

A Study of Accounting Outsourcing Decision: The Case of Malaysian SMEs

Gholamreza Zandi¹, Thee Kok Chuan² & Shaheen Mansori³

¹ Universiti Kuala Lumpur Business School, Malaysia

² Graduate School of Business, SEGi University, Malaysia

³ Malaysian University of Science and Technology (MUST), Malaysia

Correspondence: Gholamreza Zandi, Universiti Kuala Lumpur Business School, Malaysia.

Received: April 30, 2019

Accepted: May 30, 2019

Online Published: June 10, 2019

doi:10.5430/ijfr.v10n5p153

URL: <https://doi.org/10.5430/ijfr.v10n5p153>

Abstract

Nowadays the costs of doing business have been increased and become more competitive than before. Hence, many organizations have been thinking to outsource activities which are not the core competence of the organization such as finance and accounting, information technology, human resources, and any other back-office activities. This research provides an understanding of the factors influencing of the organization intends to outsource the finance and accounting activities decision for the Small and Medium Enterprises (SMEs) in Malaysia. The research uses a qualitative exploratory and explanatory method. The qualitative data collected via individual interviews with Malaysia Small and Medium Enterprises' decision makers and a higher level of management group which comprises of individual or organizations. The results suggest that Malaysian SMEs would shorten their decision-making process to make a business process outsource if they can see the success story of other organizations.

Keywords: outsourcing, acceptability, confidentiality, accessibility, resources, efficiency information technology, organization intention

1. Introduction

Finance and accounting outsourcing means passing some of the finance and accounting duties to third-party providers for the benefits of scarce skills, cutting the costs of doing business or gaining more competitiveness (Financial Services Authority, 2005).

The prior research on the perceived benefits of business process outsourcing (Heiko Gewald, 2010; Brown, & Ozar 2018) shows that perceived benefits, cost advantages, core competencies, specialized resources, and quality improvement, have a positive relationship towards the intention to increase the level of business process outsourcing.

Recently the finance and accounting outsourcing is growing rapidly and Asia becomes a populating destination for the business processes relocation. Malaysia SMEs shall be capitalized these opportunities to further cutting the costs of doing business and further increased the competitions, thereafter the finance and accounting outsource service providers will be capitalized the Malaysia SMEs market too. Mostly the decision of outsourcing is due to the cost cuttings, other specific factors, and competition. The research on Malaysia had studied on the transaction cost in finance and accounting offshore outsourcing and shown that the potential transaction cost exists between clients and vendors: contact, contract, and control (Aini Aman et al., 2012; Bin Jiang et al., 2006; Bugu & Yucheng 2018).

Therefore, there are need to study and understand the factors may influence the intention of finance and accounting outsourcing decision in Malaysia SMEs, from there to improve the outsourcing effects on firms' operational performance. The factors influencing the intention of finance and accounting outsourcing decision in Malaysia SMEs are Acceptability, Confidentiality, Accessibility, Resources, and Efficiency - A CARE.

For the Malaysia SMEs, this research paper provides in-depth information to consider before they have the intention to outsource the finance and accounting duties to the third party. The effects and influences between outsourcing intention and Theory of Planned Behaviour (TPB) and transaction costs economics (TCE) will be as a guideline for the Malaysia SMEs and outsourcing providers. When the Malaysia SMEs examine the factors before outsourcing the