom 2 Tier functions are normally outsourced. It includes –

Tier 1- Transactional activates and
Tier 2 – finance and management accounting.

Top 2 Tire functions retain in-house. It includes
Tier 3 – finance decision making and
Tier 4 – policy and strategy.

Tire 1 include the functions like account receivable, account payable, payroll, etc.

Tire 2 include the functions like Finance and Management Accounting
Tire 3 include the functions like Finance decision making
Tire 4 include the functions like Policy and Strategy

Relationship with service providers are explain as Conventional outsourcing i.e. companies outsource their supporting functions to professional services for cost reduction. Collaborative outsourcing i.e. companies not only outsource but also partner with the service providers to improve and reshape their business
processes. Business transformational outsourcing means that, in order to achieve corporate-wide improvement, companies work closely with their partners to implement the dramatic business process transformation. Offshore outsourcing means to outsource the work from some developed countries to other areas of the world, normally developing countries, where the labour cost is much lower or tax savings is available.

As per stated by the researcher, to choose a right outsourcing partner the requirements are –

✓ Continuous good service and economic benefits,
✓ Flexible to government and environment changes,
✓ Match with company’s working style,
✓ Provider is capable of providing efficient and professional services.

For successful planning and implementation of F&A outsourcing, the following is needs –

- relationship with the outsourcing partner,
- outsourcing contract,
- timely review through internal audit,
- well-designed severance packages for stopping migrations of labours.

Researcher explains the different types of enterprise ownership in China – this ownership is divided into four types, which are categorized as:

- State-owned enterprise,
- Shareholding ventures enterprise,
- Sino-foreign joint ventures and
- Wholly foreign-owned enterprises.

Outsourcing situation in China - China choosing outsourcing partners for more focus on supplier’s brand name, cost savings, and Chinese organization culture is another important factor. It indicates that Chinese always care a lot about relationships and Chinese organization culture is power-driven and emphasizes the harmonious working conditions. Contra to western organization culture’s mutual respect and individual performance.

Functions outsourced by China – Following Finance and Accounting functions are outsourced by Chinese enterprises -
✓ Salary outsourcing, Tax outsourcing,
✓ Financial report outsourcing,
✓ Travel and entertainment management,
✓ Account Receivable outsourcing.

At the end Geo conclude with the help of pay and bar graph –

As per nature of company 34% Multi-national company, 25% state-owned company, 22% Foreign company or joint Venture, 11% Private Company, and 8% Government Company outsourced their accounting works.

Mostly IT industries (31%), Consulting industries (26%) are outsource their work as compairly to Manufacturing (8%), Trading(8%), Telecommunication (8%)and Government (3%).

More than half companies are public companies that are listed in U.S., Hong Kong, or China mainland. The rest are not public listed companies.

Payroll, account receivable, tax account payable, general ledger and financial reporting is much more likely to be outsourced, while less people prefer to outsource their budgeting and planning, management reporting, cash flow and decision making related work.

The main driving force and motivation for companies to outsource their F&A function is cost reduction, and then the need for the company’s globalization.

**Conclusion of thesis:-**

At the end, it concluded that, this is an explorative and descriptive research study. Researcher studied only one side of coin, i.e. outsourcing companies. Another side of the coin is Outsourcing Service Provider Companies would not be considered. The study discussed types of enterpriser, advantages of outsourcing, types of functions outsourced etc. Service provider companies also the valuable part of the outsourcing. Similar to Outsourcing Companies Service provider Companies also have various types, benefits of outsourcing, skills and knowledge required for providing outsourcing work. The paper focus only on In-house sourcing, offshore outsourcing is not considered. Offshore outsourcing face various problems like government interruptions, technical problem, accounting practices problem, employees problems, challenges faced by service provider companies all these important part of finance and accounting business process outsourcing ignored by Junking Ago.
Review No. 3

Reno Desai submitted her dissertation on the topic “FINANCE AND ACCOUNTING OUTSOURCING: THREE STUDIES RELATED TO THE ETHICAL AND ECONOMIC DIMENSIONS OF ACCOUNTING OUTSOURCING.” A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in the Kenneth G. Dixon School of Accounting in the College of Business Administration at the University of Central Florida Orlando, Florida in 2007. Reno Desai is Chartered Accountant, The Institute of Chartered Accountants of India, 1994, she also completed her MBA from University of Arkansas in 1998. The dissertation is submitted under the guidance of Prof. Robin W. Roberts.

This dissertation evaluates the economic and ethical considerations underlying the outsourcing of professional services such as finance and accounting. The dissertation is comprised of three separate, but related studies.

This dissertation evaluates the economic and ethical considerations underlying the outsourcing of professional services such as finance and accounting. The dissertation is comprised of three separate, but related studies. The first study explores the adequacy of the disclosure rules recommended in the revised ethics rulings regarding disclosure of outsourcing relationships and the resulting ethical and economic repercussions for both, the AICPA members and their clients. The second study analyzes the disclosure rules recommended in the AICPA ethics rulings regarding disclosure of outsourcing relationships from an ethical standpoint. The third study adopts the perspective of the third party service provider. The third study analyzes the factors that provide a competitive advantage to leading service providers in accounting outsourcing markets in India. Taken together, these studies address issues that have not been addressed previously in accounting literature and will advance our understanding of a fast-growing phenomenon, the outsourcing of accounting services. Finance and accounting outsourcing may strongly influence the choice of future organizational form and structure thus making it important to develop an early understanding of this industry.

Study One:

An Experimental Investigation of the impact of the AICPA Ethics Rulings regarding disclosure of outsourcing relationships with third party providers
The first study explores the adequacy of the disclosure rules recommended in the revised ethics rulings regarding disclosure of outsourcing relationships and the resulting ethical and economic repercussions for both, the AICPA members and their clients. The study examines the behavior of the clients of CPA firms that are outsourcing returns within the realm of the contract entered into for tax return preparation and analyze the repercussions of two contractual issues, disclosure and pricing on both contracting parties. Specifically, this study presents direct evidence using experiments, about how individual taxpayers might react to disclosures made by tax preparers regarding their outsourcing relationships with third party service providers. The primary issues addressed in this study are: members’ responsibilities to their clients, the scope of their contract and the resulting contracting problems; and members’ motivations to conceal privately held information suggesting opportunistic behavior by AICPA members. The study brings forth important public policy implications for protection of consumers who constitute the most vulnerable targets with regard to the detrimental effects of off shoring. The findings of this study may lead regulators to review the adequacy of the disclosure rules and may induce the recommendation of changes.

Study Two:

The Commercialization Project: The AICPA rhetoric surrounding the tax return preparation outsourcing disclosure rules

The second study analyzes the disclosure rules recommended in the AICPA ethics rulings regarding disclosure of outsourcing relationships from an ethical standpoint. The purpose of this analysis is to study the commercialization of the accounting profession using Giddiness (1990) theory of trust and expert systems and Parker’s (1994) private interest model in the context of the AICPA’s revised ethics rulings regarding the disclosure of outsourcing of tax return preparation. Specifically, I intend to explore the mechanics and the rhetoric employed by the AICPA to revise the ethics rulings (No.112, No.12, and No.1). The primary issues addressed in this study are: members’ motivation to avoid full disclosure in order to further their private interests to preserve their socio-economic status with the use of the code of ethics as an instrument that aids promotion of members’ private interests; public confidence in the accounting profession and possible impairment of trust; and the commercialistic outlook of the profession and heightened concern with being more
profitable. The paper attempts to enforce the view that professional change is a diffuse political process addressing multiple potential constituencies and not necessary, evolutionary, or motiveless.

Study Three:

Sustaining competitive advantage in Finance and Accounting outsourcing markets: A case study of leading third party service providers

The first two studies approach the issue of accounting services outsourcing from the perspective of the outsourcer, whereas, the third study adopts the perspective of the third party service provider. The third study analyzes the factors that provide a competitive advantage to leading service providers in accounting outsourcing markets in India. I develop a theoretical model that examines the factors that enable service providers to maintain market share, by recognizing the issues that endanger the survival of finance and accounting outsourcing and by developing competencies to address these issues. In doing so, I examine issues that have received little prior theoretical or empirical attention. The method adopted in my study is theory generation in the manner written by Glaser and Strauss (1967), Mintzberg (1979) and Miles and Huberman (1984) based on case study evidence of three leading FAO service providers in India.

Overall Contribution

Taken together, these studies address issues that have not been addressed previously in accounting literature and will advance our understanding of a fast-growing phenomenon, the outsourcing of accounting services. Finance and accounting outsourcing may strongly influence the choice of future organizational form and structure thus making it important to develop an early understanding of this industry. The remainder of this dissertation presents each of the three studies in detail.

Following are the hypothesis of this research –

- Taxpayers’ response to firm disclosure strategy
- Taxpayer’s response to firm pricing strategy
- Interaction effect between Pricing strategy and disclosure strategy.

Data were collected through questionnaire. The demographic questionnaire included a question regarding the political ideology of the participant. Other questions explored whether the participant or any family member had been terminated
from a job due to the employer outsourcing the position to a TPSP. This question was designed to detect the eliminate respondents that may hold biased views towards outsourcing due to personal prejudices thus skewing validity of the results.

Analysis of results were made by using two-way ANOVA for examine H1 through H3. The ANOVA includes the following two factors:

1) Disclosure strategy variable with four levels and
2) Pricing strategy with two levels.

Reno Desai state that India is the world’s leading offshore outsourcing destination. India’s revenue from BPO operations is expected to grow from approximately $1 billion in 2002 to $13.8 billion in 2007 and its share of supply is projected to be 57s% of the offshore BPO market.

The factors and their classification into relevant source of competitive advantage based on criteria identified by the researcher.

At the end researcher conclude that the FAO market is grossly underpenetrated across all regions and verticals, and there is still substantial opportunity for growth provided the service providers take into account the costs and risks that are faced by their clients and are able to deliver valued services. The advent of FAO is indicative of a recent development which may permanently alter the manner in which financial reporting is performed in the US. In all the three case studies, the analysis of the transcripts brought forth three important observations: top management executives of all three providers considered the four industry level drivers identified as important industry characteristics, their perception of the degree of importance that should be given to each of these four characteristics differed, the strategies pursued by each provider to develop distinct competencies in order to gain a competitive advantage varied with the exception of one or two factors that were common within the providers.

**Conclusion of thesis:-**

Coming to end of the research, the researcher evaluates the economic and ethical considerations underlying the outsourcing of professional services such as finance and accounting by using three different studies. But the basic observations like meaning, portfolio of service providers, advantages, process of outsourcing
accounting, skills and knowledge required for outsourcing accounting and issues, challenges and opportunities to Service Providers are ignored.

**Review No. 4**

University of Nottingham submitted the dissertation of Mayur Sancheti on the topic “OUTSOURCING TO INDIA”, in 2007. In this dissertation the researcher discussed meaning, importance, advantages and risk of outsourcing. Data was collected through the interviews of 280 senior corporate executives, Accenture and EIU found regarding various Finance & Accounting and Outsourcing organizations.

The researcher focused on levels of outsourcing, seven steps for successful outsourcing, reasons of outsourcing accounting, process of outsourcing and types of outsourcing. As per researcher’s point of view the benefits of outsourcing are reduction in the cost, reduction in the headcount, flexibility in terms of services delivered, access to expertise, improved service extra management time, focus on core service, improved quality, less need for capital investment and cash inflow. The disadvantages are given as labour risk, financial and technical risks, behavioral risks, political risks, confidentiality risks, legal risk, off-shoring risks and loss of core activity.

The analyzed as maintaining consistency of quality of service, communicating changes in specifications to suppliers, dependence on a few key suppliers, significant redundancy costs, difficulty in coordinating, difficulty in getting long term contracts in percentage method.

Transaction cost theory of Otilver Williamson’s is used by the researcher to explain the cost efficiency. The decision of outsourcing is based on cost. Human resources problems also discussed in the dissertation.

V-Source Pvt. Ltd – case study method is used to explain the advantages, disadvantages and risk of outsourcing.
Conclusion of thesis:-

Researcher discussed only importance, advantages and risk involve in outsourcing accounting. The study focused on Organization performance, core and noncore activity of the organizations. Researcher failed to discuss the issues, challenges, opportunities of service providers.

2.2.2 Review of Articles –

The following articles turn the mind of Researcher for the research work.

Review No. 5:-

An exploratory study on “OUTSOURCING OF ACCOUNTING FUNCTIONS AMONGST SAME COMPANIES IN MALAYSIA”, is done by Jayamalathi Jayabalan from University Turku Abdul Raman, Magi warly Dorasamy from Multimedia University, Dr. Murali Raman from Multimedia University and Noreen Kong Chong Ching from Universiti Tunku Abdul Rahman. Published in Vol. 8, No. 2, 2009, 114 of Accountancy Business and the Public Interest.

This paper presents a case study on Malaysian SME’s accounting function outsourcing practices. A survey was conducted among SMEs to identify the overall scenario on outsourcing the accounting functions to third party organisation. A total of 1500 companies were selected through systematic sampling method for a total of 15,058 SMEs in Malaysia. However, only 164 companies responded the online questionnaires. The data were analyzed to look at the level of participation of SMEs in terms of accounting outsourcing practices.

United Nations Conference on Trade and Development [UNCTD]. Researcher said that SMEs play important role in economic growth and development in both developed and developing countries. However, many SMEs do not keep proper financial records and accounts as they are not aware or convinced of the usefulness of accounting and financial reporting requirements for control and decision-making purposes. UNCTD also states that many SMEs lack skilled accounting personnel and infrastructure to implement existing accounting rules and regulations. SMEs lack access to expertise because the accounting functions do not only require knowledge of
generally-accepted accounting rules or the tax regulation, but also require that one knows how to apply the rules in a given business environment.

The main objectives of the research study are —

1. To determine involvement of SMEs in outsourcing accounting functions.
2. To determine the range outsourcing practices in terms of firm size and types of industry.
3. To examine the accounting functions which are most outsourced.
4. To examine the length of outsourcing period and its relationship to satisfaction level.
5. To determine the general orientation in outsourcing accounting functions among SMEs.

As per graphical presentation given by the researchers, ICT services industries are interested to source their functions, as compare to Manufacturing Industries and Agro based Industries. Small size SMEs are ready to outsource their accounting functions but Micro and Medium size Industries are not ready to outsource their accounting functions.

The sampled SMEs revealed that in the descending order, financial reporting (236), account payable (228), management reporting (227), and bookkeeping (211) are the most four outsourced functions. Slightly more than half of the respondents, about 59% (96) companies revealed to have outsourced their accounting functions for more than 12 months and longer period. Longer period of outsourcing may be the result of renewal of primary contracts. The renewal of contracts not necessarily reveals that partners are still thrilled with each other instead it is because of high switching costs, the SMEs remains to outsource their accounting functions.

Review No. 6:-

“OFFSHORE ACCOUNTING OUTSOURCING: THE CASE OF INDIA” a report by Dr. Brian Nicholson (Manchester Business School) and Dr. Aini Aman (university Kebangsaan, Malaysia) Publish by ICAEW’s charitable trusts in July 2008 (ISBN 978-84152-542-6). Dr Brian Nicholson, B.Sc, Ph.D. is a Senior Lecturer in the Accounting and Finance Group, Manchester Business School. He is co-author of Global IT outsourcing, Cambridge University Press (2003). Dr. Aini Aman, BSc, MBA, Ph.D., is a Researcher Associate at Manchester Business School and faculty member at the School of Accounting, University Kebangsaan, Malaysia. Her interest
This report explores the role of trust and control in mitigating risk in global outsourcing of accounting activities. With the help of three case study the risk explained by the researcher. Relational Risk, Performance Risk explained with suitable example. To control on such risk Output control, Behavior control, Social control are given with mechanism. Risk are framework with control and trust.

**Content of the Reports:**

- The report explained by the authors by Case study method. Three cases considered—
  1) **Alphacorp-BetaCom** - Alphacorp has well-established operations in Europe, North and South America, Australia, Asia and Africa. The first outsourcing of accounting for Alphacorp was in 1990 when it appointed Sigma, a competitor of BetaCom. Alphacorp is a global chemicals company, BetaCom is one of the world’s largest global accounting outsourcing vendors. Alphacorp has well-established operations in Europe, North and South America, Australia, Asia and Africa. Revenue turnover in 2005 was over US$200 billion employing over 90,000 staff globally. The accounting department in Alphacorp employs over 4,000 people. The first outsourcing of accounting for Alphacorp was in 1990 when it appointed Sigma, a competitor of BetaCom.
  
  2) **Gowing – IndiBackOffice** - Gowing is outsourced to IndiBackOffice. Gowing is a firm in the travel industry. IndiBackOffice was launched in 2001 and has regional coverage (USA, Europe, and Asia) and several offshore centers in India. The second case study is that of Gowing and IndiBackOffice. Although smaller in size and scale than the case study of Alphacorp and BetaCom, a very high proportion of the accounting function (approximately 90%) of Gowing is outsourced to IndiBackOffice. Gowing is a firm in the travel industry. The company has 7,000,000 customers annually and by the end of 2004, employed over 17,000 staff.
  
  3) **Ardon-Technoaccounts** –Arden, a small firm of chartered accountants in North West England, and their relationship with Technozccounts, a localized provider also based in Chennai, India. Offshore outsourcing began in 1999

- Researcher divided the risk into two category –

1) Relational Risk – Relational risk is, in essence, the risk of a vendor or client not co-operating in good faith, it embraces the probability and consequences of not having satisfactory co-operation in an outsourcing relationship. Opportunistic behavior such as cheating, shirking, distorting information etc. may be manifested by either vendor or client, or indeed both firms. This risk are explain with the types Poaching, Fraud and Renegotiation with their example.

2) Performance Risk – Performance risk is defined as the probability and consequences that outsourcing objectives are not achieved despite co-operation between partner firms. Performance risk is concerned with the range of factors that may affect the vendor’s ability to perform to the outsourcing agreement. Satisfactory performance is dependent on the resources and capabilities of the vendor firm including available capital, technology and the skills of vendor staff. These risks are caused by breakdown in operations at the vendor location, resulting not from deliberate opportunistic action, but due to the complexity of operation, geographical separation, cultural difference or limitations of communications equipment. These risks are explain with the types Communication issues, Cultural issues and Knowledge with their example.

- Control are given with type and Mechanism as output control, behavior control, social control with their mechanism.

- Trust explain as – competence trust and goodwill trust with mechanism

- Risk, Control and Trust are analysis with help of case study.

**Review No. 7:**

Nidhi Goel published an article on “BUSINESS PROCESS OUTSOURCING – AN ANALYSIS OF RECENT DEVELOPMENTS AND IMPLICATIONS”, in IJRIM (Volume2, Issue 7 July 2012 ISSN 2231-4334). The author explains the meaning of outsourcing with growth of IT industries from 1970 to 2012 starting from multinational companies to IT software Industries like IBM. India is a hub for global
outsourcing is explained with NASSCOM report. Employment opportunities created by BPO sectors was presented graphically. The presentation was given year wise and state wise. Bangalore was at top and Trivandrum and Mysore was at bottom place for creating employment opportunities. At the end of 2008 BPO sectors created employment worth 7-8 million. Researcher also study problems and challenges faced by BPOs, such as Security Problems, Communication problems, hypertension and depression problems. At the end author concludes that BPO industry is young and emerging sector in India. Indian service providers provide a variety of services from customer, service to transcription, billing services and database marketing, accounting, tax processing, transaction document management, telesales/telemarketing, HR hiring and biotech research.

Review No. 8:-
Outsourcing Portfolio – Research Article Series published an article “SMALL BUSINESSES GUIDE TO OFFSHORING FINANCE AND ACCOUNTING PROCESSES”. An article focused on offshore outsourcing accounting. Like Multinational Companies small business also offshore financial and accounting functions using their existing resource to identify and manage the offshore service providers. Within four steps small business can take the decision. First step is to explain the identification of finance and accounting functions which is to be offshore. Repetitive tasks, minimum guideline required, hardware and technologies required for transfer the work etc. Second step is related to selection of finance and accounting offshore provider. To select the outsourcing service providers, check the references of existing customers, history of vendor, services provided by the vendor, data security and confidentiality. Third step is to pilot the project with offshore vendors. It includes the system of completing the work based on instructions. Fix the benchmarks for evaluating the project. Offshore vendor have a cultural fit to operate with internal employee and pricing model. Last and fourth step is finalizing and contract negotiation with the offshore provider. This step focused on cost effective pricing model, type of services are provided by the vendor, quality of work and security risk.
Review No. 9:-

World Applied Sciences Journal 15(2): 244-252, 2011 ISSN 1818-4952 published the paper of Yahya Kamyabi and Susela Devi – “THE IMPACT OF ACCOUNTING OUTSOURCING ON IRAIAN SME PROFORMANCE: TRANSACTION COST ECONOMICS AND RESOURCES- BASED PERSPECTIVES”. This paper identifies the factors affecting outsourcing intensity of accounting activities and the impact of outsourcing on firm performance in terms of transaction cost economics perspective and resources based view in the Iranian manufacturing SMEs. Authors used questionnaire method for collection of data. By using 658 questionnaires and by using regression analysis to explain the asset specificity; trust and degree of competition are key factors influencing outsourcing decision.

Authors explain the intensity of outsourcing and accounting functions in SMEs. Assets are specified in two physical category i.e. tangible assets and human assets or intangible assets. This study has examined the relationship between the outsourcing of accounting activates and SME performance and revealed that a firm performance improvises directly to the extent to which the firm outsourcing accounting activates. The analysis find out that outsourcing fully mediates the relationship between trust of the SME owner/manager in an external accountant and firm performance, but it partially mediates the effects of competition on firm performances. Outsourcing does not mediate the relationship between asset specificity and firm performance.

Review No. 10:-

Australian authors Graham Ray and Philip Neck presented a articles in review of International Comparative Management, Volume 8, Number 4, December 2007 on the topic “FINANCE AND ACCOUNTING OUTSOURCING – THE NEXT LOGICAL STEPS FOR SMALL BUSINESSES”. This paper introduced the preliminary concept model developed from the literature review undertaken as part of this study and explored the connectedness of Finance and Accounting Outsourcing to the parent disciplines of Business Process Reengineering and Outsourcing. The paper further explored the fundamental concepts of Business Process Outsourcing and Finance and Accounting Outsourcing and why the activity of FAO is increasing and its relevance to small business operation and performance strategies. The concept model is based
on the two parent discipline: first is business process reengineering and second is outsourcing. They first studied the objectives of Finance and Accounting Outsourcing then by using above two disciplines made BPO discipline and finance and accounting outsourcing model for Small Business. At the end authors concluded that the expanded growth of BPO and FAO activities as it is, is hard to argue. With improvements these initiatives many provide better financial reporting, decision making and professionalism as well as lower cost compared to in-house accounting.

**Review No. 11:-**

Paul Cervantes presented a paper on “SARANES - OXLEY AND THE OUTSOURCING OF ACCOUNTING”. This paper analyzed outsourcing, offshoring and offshore outsourcing of accounting following the passage of the Sarbanes – Oxley Act of 2002. This paper analyzed the five areas. First the initial impact of SOX on onshore and offshore outsourcing of accounting, in particular, the emergence of India as a major destination for offshore outsourcing. Second, the outsourcing of accounting services in small and medium sized firms; in addition to the application of outsourcing theory as a meter to gauge sourcing decisions. Third, accounting pronouncements which impact the desirability of outsource accounting following SOX. Fourth, transaction cost economics and its application to the outsourcing of accounting. Fifth, the emergence of global accounting standards and the future of accounting outsourcing. These five areas provide a comprehensive outlook towards the impact of outsourcing on the accounting industry. Author concludes that firms will continue to outsource accounting related functions as lower cost alternatives are available and quality is not sacrificed. The outsourcing and offshoring of accounting may have lagged behind the general BPO wave in IT, but FAO may soon become the most profitable portion of the BPO industry. As outsourcing vendors continue to offer services and assurance which transcends language, culture, and perceived risk, firms will continue to outsource accounting post SOX. It is only a matter of time until the majority of firms outsource the offshore accounting-related services to accounting service providers.
Review No. 12:-
Outsourcing Portfolio—Research Article Series published an article on financial and Accounting Outsourcing. The article concentrated on the outsourcing of accounting functions by small businesses. Small businesses outsourced the accounting business not only for cost saving but also to introduce innovation and efficiency in their accounting and financial business process. They used various accounting software (Netsuite, Quick Books), ERP system (Epicor and IQMD) and CRM software like Microsoft Dynamics CRM. At the end it's summarized that cost saving is a major criteria in all financial and accounting outsourcing deals. Other business benefits like accounting process efficiency and innovation can be achieved from the outsource vendors. Accounting outsource providers are highly motivated to drive down unit cost and improve process innovation through technology and accounting process standardization. Small businesses outsource buyers already started using their outsource vendors for various higher value accounting projects. Both small business owners and the accounting outsource providers are seeing technology as the key enabler in accounting process innovation beyond traditional cost reduction. As the small business accounting outsource market matures, more CPA firms and small businesses will be use the accounting outsource providers for all their higher-end accounting outsource needs.

Review No. 13:-
Auxis study on FINANCE AND ACCOUNTING BUSINESS PROCESS OUTSOURCING STUDY regarding labor arbitrage saving opportunity. Auxis believes that there are significant opportunities for Florida based companies to improve their competitiveness through the implementation of a Finance and Accounting Outsourcing operating model. The main objective of this study was to quantify the labor arbitrage savings opportunity that exists for companies operating in Florida by comparing current compensation levels to FAO costs for equivalent positions under a Central America based model. The study benchmarked 333 positions across 14 companies. Participating companies represented a wide range of industries, including transportation and distribution, consumer products, professional services, financial services and real estate. The study focused on master chart of positions i.e. the detail study of position, level, responsibilities, position area and
experience required for outsourcing finance and accounting outsourcing work. The model explain the saving opportunity amount by function and level. Result of the study represent that the overall savings range for the 333 positions was 33% to 45%. The savings opportunity based on the mid-point FAO cost level was 39% with a total labor arbitrage.

**Review No. 14:-**
Karen Lkeda and Joe Hogan gave a paper presentation on FINANCE AND ACCOUNTING OUTSOURCING – HOW TO AVOID PITFALLS AND GAIN VALUE. The paper discussed the FAO trends and Challenges. In the recent trends contract awarded each year with the major FAO providers was discussed with revenue. Outsourcing benefits like cost and value, capacity, capability, control and risk were discussed in details. Key challenges were explained with lifecycle. Strategy / planning challenges, transition challenges and Governance challenges were discussed with scope, capturing key volumetric and client technology requirements. Various pricing methodologies like effort based, output or transactional base and outcome based were discussed with examples, benefits and challenges. Relationship Management, Performance Management, Contract Administration and Financial Management are the four pillars of service management and governances. Leadership needs to think about the resources and skills required to successfully manage a sourcing contact through these pillars is the opinion of the authors. Successful contact achieves the right balance of client intimacy. It includes high client satisfaction, high level of trust, probable high profit, cooperative contract interpretation, may be perceived as “not listening”. Client conflicts like low client satisfactions, artificially lowered profit, low level of trust, little or poor communication, inordinate executive investment etc. should be avoided. At the end the study gave the complete portfolio of end-to-end FAO solutions. It covers corp. services, record to report order to cash and source to pay with scope and key metrics of each.

**Review No. 15:-**
Paul Nowacki, CFA, is a Global Leader in Cogniznat’s Finance & Accounting Center of Excellence. Paul published an article ‘HOW HIGH TECHNOLOGY COMPANIES WILL BENEFIT FROM FINANCE & ACCOUNTING BUSINESS
Cognizant is a leading provider of information technology, consulting, and business process outsourcing services, dedicated to helping the world’s leading companies build stronger businesses. The author focused on the growth of Industries by using new technology and reaping of outsource the accounting work. Due to outsourcing the accounting work companies can spend more time optimizing processes, improving controls, analyzing costs, examining business trends and anomalies and providing information and insight for decision-making. By giving example of famous companies like Apple, Intel, HP, Dell, etc earn a profit due to outsourcing accounting. Technological companies face several strategic opportunities by outsourcing the accounting work. To insulate against future downturns, they must create flexible business models. They can shield themselves from talent shortages by accessing high quality talent and capabilities offshore. These activities will in turn help them cut time to market and increase productivity as well as reduce costs. At the end conclusion is like manufacturing companies, Financial Institutions, Technological companies also get the benefits of outsourcing accounting.

Review No. 16:–

Eric Krell of Canada is Certified Management Accountant (CMA) and has written a Management Accounting Guideline book (ISBN: 1 – 55302-204-I) “OUTSOURCING THE FINANCE AND ACCOUNTING FUNCTIONS”. First chapter of the book is making the decision. In it the author has focused on identifying strategic drivers of outsourcing then evaluating the full range of options available by asking some questions. Next step is to assess internal capabilities and determine the scope and logic. The author explains it by giving the difference between the outsourced work and the work performed in-house. After taking the decision on how to select the provider is explained in second chapter. To select the provider first it needs to be concentrated on buyer’s needs to provider marketplace. Size of outsourcing firm, reliability and flexibility, potential for change in ownership, quality of work output are the key factors to consider for selecting an outsourcing partner. Then the request for proposal is developed. Then, request to Establish a proposal for evaluation process is made and then Due diligence is conducted. After making the contract managing the relationship is guided in last chapter. It means negotiation of contact and service level
agreement. Transfer of process and knowledge is made. The chapter also covers the monitoring and management of performance, renew, renegotiate, terminate the contact.

**Review No. 17:-**

Magiswary Dorasamy, Maran Marimuthu, Jayamalathi Jayabalans, Murali and Maniam Kaliannan, all are faculty of Management, Multimedia University Cyberjaya, Selangor have written an article in Kajian Malaysia, Vol. 28, No. 2, 2010 on the topic “CRITICAL FACTORS IN OUTSOURCING OF ACCOUNTING FUNCTIONS IN MALAYSIAN SMALL MEDIUM-SIZED ENTERPRISES (SMEs).” The study was conducted to indentify the overall outsourcing landscape as it relates to accounting and third-party organsations. The factors that contribute to the decision of outsource accounting functions are analyzed. The study reveals a significant relationship between outsourcing accounting functions and two contributing factors, risks and operation management.

As per researchers point of view Asia pacific companies outsource the functions due to increased efficiency and effectiveness in the process of improving business performance and cost effectiveness. Risk discussed by the researchers behind the outsourcing accounting is that Accounting information is key to maintaining business competitive advantage. Therefore, accounting information is essential for effective decision-making, SME are a lack of expertise or resources to handle the accounting department, lack of accounting knowledge, lack of direct control, supplier failure. Researchers also focused on outsourcing accounting functions like credit services, tax, billing system accounts receivable, account payable, collections and credit, management reporting, etc. Researchers explain the calculations by using statistical tools.

At the end the researchers conclude that along with the risk the advantages of outsourcing accounting are very valuable thus the trend of outsourcing accounting is increasing.

**Review No. 18:-**

An Article “ACCOUNTING OUTSOURCING DECISION PROCESSES IN A MALAYSIAN COMPANY”, is written by Noradiva Hamzah, Aini Aman, Ruhantia
maelah, Sofiah MdAuzir and Rozita Amiruddin. All the researchers are the faculty of Economics and Business, University of Kebangsaan, Malaysia. The article examines the mechanisms and practices adopted in accounting outsourcing in a Malaysian company. This study adopted Melvor’s framework for evaluating the outsourcing decision in order to explore and understand of the outsourcing decision process. Data is collected through interviews with vendors and clients of the company.

As per researchers view, outsourcing decision is ideally and usually based on economic principles. Outsourcing decision is driven by some factors, these factors are known as drivers of outsourcing. There are four types of drivers of outsourcing accounting. These are organizational drivers, financial and cost drivers, improvement drivers and revenue drivers. These drivers are clearly explained in the article. Evaluation of outsourcing decision is explained in four steps with the help of graph. Steps include: defining the core activity of the business; evaluation of relevant value chain activities, cost analysis and relationship analysis.

Review No. 19:-

“FINANCE AND ACCOUNTING OUTSOURCING – AN EXPLORATORY STUDY OF SERVICE PROVIDERS AND THEIR CLIENTS IN AUSTRALIA AND NEW ZEALAND”, is an article of Graham Ray, Accounting lecturer, School of Commerce and Management, Southern Cross University, Lismore.

This paper is based on a current research project which seeks to explore the relationship existing between finance and accounting service providers and their clients along with a match of perceived attitudes and understandings relating to decision factors, benefits and impacts of the outsourcing decisions by small businesses to service providers.

This study seek to satisfy three questions: what are the main factors involved in the outsourcing decision by small business owners/managers in Australia and New Zealand, what are the perceived benefits of outsourcing the finance and accounting function by small businesses in Australia and New Zealand and what are the perceived impacts of finance and accounting outsourcing on small businesses in Australia and New Zealand.
Review No. 20:-

Everest Research Institute published an article, "DELIVERING HIGHER VALUE IN FINANCE AND ACCOUNTING OUTSOURCING", 2007.

This paper discussed the ownership of F&A technology when transitioning towards a finance and accounting outsourcing end-state. Buyers were reluctant to relinquish IT control of core F&A systems to suppliers. However, increasing confidence in supplier capabilities, availability of technology tools, financial constraints to keep up with technology advancements, emergence of service-oriented architecture, and willingness to standardize are key factors that are contributing to buyers revisiting the rationale for retaining these systems.

This study indicated that the industry is positioned for a major technical transformation, which is expected to deliver high value in FAO transactions. Technology is seen as the enabler to the FAO marketplace to permit expansion beyond the traditional drivers of cost reduction.

Recommendations given to buyers such as to be prepared to embrace best-practice standards proposed by your provider, considering technology as strategic in FAO decision-making, keeping the future possibilities flexible etc. Recommendations are given to suppliers such as technology-led automation has become a default expectation on F&A service delivery, be prepared to quantify the advantage of adopting your process-cum-technology standard over and above the traditional FAO approach based on labor arbitrage, etc.

Review No. 21:-

Patricia Everaert, Gerrit Sarens and Jan Rommel, Department of Accounting and Corporate Finance, Ghent University, Belgium, published a paper "OUTSOURCING OF ACCOUNTING TASKS IN SMEs: AN EXTENDED TCT MODEL", in 2006. This study explores small and medium-sized companies (SMEs) engaged in outsourcing of accounting services. They expand the transaction cost economics model by adding the variable resources deficit from resource-based theory, while controlling for personal characteristics of the SME executive organizational structure, firm maturity and ownership structure.

This study is attempted to expand the body of knowledge about outsourcing in three ways. First by providing theoretically derived hypotheses in an attempt to
explain why SMEs are outsourcing accounting tasks. Second, by testing the hypotheses using an extended TCT-based model of outsourcing. Third, by including four new control variables, educational background, age of the CEO, ownership structure, and the presence of a CFO as a separate function.

From this study researchers found that resource deficit had the highest explanatory power, explaining 20% of the variance in outsourcing intensity. There is a positive relationship between resource deficit and outsourcing intensity. Frequency had a significant impact on outsourcing intensity. Consistent with the TCE model, when accounting tasks have a low frequency, they will be more intensely outsourced. Asset specificity also was a significant determinant in the decision to outsource. Positive sign for environmental uncertainty, indicating that SMEs with highly variable and less predictable accounting tasks more intensively outsource their accounting task.

**Review No. 22:-**


The researcher defined the concept of BPO. She also focused on stages and phases of growth of BPO. Stages and phases are divided in four groups year wise. She explained that India as a hub for global outsourcing. The main reasons behind it are source of cost reduction, improving quality of service and source of employment. The researcher explains graphically the distribution of employees of Indian cities. This paper also discusses the problems and challenges faced by BPOs.

At the end Nidhi concludes that IT software and services organization and other third party service providers are broad base business platforms for the development of India. The BPO market expanded its base with the entry of Indian IT companies and the ITES market of the present day is characterized by the existence of these IT giants who are able to leverage their broad skill-sets and global clientele to offer a wide spectrum of services.
2.2.3 Review of Books -

Review No. 23-

“ESSENTIALS OF BUSINESS PROCESS OUTSOURCING”

written by Thomas N. Duening and Rick L. Click.


In the book, author attempted to examine BPOs from the perspective of its application and implementation in businesses of all sizes.

The authors define BPO as - the movement of business processes from inside the organization to an external service provider. With the global telecommunications infrastructure now well established and consistently reliable, BPO initiatives often include shifting work to international providers.

The authors state that five BPO international hot spots have emerged, although firms from many other countries specialize in various business processes and exporting services:

1. India. Engineering and technical
2. China. Manufacturing and technical
3. Mexico. Manufacturing
4. United States. Analysis and creative
5. Philippines. Administrative
Each of these countries has complex economies that span the range of business activities, but from a BPO perspective, they have comparative advantages in the specific functions cited.

Jobs expected to shift overseas –

As per Forrester Research prediction, in the next 15 years 3.3 million service jobs will move to countries such as India, Russia, China, and the Philippines. That is the equivalent of 7.5 percent of all jobs in the US right now.

Author argues that BPO is one of those interdisciplinary workplace innovations that demands a diverse set of skills to be successful. It is an inexpensive data storage. By using modern analytic software and Internet Security provides the outsourcing functions. Internet security like BS 7799, ISO 17799, and HIPAA are used as security providers.

Three type of BPO discussed by Authors. First type is Offshore- such types of BPO services provided by India, China, Philippines and Russia which provides the Functions like Manufacturing, Programming, Financial Analysis, Call Center. Second type is Nearshore- such types of BPO providers are Mexico, Canada, Central America and Latin America which provides Manufacturing and Call Center functions of BPO. And the third type of BPO is Onshore- this type of BPO are in United States itself which provides the HR Administration and Call Center functions.

A strategic question To BPO or Not to BPO? Is also solved by the Authors. As per Authors opinions BPO is a business strategy not a technology. It is the revolution.

Second Chapter is about identifying and selecting the BPO opportunity. It covers process of business functions, establishing a BPO analysis team, mapping of business functions and activities, eight function types of an organization and applying the BPO selection Matrix to determine their outsourcing potential, establishing performance metrics before the BPO and assessing critical factors.

Outsourcing option chooses the Company when its account receivable department tardy in tracking down late payers or production development cycle too slow. In short due to small accounting functions delay the production development process then company must be choose the outsourcing option. The reasons for adopting BPO are Cost Savings, Acquiring Third party expertise, Increased market flexibility, Improved Scalability and Reduced time to market.
Process of business functions is cover in six steps 1) Establish a BPO Analysis Team 2) Conduct a current-state analysis. 3) Identify core and noncore activities. 4) Identify BPO opportunities. 5) Model the BPO project. 6) Develop and present the business case.

Three-tier mapping approach - the business process map should be developed using a three-tire analytic structure. The 3 Tire explain as –

Tire 1 – analyzes the process at the highest level, using the common business units in to a logical structure.

Tire 2 – features are the activities that occur within those departments to accomplish various tasks. These activities are often referred to as sub processes. Many companies have discovered that while it may not be in their interest to outsource at the functional level, many activities within a function can be effectively outsourced. Analyzing the structure and flow of activities within a function usually requires individuals working within the functional area to be involved in the mapping.

Tire 3 – refers to the process of identifying the resources that support the Tier 1 and Tire 2 processes including HR. This is the part of the analysis where activity and function costs are identified, and where individual responsibility is linked one to one with the various activities.

Chapter three is about Identifying and Managing the Costs of BPO which highlights on various costs, application of total cost management model, recognizing and calculation of cost, development of a sound, strategic process and managing the complex relationship between buyers and vendors in BPO Process.

In the cost concept the author discusses the financial cost and strategic cost with the method of implementing of cost. Cost drivers of the BPO transition like third party involvement, process adoption, asset ownership and location, breadth of relationship and depth of relationship. BPO total cost management model shown and explain.

Financial Costs associated with BPO are ongoing, as long as the project is active. Each project phase has predictable costs that can be forecast, budgeted, monitored, and mitigated.
Phase cost analysis as cost of third-party support, value of learning from consultants. Implementation phase costs include identifying a suitable outsourcing vendor/partner, negotiating a contact, establishing a project map for the transition.

Transition phase cost - the transition phase is one in which the business process that formerly had been handled in house is wholly or in part shifted to the outsourcing vendor. The costs associated with this phase are driven by five primary characteristics of the BPO buyer-vendor relationship.

Strategic costs – it associated with BPO center on the potential loss of organizational learning that results from placing a process under the control of an external service provider. Outsourcing so-called noncore processes must be undertaken with careful forethought because it is never clear how future competitive conditions will unfold and what types of competencies will be required.

Cost of BPO relationship - the attributable costs of a BPO relationship are those associated with identification, analysis, and selection of the various vendor candidates, controlling the vendor relationship, and developing strategic knowledge management capacities with the vendor.

Vendor Selection and contracting analyze how to select the vendors, BPO project management plan, terms of contract, dimensions of Healthy Relationship and relationship Risk Factors,

Vendor selection process consist eight steps –

1) Appoint a vendor selection team
2) Establish qualifications.
3) Develop a long list.
4) Distribute the request for information.
5) Distribute the request for proposals.
6) Evaluate proposals.
7) Select a short list.
8) Select a vendor.

BPO project management plan discussed with diagram. General Principles of change management also explain in the chapter.

The following terms are discussed regarding the contract –

1) Scope of work
2) Service-level agreements  
3) Pricing  
4) Term of the contract  
5) Governance  
6) Intellectual property  
7) Industry-specific concerns  
8) Termination of the contract  
9) Transition  
10) Force majeure  
11) Dispute resolution.

Flexibility, information exchange and solidarity are the dimensions of healthy relationship. Relationship Risk Factors are discussed as lack of appropriate buyer control, cultural differences, and inflexibility in BPO agreements, inadequate SLA specifications and/or metrics, inadequate governance, lack of goal alignment and lack of integration.

Chapter four is about Managing BPO related Changes and covers changes and challenges facing the BPO Organization. It covers –

- Increasing the potential for executing a successful BPO transition stage strategy
- Developing an effective BPO project management plan and determining whether the project should be managed by an individual, a few people, or a team
- Recognize five principles that guide changes management and understand how they can be applied to support the transition stage of a BPO initiative
- Identify three critical skills that serve as the foundation of a successful BPO relationship
- Better determine the depth and scope of a BPO relationship and make decisions as to whether to use the assets of the buyer or vendor and whose business culture to adopt
- Understand what constitute and how to develop a trusting successful buyer vendor relationship.
- Minimize or eliminate the factors that can threaten the success of a BPO initiative.
Three critical considerations are shown in hardware which is Intent of the BPO agreement, Buyer’s interest in developing and retaining new capacities and location of systems.

Software infrastructure - it is a difficult issue within an organization because it affects on the relationship of vendor and clients. Improving the software is saving the cost and maintaining a good relationship. It covers points like Publishing of Data and Information, middleware - a data translator, making the buyer-vendor connection.

Knowledge infrastructure – it is a vital part of any BPO relationship. It involves several components, some of which are directly affected by the BPO relationship. It explains with sources of organizational knowledge and capturing outsourced knowledge. Organizational knowledge comes from a variety of sources. One common source is analytic software. Knowledge infrastructure also considers security. Maintaining information security between buyer and vendor organizations does not get corrupted to reconfigure. BPO communication is made through internet, hence internet security policies are also discussed. Internet security policy includes limited access, Establishing granting privileges, streamlining hardware and software between the two organizations, developing a secure password policy, having backup and emergency procedures in place before going live, implement as external audit.

Training and support infrastructure – the details of employees training offered during the BPO transition should include developing a clear set of standard operation procedures, training programs that review around the SOPs, conduction of multiple training session, not taking training lightly, Modular Design for Training, Training vendor-side Employees is discussed in detail.

Last chapter of the book is about Business Risks and Mitigation Strategies. It covers identifying, managing and mitigating potential BPO related business risks, Recognizing the seven primary areas of risk that exist, Assessing risks regarding equal employment, labor laws, immigration, and foreign trade agreements, Scrutinizing the human resource practices of potential vendors and avoiding risks related to vendors whose business may be unacceptable in the United States, Accessing the organization’s ability to undertake a BPO initiative and thus reducing project risks, Managing expectations of the BPO project at multiple levels, Recognizing the value of setting and complying with best practice standards including the use of third parties to mitigate intellectual property risks., Minimizing or avoiding
legal issues to facilitate more favorable contracts. Overcoming the challenges to extracting maximum value from the BPO initiative and Estimating and planning for the potential of unusual or unexpected events that can affect the BPO plan.

The risks which are cover Human capital risks, Project risks, IP risks, Legal risks Vendor organizational risks, Value risks, Force majeure risks and Labor related risks. Labor related risk is understood by labor laws of US country and non US countries.

Project risks are defined as those that have the potential to prevent the BPO initiative from not providing the cost savings, strategic advantages, or productivity improvements anticipated. To mitigate project risk, the BPO buyer should first assess its readiness to undertake the outsourcing project before making the leap. It analysis three key factors – Organization’s ability to adapt to change, Presence of an internal BPO champion, Time available to make the transition and ramp to full operational mode.

Risk of unrealistic expectations can be managed at four level i.e. upward expectations management, downward expectations management, Horizontal expectations management, External expectations and management. It also explain who the BPO cost is calculated and beneficial by considering the various cost like financial costs, strategic costs and total management cost.

Source – Pg 205

**Conclusion of the Book**

As per the review it is concluded that the book gives detailed idea about BPOs Including types of BPOs and Security provision. BPO is a revolution stage. It also gives reasons for adopting BPO, BPO teams, three tier analytic structure of business functions and activates, core and non core functions. It also helps for choosing the clients or BPO partners, how to make a contract with them and how to maintain relationship with them. It also focuses on infrastructure and considerations and challenges of BPO and BPO Life Cycle and BPO related business risks.
Another book that motivated the researcher is BUSINESS PROCESS OUTSOURCING written by Sarika Kulkarni. The book was published by Jaico publishing House, Mumbai in 2006 with ISBN number (81-7992-406-8) The book has been created in two levels:

1) Conceptual Level – This covers information on the various BPO domains in an easy to understand manner.
2) Practical Level – This part of the book covers live case studies from some of the leading BPO companies from different parts of the county.

The book is organized into eight chapters with 197 pages, each of which represents a facet of BPO. An exhaustive list of Third Party BPO companies had been provided at the end.

Introduction to Business Process Outsourcing is the first chapter of the book. It began with outsourcing definition. In the introduction author states that BPO usually refers to processes in organizations delivering services to customers as opposed to organizations that manufacture and deliver products. Hence, BPO is generally discussed in the context of services organizations like banking, credit card, insurance, mortgage and other financial services etc.

Author argues that BPO is not a new concept. Many larger organizations have been outsourcing non-core activates such as IT maintenance, housekeeping and security services for decades. These activities are relatively simple in nature and involve placement of low-skilled labour on site at the location itself. Critical activities were never on the agenda as companies were scared of losing control over such activities, moreover it was assumed that it should be costlier to outsource them than to do them in-house.

All this has changed in the last 15-20 years. Improvements in technology in recent years have enabled companies to virtually control processes outsourced to distant locations of third party vendors of outsourcing services. The rapid advances in internet technology and its omnipresence have made this even simpler.

Later the benefits of BPOs like Focus Core process, best Practices, Cost Reduction, Reduction of Capital Requirements, Change of cost structure – Going from fixed cost to variable cost are discussed.
Reasons for outsourcing are presented in graphically. These are Cost Reduction, Focus on core competencies, Improvising Quality, Increasing speed to Market, Fostering Innovation and Conserving Capital.

Functions to be outsourced and not to be outsourced are explained in four category

- None Core - No-Critical
- Non-Core - Critical
- Core- Non - Critical
- Core - Critical

None Core – No – Critical include the functions like Security, Cageterial, housekeeping Helper / peon services.
Non – Core - Critical include the functions like Customer Care HR related administrative and Medical Transcription for a health-care service provider.
Core – No-Critical category include marketing of Credit Cards for a Financial Services Company, Transaction processing and Accounts, receivables management.
Core –m Critical category include functions like Product design, Final manufacturing or main function assembly and Branding. These activities company keep themselves.
The process of Outsourcing shown as –

Decision making process explain in nine steps which are-

Step 1 – Inventory of in-house resources  
Step 2 – Assessment of in-house resources  
Step 3 - Identification and evaluation of prospective bidders.  
Step 4 - Competitive bidding procedure  
Step 5 - Negotiations  
Step 6 - Signing the contract.  
Step 7 – Transition phase where the function from the client’s facilities are transferred  
Step 8 – Steady state i.e. mark end of the transitioning phase and beginning cost cutting phage.  
Step 9 - Renegotiation or termination.  

Long term contacts, People and HR issues, fat scaling-up needs, Quality turnaround time requirement, Industry expertise and Long gestation period for ROI such type of challenges faced by the BPO.
Next chapter is Introduction to Offshore BPO. It start from the definition of Offshore. The three types of outsourcing Onshore, Near-shoe and OFF shore discussed with Evolution of Off shoring.

The Author has also discussed the comparison of offshore BPO destinations. Here the author has compared India, China, Philippines, Mexico, Russia, South Africa and Ireland. Comparison is on basis of factors like Cost, Language, Quality of work, Ethics, Qualification, capacity etc. It also covers the advantages and limitations of the all the countries.

Among the all the country, India, preferred as BPO Destination. India prefer because of the following reasons-

- Better skills and domain expertise
- Low cost
- Easier to retain talent

The next point is name of the Indian Service providers with detailed information like address, number of employees working, to whom services are provided, etc. The details of ABN Enterprises, ALO Ltd, Bank of America, Citibank, Countrywide Financial Corporation, Dell International Services, D-Link etc. are given. The Top Ten companies working in India are – WNS Group, Wipro, Daksh e-Services Pvt. Ltd., Convergys India Services Pvt. Ltd., HCL, Zenta, ICICI, MsourcE, EXL and Tracmail Group.

At the end of the chapter the Author argues that China and Philippines are competitors of India.

Next Chapter is about Career Opportunities in the BPO Industry. At the beginning of the chapter the employee structure is given. The managerial staff is divided into two parts. one is Production/Operation Staff and another is Support Staff. Training is given to both the staff. Training is given by BPO at two levels, Entry Level Training and Ongoing Training.

Author focused on opportunities for employment in different locations. As per KPMG survey, the National Capital Region comprising Delhi, Gurgaon and Noida has the highest number of BPO and ITES companies – a total of 103, Bangalore
comes second with 65 and in Mumbai there with 59. The Hyderabad region with 43 companies comes fourth and Chennai comes fifth with 34 companies. City-wide landscape of BPO Companies is also shown with nature of work, Name of the Companies and number of employees.

Career in BPO is the next point discussed by author. BPO is the sunshine sector, a boon for India’s employment problems as BPO sector is very broadly categorized into industry verticals and service horizontals. As per the elements of BPO given in the book, BPOs are categorized as –


Back-Office Transaction Processing – It involves Check, Credit Debit card Processing, Collections & Receivables, Direct & Indirect Procurement, transport Administration, Logistics & Dispatch and Warehouse Management.


Finance & Accounting Services – it includes Billing Services, Account Payables, Account Receivables, General Accounting and Auditing & Compliance.

HR Services – It includes Payroll Service, Healthcare Administration, hiring & Recruitment, Workforce Training and Retirement Benefits.

Knowledge Services - It Includes Data Analytics, Data Mining Knowledge Management and Voice of the Customer Feedback.

At the end of the chapter compensation levels is given. Estimated salary levels in different kinds of activities and their salary rates are given.

The next chapter is Contact Centre BPO. Contact Centre is the Number of the offshore BPO industry. Its importance in the offshore BPO industry is highlighted by the fact that almost 70% of the total 50,000 jobs in the Indian BPO industry are in Contact Centers. The process is given for the contacting customers. The Customer wants to get in touch with the company by way of calling a toll-free number or by writing an email or by chatting on the Internet and contacting Customer Services Agents.
Three types of Call Centers are discussed in the chapter i.e. Inbound Call Center, Outbound Call Center and Web-enabled Call Centers. The Author also discussed components and working of a Call Centre.

Call Centers face the problems like Setting appropriate pay scales, reducing employee turnover, Scheduling, rewarding and the chance for advancement, High stress and Medical problems.

At the end of the chapter author has explained how the cultural clash in BPO industry, with the help of Indian Contact Centre Stories.

Healthcare Services includes the activities Transcription, Document management, Coding, Billing, Forms processing, Receivables management, Company health analysis. Activity profile in the healthcare domain includes Medical Transcription, Document Management, Coding, Medical coding in India and Billing and Receivables.

The author also gives the list of Indian Companies who provide the services. Mostly companies working in Mumbai, Bangalore and Delhi. At the end of chapter case study is given.

In Transaction Processing BPO, Author discussed Litigation Support Services, Supply Chain Management, Content and Knowledge Management Services and Payroll and Benefits administration.

Elements of Finance and Accounting BPO are Account receivable, Account Payable, Reporting and Analysis, Accounts Reconciliation and Payroll Processing. Under these area the services are Bank advice clearance, client billing, Suspense clearance, Encoding errors Client settlement, Cash application and allocation, Credit balance refunds, Payment research, Statutory reporting, Financial statement analysis, Bank General ledger, Third party settlement, Assets and liabilities, Branch accounting, Quarterly state unemployment tax return, form 941 federal tax return,

W-2 forms for all employees W-3 federal withholding recap and form 940 federal unemployment tax return.

The graphical presentation of trends in Finance and Accounting Outsourcing is given with such as GECIS etc. At the end future of Financial BPO and Career opportunities in BPO units is given.

The chapter Human Resource BPO starts with HR department functions payroll, Employees benefits, HR management, Risk management. The reason of HR
outsourcing given by the author is focused on Core Business, Achieving World-Class Delivery Processes and Service, accessing and maintaining leading edge technology, accessing and maintaining critical expertise and controlling operating cost.

Process of HR outsourcing is fall into four categories:

1) Professional Employer Organization (PEO)
2) Business Process outsourcing (BPO)
3) Application Service Providers (ASP)
4) E-Services.

Europe, United Kingdom, Asia-Pacific and India is the HR outsourcing trends region discussed in it. India as an HR Outsourcing Services Provider Hub. Wipro, Consultants etc are the leading companies working in this sector.

Other Emerging BPO Domains are given in the next chapter. It is related to Media and Entertainment BPO and Publishing BPO. The post production work of Hollywood films, TV serials and commercials is seen as a big opportunity knocking at Indian doors. Hollywood and international television networks are witnessing an increasing confluence of information technology, special effects and animation. This has become a part of almost every script. Indian moves are also slowly catching on.

One of the large and established players in the business is Ramoji Film City in Hyderabad. Over the past some years it has been involved in the making of many Hollywood films. Its participation involved providing equipment, crew, sets and post production facilities.

Animation is the another part this sector is majorly outsourced. The rate of animations are very high.

Conclusion of Book-
The conclusion is Author Sarika Kulkarni explains the detail of BPOs. She gives a clear picture of various services provided by BPO Companies in detail like Medical Services, Finance and Accounting Services, HR Services and Media, Entertainment and Publishing Services.
2.3 Research Gap –

At a glance, it is clear that after the review of thesis, articles and books, the study regarding Outsourcing Accounting, factors, advantages, critical evaluation of outsourcing accounting, Inshore Outsourcing Accounting, Offshore Outsourcing Accounting, overall study of BPO and Outsourcing Accounting Service Providers was done. Study of service providers is also done in Australia and New Zealand. Outsourcing accounting helps the growth of India; such type of research is done to make decision about processing of outsourcing accounting. Research work is done on outsourcing accounting work given by USA to India with advantages and factors for outsourcing. Researcher has done the study of service providers of various countries like China, Malaysia, Iran, Australia, New Zealand, no one work on Indian outsourcing practices.

The reviewed literature discusses in-depth the decision factors, benefits and impacts of outsourcing accounting, but fails to identify comparative study of outsourcing practices of the two countries.

Outsourcing services are not only provided by India but other country also. USA also provides the outsourcing accounting services in its own country. Apart from this American clients use off-shoring instead of in-shoring. It means USA Companies outsource their accounting work to India. The service providers of India and USA are doing same practices. There is no research work on it.

Earlier research work is done on outsourcing accounting of a particular country, advantages and disadvantages etc. There is no research work on Indian outsourcing practices. Also there is no comparative study with other country.

The aim of the research is to explore and identify the cooperative study in USA and Indian outsourcing accounting difference between practices with regard to issues, challenges, strengths, weakness, threats, opportunities, etc.
2.4 Conclusion:-

This chapter has been presented in four sections. In which section – II is divided in three parts. Part – I – identified and reviewed the relevant thesis relating to outsourcing accounting. Part – II – discussed the literature relating to outsourcing accounting, functions, critical factors and research issues associated with this study. Part III – provided the review of books related to BPO.

This study takes in the view the issues, challenges, factors of off-shore outsourcing accounting held by the two parties; namely, USA outsourcing accounting service providers and Indian outsourcing accounting service providers. The competitive study is important as they impact upon the needs and requirements of outsourcing accounting service providers and how the service providers might go about satisfying the needs and requirements to develop the outsourcing accounting business.

The next chapter discussed the detail study of outsourcing accounting.
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