

EURASIAN JOURNAL OF BUSINESS AND MANAGEMENT

www.eurasianpublications.com

ACCOUNTING OUTSOURCING ISSUES

Andrijana Rogosic

University of Split, Croatia
E-mail: arogosic@efst.hr

Abstract

Accounting outsourcing practice is very common in SMEs because it enables companies to focus more on their core business since accounting encompasses large scope of complicated activities that require high level of accounting knowledge and competencies. This paper sheds light on fundamental issues of accounting outsourcing regarding the conversance with accounting among managers in micro companies. Since accounting is management information system, its purpose is to provide managers with relevant information and this purpose can be fulfilled if managers understand accounting. Their conversance with accounting and taxation is necessary because managers are responsible for preparing financial statements. Results show that majority of micro companies outsource accounting and this is related to lower level of conversance with accounting and consequently lack of need for accounting information in everyday business. Greater level of accounting knowledge and the use of accounting information is found in micro companies with internalized (in-house) accounting. Findings indicate that although it is more expensive and complicated solution, companies should internalize accounting system.

Keywords: Accounting Outsourcing, In-House Accounting, Externalized Accounting, Internalized Accounting, Outsourcing Issues, Micro Companies

1. Introduction

Accounting has significant role in a company as an informative system that collects data and then processes them into information for the internal as well as external users. Accounting is one of the basic functions of each company (Remenaric *et al.* 2018) and it may consist of several subsystems. Financial accounting is more formal and far more regulated than other accounting subsystems such as cost accounting and management accounting. Although accounting is a mission critical information system, in some cases companies outsource it.

Outsourcing refers to the activities that are usually performed in-house entrusted to an outside organization that will perform them more competitively and with a higher level of quality (Omizzolo Lazzarotto *et al.* 2014). Organizations with the aim to optimize their internal resources and specialize in a specific function regularly use outsourcing. Outsourcing has become a contemporary management technique for organizations to gain access to specialized skills such as accounting and focus more on their own core business activities (Auzair *et al.* 2013). One of the advantages of outsourcing is the possibility to enhance capabilities and investments of others by exploiting three areas such as functional activities performed in-house;

complementary, integrative, or duplicative activities scattered throughout the company; and disciplines, subsystems, or systems in which outsiders have greater expertise or capabilities for innovation (Maelah *et al.* 2010). Such companies can focus on their core competencies while externalizing the non-core activities or functions to specialized third parties that can lead to increase in competitiveness. The term externalization as a synonym for the term outsourcing is often used to describe this practice in terms of the time when it is used, as it is a subsequent separation of non-core activities from core business, as opposed to the use of external services from the establishment of an enterprise (Hadrovic Zekic *et al.* 2018). Sometimes companies use outsourced activities provided from another country because of low costs. Offshore outsourcing, as a practice of contracting to outside vendors in another country in which client (company) has no ownership (Nicholson and Aman, 2012), is emerging (Dekker *et al.* 2018).

Accounting covers a large scope of potentially complicating activities that require specific knowledge such as calculating taxes and garnishments, producing and distributing financial statements, auditing financial statements, and processing payroll (Miller *et al.* 2016). The accounting profession has become very complicated so it does not surprise why many small and micro companies choose to outsource accounting. Furthermore, micro entities mainly operate locally, employing few employees, and management and ownership overlap in the same person (Mamic Sacer *et al.* 2015).

Accounting outsourcing has been investigated (Agburu *et al.* 2017; Auzair *et al.* 2013; Bagienska, 2016; Barrar *et al.* 2002; Cullinan and Zheng, 2017; Everaert *et al.* 2010; Hadrovic Zekic *et al.* 2018; Maelah *et al.* 2010; Maelah *et al.* 2012; Nicholson and Aman, 2012) from the different perspectives. Some of those studies provide an insight on advantages and disadvantages of accounting outsourcing (e.g. Barrar *et al.* 2002; Cullinan and Zheng, 2017) but there is no evidence on outsourcing impact on understanding accounting regulation from managers' perspective. According to Hadrovic Zekic *et al.* (2018), there is a relatively large percentage of entrepreneurs who had been unaware of the requirement for making and keeping accounting records until they started their own business.

Managers in micro companies are not necessary conversant with accounting although they may use accounting information in decision making process. This paper aims to contribute to the scarce literature on accounting outsourcing implications in sense of understanding and using accounting information in micro companies.

The remainder of this paper is organized as follows. Section 2 further discusses the accounting outsourcing practices and gives literature review on that matter. Research hypotheses are defined in the third section. Section 4 describes sample and data followed by insight in variables, empirical research design and results. Section 5 presents a summary and discussion of implications of the paper.

2. Literature review

Outsourcing refers to subcontracting of service or activity to a third party for strategic use of company's resources, to generate company's values and gain competitive edge (Maelah *et al.* 2010). Business process outsourcing (BPO) is a management tool often described as delegation of a business process to an external service provider who administers and manages it better than company could do it by itself. BPO can be also described as a movement of business processes from inside an organization to external service providers. Intensive market competition made the organizations focused on their core competencies. Outsourcing of non-core activities can be suitable for cost reduction as it enables organizations to better serve their customers on what they do the best (Auzair *et al.* 2013).

Accounting outsourcing is quite often a management choice in small and micro companies. Micro companies are known as the smallest enterprises in the category of small and medium-sized entities (SMEs). Referring to the literature review of Mamic Sacer *et al.* (2015), previous studies have shown that this category has not been recognized within national legislations of many countries until 2013. Micro entity as a separate category usually is differentiated according to the number of employees (fewer than 10 employees). Micro entities in European Union are defined as those that do not exceed two of the following three criteria: an

average number of 10 employees, the value of total assets €350,000 and the amount of revenue €700,000 according to Directive 2013/34/EU of the European parliament and of the council of 26 June 2013 on the annual financial statements, consolidated statements and related reports of certain types of undertakings, amending directive 2006/43/EC of the European parliament and of the council and repealing council directives 78/660/EEC and 83/349/EEC.

According to Maelah *et al.* (2012) accounting outsourcing means transferring a part of the accounting functions to the third party providers or fully owned subsidiaries in order to cut cost, gain access to scarce skills or obtain competitiveness. Bagienska (2016) argues that the two main reasons for accounting outsourcing: the first is economic inefficiency of creating one's own financial-accounting department in the case of small-sized companies and another reason is the lack of an employee who has proper accounting knowledge, competences and qualifications.

When investigated the influence of accounting regulation simplification on the financial reporting of micro entities, Mamic Sacer *et al.* (2015) pointed out that the existing financial reporting system is not suitable for micro entities. Even the European Commission recognizes the problems that micro entities are faced with, so it proposed the modernization and simplification of accounting directives for this specific organizations. They acknowledged that micro companies have only local impact and one or few owners so there is no need for general purpose of financial statements public disclosure and, on the other hand, it can be a great burden for them, primarily in the context of the costs of preparing those statements.

Since financial statements represent an unavoidable final output of entirely regulated segment of accounting and that is financial accounting, preparing those reports will always be mandatory but accounting process and financial reporting requirements could be simplified and adjusted to managers of micro companies that are not completely conversant with accounting. On the other hand, managers should demonstrate at least fundamental accounting knowledge because of their accountability for the accurate preparation and presentation of financial statements. The responsibility for preparing the financial statements, including estimates that underlie the accounting numbers is on the management. Although the preparation of the financial statements is often done by the experts (accountants), responsibility rests with management since manager's signature is obligatory.

The scope of accounting tasks for outsourcing is mainly in the field of financial accounting. The practice of the profession includes, but not limited to, the practice of public accounting and the following other functions when offered to the public (Gazette officielle du Québec, 2005):

- information processing, including manual record keeping and electronic data processing,
- the preparation of tax and other returns or statutory documents,
- management consulting, including investigating and identifying management and business problems related to the policies, technical aspects, structure, operations, finances, systems, procedures, financing or administration of organizations and recommending appropriate solutions,
- insolvency services, including receivership, trusteeship in bankruptcy and liquidation as well as the administration of bankrupt or insolvent partnerships, legal persons, trusts, any other enterprises or estates,
- administratorship, insofar as it involves administering the property of others,
- information technology consulting,
- business brokerage, negotiating and advising on business acquisitions, sales, financing or mergers,
- liquidation of successions and administering the property of successions,
- insurance counselling,
- valuation,
- internal auditing.

Maelah *et al.* (2012) summarized often outsourced core accounting tasks into: bookkeeping and accounting processes; general ledger accounting; recording the accounts payable; follow up of the fixed assets ; inventory management; reconciliations; payroll accounting; taxation; recording the accounts receivable; performing internal controls; preparation of financial statements; and financial reporting. These tasks have become a part of the accounting profession worldwide through years of development of social and economic structures of countries and markets. These developments have made the accounting profession even more challenging (Miller *et al.* 2016).

Everaert *et al.* (2010) reported that the annual accounting process is composed of four main tasks: entry of invoices and financial transactions; preparation of an interim profit and loss account (e.g., monthly profit calculation); period end accounting (e.g., depreciations, interest accruals); and preparation of financial statements (balance sheet, profit and loss account, notes).

Some of those tasks are routine tasks like bookkeeping (entry of financial transactions) while preparation of financial statements is considered as non-routine accounting task. Routine tasks are relatively standardized and do not require extremely high accounting competencies comparing to non-routine tasks although all of the mentioned tasks are strongly interconnected. The final outcomes of financial accounting are financial statements that should be prepared fairly and objectively. Thus, managers must be careful in their choice of accounting service provider. The choice of accounting service provider is not an easy one to make, which is why a manager or a business owner needs to have the necessary knowledge to evaluate the quality of the accounting service providers in terms of their experience, knowledge and skills (Hadrovic Zekic *et al.* 2018). Hadrovic Zekic *et al.* (2018) acknowledge the issue of trust which is the reason why most of the companies have found their service providers based on a recommendation or through an acquaintance. Barrar *et al.* (2002) suggest that outsourcing should be approached in three stages: evaluation, negotiations and control. When company signs an agreement with accounting service provider and accounting outsourcing process begins, company management should implement several control mechanisms. Auzair *et al.* (2013) stated that formal controls including behavioral based and output based controls should be exercised. Maelah *et al.* (2012) promote the following six steps to minimize risk exposure of accounting outsourcing:

1. Strategic decision to outsource (by assessing strategic risk and reasoning for outsourcing).
2. Due diligence process (by ensuring that service provider is competent, honest, financially sound, and has relevant knowledge and expertise).
3. Contract and service level agreement (through formal contract and service level agreement with the company that performs outsourcing).
4. Change management (as company's risk can increase, it is necessary to plan and effectively use project or change management).
5. Contract management (through appointment of individuals to manage the contract and do periodic review).
6. Exit strategy and contingency planning (that need to be prepared for new arrangement with minimal disruption to business).

Accounting outsourcing practices have many advantages but also disadvantages reported in literature. Barrar *et al.* (2002) compared between the in-house efficiency of UK small, medium and large companies in managing their accounting activities both with UK outsource contractors and also against the rather larger and more numerous accounting service providers in Italy. Their findings indicate that accounting outsourcing presents a more efficient solution for the management of very small firm. Cullinan and Zheng (2017) found a positive relationship between accounting outsourcing and audit lag. Bagienska (2016) points out that among the advantages of the outsourcing of financial-accounting services, it is possible to mention the reduction of the operational costs resulting from the specialization and outer provider's scale benefit, saving time and resources, and the access to specialized technologies.

On the negative side of accounting outsourcing, some claims have been reported. Dekker *et al.* (2018) argue that the negotiating and drafting outsourcing contracts is costly and presents firms with a cost-benefit trade-off. Bagienska (2016) shows that disadvantages of accounting outsourcing are: the lack of current access to books of account, the lack of information on the financial situation of the company from the accounting service provider, the lack of financial analyses of liquidity, profitability and indebtedness measurement among the services which are offered.

3. Hypotheses

Accounting outsourcing is quite common practice of small and micro companies although empirical studies have reported several disadvantages. It is needless to explain the importance of accounting information system to a company especially since it is a great source of relevant information for decision making process. For business decision making process, different qualitative and quantitative information that are available from all organizational units, and including, available from accounting system, are necessary (Jezovita, 2015). The financial information that accounting provides is very important (Remenaric *et al.* 2018) for both managers (internal users) and decision-makers outside the company (external users). The use of accounting information for the internal users (managers) is multiple. Directors monitor managerial and firm performance, ratify managerial decisions, provide managerial incentives, and aid in strategic planning activities (e.g., strategy development, succession planning). To carry out these duties, directors demand information to help them understand both how and why equity values are changing (Bushman *et al.* 2004).

All above mentioned makes sense if a manager (director) is familiar with accounting terminology and understands accounting process. Everaert *et al.* (2010) argue that SMEs in which the CEO does not have an economic-oriented background tend to outsource their routine accounting tasks more intensely. Similarly, SMEs in which the CEO holds only high school degree are likely to outsource their non-routine accounting tasks more intensely. Since performing accounting tasks requires a certain level of accounting knowledge, such CEOs may lack these relevant skills and expertise, so accounting outsourcing is their managerial choice. A relatively large number of entrepreneurs have started a business without being aware of the legal requirement of bookkeeping, and also the importance and role of accounting in making business decisions (Hadrovic Zekic *et al.* 2018).

Previous research results led to the formulation of the following hypotheses regarding accounting outsourcing issues:

H₁: Micro firm managers that outsource accounting show lower level of self-assessment in accounting.

H₂: Accounting outsourcing in micro companies indicates unfamiliarity with accounting standards and taxation novelties.

H₃: Managers of micro companies that outsource accounting show less enthusiasm for accounting education.

H₄: Managers of micro companies with in-house accounting are more aware of the benefits of reading accounting related journals.

H₅: Managers of micro companies that outsource accounting find accounting information less useful than managers of micro companies with in-house accounting system.

4. Methodology

The empirical research methodology is survey based. In order to test the hypotheses, a research instrument was created in form of questionnaire. Web-based survey was carried out using Google docs platform. The link for the on-line survey was emailed to managers of micro companies in Croatia. During one month of collection period, the questionnaire was fully completed by 54 managers. Most of the questions in this survey were closed with the answers presented as a set of affirmative sentences using Likert's scale.

Collected data were analyzed using SPSS 17.0. In this study, Mann-Whitney test is deployed to determine the validity of the before mentioned hypotheses while descriptive statistics was performed to explain variables.

5. Findings

Empirical results indicate that most of the respondents have high school degree (39.3%) followed by master degree (35.7%) while bachelor degree is reported by 19.6% and MBA/PhD degree only by 3.6% managers. Almost all of the respondents (96.2%) agreed that the simplification of accounting regulation form micro companies is needed. This finding is in line with the results of Mamic Sacer *et al.* (2015) that promote further significant simplification of accounting regulations for micro companies. Most of the observed micro companies are outsourcing the accounting (75.5%). Table 1 shows that there is no statistically significant difference in formal education of micro company managers regarding their decision to outsource accounting. Also, profitability cannot be related to the accounting outsourcing practice.

Table 1. Profitability and formal education regarding accounting outsourcing

	Profit	EduLevel
Mann-Whitney U	241.500	248.500
Wilcoxon W	1061.500	1109.500
Z	-0.544	-0.388
Asymp. Sig. (2-tailed)	0.586	0.698

Note: a. Grouping Variable: outsourcing

Source: Author's calculation

The results indicate that accounting outsourcing has no effect on company profitability which was confirmed in a similar study that was unable to test the association between outsourcing and performance (Everaert *et al.* 2010). Also, the choice to outsource accounting is not related to the level of formal education of a manager although this is not consistent with the findings of Everaert *et al.* (2010).

In order to test the five aforementioned hypotheses, Mann-Whitney U test was performed and the results are presented in two following tables. The accounting outsourcing practice is marked "1" while in-house accounting is marked "0" in Table 2.

A statistically significant group difference (Mann-Whitney U = 47.5, sig = 0.000, 2-tailed) is confirmed between micro companies that outsource accounting and those with internalizes accounting system regarding self-assessed accounting knowledge. Mean rank of accounting knowledge self-assessment is higher (44.35) in companies that have an internal accounting system comparing to micro companies that outsource accounting (mean rank is 22.16). This finding indicates that micro firm managers, regardless of their formal education level, are eager to learn basics of accounting if accounting is in-house. In-house accounting makes accounting information more accessible for decision-making process so knowing fundamental accounting concepts and terminology makes sense.

Table 2. Ranks in Mann-Whitney test

	Outsourcing	N	Mean Rank	Sum of Ranks
Selfassessment	0	13	44.35	576.50
	1	41	22.16	908.50
	Total	54		
AccStandards	0	13	38.46	500.00
	1	41	24.02	985.00
	Total	54		
TaxInforming	0	13	39.50	513.50
	1	41	23.70	971.50
	Total	54		
AccEducation	0	13	42.85	557.00
	1	41	22,63	928,00
	Total	54		
AccJournals	0	13	38.65	502.50
	1	41	23.96	982.50
	Total	54		
AccInfoUSE	0	13	41.27	536.50
	1	41	23.13	948.50
	Total	54		

Source: Author's calculation

On the aforementioned conversance with the accounting standards that represents higher level of accounting knowledge among managers of micro companies is studied. Results suggest a statistically significant difference in ranked distributions (Mann-Whitney U = 124, sig = 0.002, 2-tailed) between micro companies with externalized accounting and those with in-house accounting system when conversance with the accounting standards of managers is tested. The similar result is found when the frequency of informing on tax regulation was investigated (Mann-Whitney U = 110.5, sig = 0.001, 2-tailed). Detailed insight on taxation regulation follow up frequency by managers in companies with and without accounting outsourcing is given in Table 4.

Table 3. Test Statistics^a

	Selfassessment	AccStandards	TaxInforming	AccEducation	AccJournals	AccInfoUSE
Mann-Whitney U	47.500	124.000	110.500	67.000	121.500	87.500
Wilcoxon W	908.500	985.000	971.500	928.000	982.500	948.500
Z	-4.569	-3.059	-3.370	-4.127	-3.262	-3.778
Asymp. Sig. (2-tailed)	0.000	0.002	0.001	0.000	0.001	0.000

Note: a. Grouping Variable: outsourcing

Source: Author's calculation

Table 4. Taxation regulation follow up

		Outsourcing		Total
		0	1	
TaxInforming	1 - never	0	2	2
	2 - sometimes	0	13	13
	3 - often	2	13	15
	4 - always	11	13	24
Total		13	41	54

Source: Author's calculation

This finding gives the support to H_2 so it can be stated that accounting outsourcing leads to unfamiliarity with accounting standards and taxation novelties in micro companies. Managers of micro companies with in-house accounting show better understanding of accounting and taxation because of the easier access to accounting information and/or their eagerness to internalize accounting which has a positive impact on conversance with accounting and taxation regulation.

When asked about the frequency of their periodical accounting training and education (like seminars and workshops), 25.5% answered sometimes, 21.8% reported that they engage very often and 20% often while 18.2% admitted that they do not engage at all and 14.5% responded rarely. Results in Table 3 confirm that there is a statistically significant difference in ranked distributions (Mann-Whitney $U = 67$, sig = 0.000, 2-tailed) between micro companies with externalized accounting and those with internalized accounting system regarding the training and education activities of managers when accounting is concerned. Managers of micro companies with in-house accounting are more eager to learn accounting by frequently attending various forms of training and education.

Reading accounting professional journals is one way to get more familiar with accounting and taxation regulation and 50.9% of managers in micro companies agrees with this. Only 10.9% respondents disagree with this view and 38.2% are convinced that acquiring accounting knowledge through accounting related journal can be moderately helpful in taxation and accounting regulation follow up. According to the Mann-Whitney test results (Table 3), there is a statistically significant difference in the rank distribution between managers of the companies that outsource accounting and those with an in-house accounting system. Since mean rank is higher (38.65) for the group consisted of managers of companies with internalized accounting, it can be stated that those managers are prone to acknowledge the importance of accounting journal reading in order to gain accounting knowledge and follow up changes in taxation regulation.

When asked to assess (on 5-point Likert scale where 1 represented "not at all" and 5 was "a lot"), the usefulness of accounting information in everyday business 27.3% of micro firm managers agreed that accounting information facilitates doing business a lot. 32.7% of respondents graded 4 the usefulness of accounting information. On the other hand, only 1.8% of managers responded that accounting information is not useful and 9.1% reported the slight benefit of accounting information in doing business. The last (fifth) hypothesis according to managers of micro companies that outsource accounting find accounting information less useful than managers of micro companies with in-house accounting system was also confirmed (Mann-Whitney $U = 87.5$, sig = 0.000, 2-tailed). This finding (Table 3) suggests that managers with in-house accounting use more often (and rely on) accounting information than managers in micro companies that outsource accounting.

All the aforementioned results are in favor of internalization of accounting system which requires proper accounting knowledge, competences and qualifications but also investment in accounting software and consequently creates large costs for a micro company. The transition of outsourced accounting to in-house accounting should be gradual. Maelah *et al.* (2012) proposed gradual reduction of accounting outsourced works rather than immediate termination

is favored to reduce the risk in accounting outsourcing turnback. Outsourcing turnback refers to the process of moving outsourced activities to in-house role.

6. Conclusion

The paper provides an insight in the impact of accounting outsourcing (when accounting tasks are done by accounting experts outside of the company) on accounting knowledge and the use of accounting information in micro companies. The empirical results indicate that internalized (in-house) accounting provides many benefits comparing to accounting outsourcing although it is more expensive and complicated solution. Since accounting is crucial segment of information system, its place is at home which is what this study confirms.

Motivated by prior research on accounting outsourcing this study, focused on its impact on conversance with accounting among managers in micro companies, reveals many benefits of in-house accounting that are crucial for the management. Higher level of accounting knowledge self-assessment is reported by managers with in-house accounting comparing to the managers of micro companies with outsourced accounting. Additionally, findings indicate that accounting outsourcing in micro companies leads to lack of conversance with accounting standards and taxation novelties. Not all managers of micro companies are aware of their responsibility for financial statements that are the final output of accounting process. When they authorize those statements, managers become legally exposed. Thus, their basic knowledge of accounting is, actually, needed in order to be acquainted with what they signed since ignorance is not justified by any law. The real issue of accounting outsourcing is the lack of accounting knowledge necessary for the use of accounting information in decision making but also lack of enthusiasm to learn basics of accounting to facilitate doing business and to learn what they (manages) vouch for by signing financial statements.

Comparing to managers of micro companies with accounting outsourcing, managers of micro companies with in-house accounting demonstrate eagerness to learn accounting by frequently attending accounting seminars, workshops etc. This finding leads to conclusion that internalized accounting system encourages micro firm managers (regardless of their formal education level and competencies) to learn more about accounting and taxation so they could manage better their companies. They (managers of micro companies with in-house accounting) also read more accounting related journals since acquiring accounting knowledge in this manner can be helpful in taxation and accounting regulation follow up. At last, it is not surprising that managers with in-house accounting system find accounting information more useful than those who outsource accounting.

All the findings explained above lead to the conclusion that the fundamental function of accounting as a management information system can be fulfilled if it is internalized. Although relying on accounting service providers reduces costs, in-house accounting have far more benefits even in micro companies. Internalized accounting makes managers more familiar with accounting and taxation and, consequently, more informed and in position to make better business decisions.

References

- Agburu, J. I., Anza, N. C. and Iyortsuun, A. S., 2017. Effects of outsourcing strategies on the performance of small and medium scale enterprises (SMEs). *Journal of Global Entrepreneurship Research*, 7(26), pp. 1-34. <https://doi.org/10.1186/s40497-017-0084-0>
- Auzair, S. M., Aman, A., Maelah, R., Amiruddin, R. and Hamzah, N., 2013. Management control in accounting outsourcing services. *Business Strategies Series*, 14(2/3), pp. 43-49. <https://doi.org/10.1108/17515631311325097>
- Bagienska, A., 2016 The demand for professional knowledge as a key factor of the development of outsourcing of financial and accounting services in Poland. *Business, Management and Education*, 14(1), pp. 19-33. <https://doi.org/10.3846/bme.2016.313>

- Barrar, P., Wood, D., Jones, J. and Vedovato, M., 2002. The efficiency of accounting service provision. *Business Process Management journal*, 8(3), pp. 195-217. <https://doi.org/10.1108/14637150210428925>
- Bushman, R., Chen, Q., Engel, E. and Smith, A., 2004. Financial accounting information, organizational complexity and corporate governance systems. *Journal of Accounting and Economics*, 37, pp. 167-201. <https://doi.org/10.1016/j.jacceco.2003.09.005>
- Cullinan, C. P. and Zheng, X., 2017. Accounting outsourcing and audit lag. *Managerial Auditing Journal*, 32(3), pp. 276-294. <https://doi.org/10.1108/MAJ-03-2016-1349>
- Dekker, H., Kawai, T. and Sakaguchi, J., 2018. Contracting abroad: A comparative analysis of contract design in host and home country outsourcing relations. *Management Accounting Research*, 40, pp. 47-61. <https://doi.org/10.1016/j.mar.2017.09.003>
- Everaert, P., Sarens, G. and Rommel, J., 2010. Using transaction costs economics to explain outsourcing accounting. *Small Business Economics*, 35(1), pp. 93-112. <https://doi.org/10.1007/s11187-008-9149-3>
- Gazette officielle du Québec, 2005. *Code of ethics of chartered accountants of Québec* (R.S.Q., c. C-26) [pdf]. Available at: <<http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=1&file=6467.PDF>> [Accessed on 22 March 2019].
- Hadrovic Zekic, B., Drazic Lutitsky, I. and Liovic, D., 2018. (Prior) knowledge of accounting as a comparative advantage when selecting accounting service provider. *Ekonomski vjesnik/ECONVIEWS*. 31(1). pp. 75-84.
- Jezovita, A., 2015. Accounting information in a business decision-making process – Evidence from Croatia. *Zagreb International Review of Economics & Business*, 18(1), pp. 61-79. <https://doi.org/10.1515/zireb-2015-0004>
- Maelah, R., Aman, A., Amirruddin, R., Auzair, S. M. and Hamzah, N., 2012. Accounting outsourcing practices in Malaysia. *Journal of Asia Business Studies*, 6(1), pp. 60-78. <https://doi.org/10.1108/15587891211191380>
- Maelah, R., Aman, A., Hamzah, N., Amirruddin, R. and Auzair, S. M., 2010. Accounting outsourcing turnback: Process and issues. *Strategic Outsourcing: An International Journal*, 3(3), pp. 226-245. <https://doi.org/10.1108/17538291011093811>
- Mamic Sacer, I., Decman, N. and Sever, S., 2015. The influence of accounting regulation simplification on the financial reporting of micro entities – the case of Croatia. *Economic Research-Ekonomska istraživanja*, 28(1), pp. 593-607. <https://doi.org/10.1080/1331677X.2015.1084888>
- Miller, R. P., Bunn, E. and Noe, K., 2016. Accounting information systems: A view from the public eye. *International Business & Economics Research Journal*, 15(5), pp. 265-269. <https://doi.org/10.19030/iber.v15i5.9784>
- Nicholson, B. and Aman, A., 2012. Managing attrition in offshore finance and accounting outsourcing – Exploring the interplay of competing institutional logics. *Strategic Outsourcing: An International Journal*, 5(3), pp. 232-247. <https://doi.org/10.1108/17538291211291765>
- Omizzolo Lazzarotto, B., Borchardt, M., Pereira, G. and Almeida, C., 2014. Analysis of management practices in performance-based outsourcing contracts. *Business Process Management Journal*, 20(2), pp. 178-194. <https://doi.org/10.1108/BPMJ-01-2013-0007>
- Remenaric, B., Kenfelja, I. and Mijoc, I., 2018. Creative accounting – Motives, techniques and possibilities of prevention. *Ekonomski vjesnik/ECONVIEWS*, 31(1), pp. 193-199.