

Factors Affect Accounting Outsourcing Decision: Evidence from Tourism Sector SMEs in Galle District

Hansamali, K.N.¹ and Perera, W.T.M.N.²

¹nawanjana623@gmail.com; ²navini@kln.ac.lk

Abstract

The act of “Outsourcing” is a purchase or acquire choice that a business makes to acquire a previously manufactured or executed in-house service. Although firms have the option of maintaining their accounting function by themselves, in the current world, accounting is a major outsourced function within organizations. When analyzing the accounting outsourcing procedure, it is clear that there is an important increase amongst small and medium-sized enterprises (SMEs) for outsourcing roles of them in accounting around the globe. For that specific choice of outsourcing accounting, each country shows different reasons for the choice to outsource accounting. Since no studies exist that pay attention to the operational factors that lead to the decision by SMEs in the Galle district to outsource their accounting, this research would help to fill that gap in understanding as well. To fulfill the research gap, through this study the researcher identifies the relationship between identified operational factors and accounting outsourcing decision while identifying the impact of those identified factors on accounting outsourcing decision. As a result, the researcher used quantitative data for analysis by gathering data from 200 owners/managers of tourism SMEs. The data collected was examined by using correlation analysis and regression analysis. As a result, outsourcing decisions which are taken by tourism SMEs related to the accounting are affected by cost reduction, focus on core businesses, access to expertise and productivity improvement within SMEs. Furthermore, it was discovered that the factors influencing accounting outsourcing consist of a positive relationship and have a positive impact on accounting outsourcing decisions.

Keywords: Accounting Outsourcing Decision, Small and Medium Enterprises (SMEs), Tourism Industry