THE IMPACT OF ACCOUNTING & FINANCE OUTSOURCING OF THE SMALL BUSINESS IN SRI LANKA

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Abstract

The aim of this research is to explore and identify what are the most important variables small business’s owners should consider when deciding to outsource their internal accounting & finance functions with regard to the decision, benefits and impacts factors of outsourcing. And the relationship between Decision factors, Benefit Factors & Impact factors and the Preference of outsourcing accounting and finance functions of the small business’s owners. Research on small business behaviour is used in many industries to improve the quality of service to the small business consumer. This research proposes a theoretical framework that identifies three independent variables consisting of decision, benefit and impact factors influencing each of these factors and a dependent variable as Preference of outsourcing accounting and finance functions.

Based on a review of existing literature, there is little evidence that research on the subject of outsourcing finance and accounting activities within Sri Lanka has been conducted thus far and, as a result, many questions remain unanswered. While the reviewed literature discussed the decision, benefit and impact factors of outsourcing (particularly finance and accounting outsourcing), it failed to identify the most important variables small business’s owners should consider & and the relationship.

Multiple aspects of available research methodologies were examined in conducting this study. These included research design; construct and item generation; data collection methods; and data analysis. Cross tabulation, frequency & regression analysis were used to compare and contrast responses relating to decision, benefit and impact factors. Questions were assessed by using a five point Likert scale using statistical analysis to compare the mean median Std. of responses by the sample group. SPSS Version 20 was used to analyse the data. Research on finance and accounting outsourcing identifying and comparing factors impacting upon the decision process is important to and useful for theory building, as well as providing practical implications. It can also provide a useful standard for real-world practice, as small businesses need to be competitive in order to survive within a more open international business environment.

Key Words: Outsourcing, Business process outsourcing, Finance and accounting, outsourcing, Small business, Service provider