

## **The Practice of Accounting Services Outsourcing and Firm performance in Nigerian Small and Medium Enterprises (SME's)**

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This study analyses the reasons Small and medium sized enterprises (SME's) engages in outsourcing accounting services and the sequel of outsourcing on performance in terms of Transaction Cost Economics (TCE) Theory in the context of SME's in Nigeria. The use of questionnaires to collect data was employed. Three hundred and sixty (360) questionnaires was administered to the sampled SMEs and two hundred and fifty seven was duly completed and returned. Simple linear regression analysis was run to determine key factors affecting accounting services outsourcing in Nigerian SME's. The study reveals that the predictor variable outsourcing has a significant impact on firm performance (Coefficient=0.7859,  $p < 0.001$ ) and Asset Specificity Trust in Accountant and Behavioral Uncertainty is significantly related to SMEs performance (Coefficient= 0.6725, 0.8534 and 0.7537 respectively). The study recommends that SME owners/managers through their Decision Making Units (DMU) to engage in accounting services outsourcing since it has positive effect on firm performance and this will allow them to concentrate on their core competencies.

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