

Investigate the Effectiveness of the Outsourcing Financial and Accounting Services

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ABSTRACT

Note organizations to outsource their activities to attract more and more strategic approach has been successful in most of the world's leading companies, outsourcing as fundamental business strategy, outsourcing only to the organizations selected .bring they have not failed, but that successful organizations have well understood the importance of this issue. In 2007 the company had outsourced its financial unit. The purpose of this study was to assess the cost of financial and accounting reports provided quality and quantity. In order to evaluate and compare the Company's financial unit costs, costs of each company's expected financial services and accounting outsourcing, accounting contractor is compared with the cost of the contract and to assess the level of quantity, the number of accounting in the pre- and reports after transferring to compare and to evaluate the quality of accounting reports questionnaire was used. And using Wilcoxon and Mann-Whitney nonparametric test hypotheses about the test and the results obtained. The conclusion of this study showed that outsourcing of financial services and accounting, the cost of financial services for the company in the years 2008-2013 decreased and the quality of accounting reports has increased.

KEYWORDS: Outsourcing, accounting, efficiency, effectiveness.

INTRODUCTION

Outsourcing in many organizations today (west, east or Iran) from uncommon and strange, has become a common activity. A little thought in these terms, we have to study concepts such as government agencies and private structures, competitive and exclusive market, creating more added value, reduce costs and increase profitability, project management, risk management, agility and flexibility such others as may be useful, if not transparent criteria defined standards may have led many [1]. An important question that arises in this context is whether outsourcing results in better performance at lower costs or not? If yes, then go ahead, if not, do not .Alwen and Aristocrat have considered outsourcing from two perspectives: from the statistical point of view and from the viewpoint of productivity, in relation to the outsourcing of such statistical point of view to say: the world more than 90% of the company, according to at least one outsourcing of their activities, and according to the latest reports, 30% after two years of outsourcing, have expressed dissatisfaction. Also outsourcing of view of productivity, says: organizations need to achieve productivity outsource some of their processes. From another point of view into the organization's effectiveness and efficiency to look outside [2]. Accounting outsourcing companies are part of the strategy is said that their accounting is outsourced to other companies or individuals. In this way companies save costs and firm size is not too large. For example, in the last few days Social Security decided that Social Security is part of the audit to entrust audit firms. That this organization is prevented from becoming too large. Of course, another benefit of outsourcing is accelerating the organization's customers. Of course, outsourcing is more appropriate for large organizations with this work in addition to saving time and money to speed up the work of the Center. Accounting of the company or organization will not be lost but part of it that are transferred periodically done. Like egg Social Security Insurance auditing can be delegated to other institutions. [3]. In recent decades, some companies such as Arak Petrochemical Company to contract with contracting companies that finance accounting firms have to do. Planning, preparation time lasting financial statements. In

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addition, outsourcing is to reduce costs for companies employing staff to have the company's financial affairs. On the other hand the contract with the contractor accounting for this charge is imposed on the company, which occurs in the organization. Change management is done for organizational developments, as well as the purpose of the change and how it affects the life and work of the employee must be specified. Also, by encouraging employees to actively participate and decision making, effective communication culture can be expanded. We can also note to the following cases as limitations of this study: lack of access to a number of case studies to enhance the generalizability of the results, as well as the difficulties encountered in collecting information from experts and managers. In the end, it is suggested that, in future research, a conceptual model is presented for building a culture of staff health for Iranian companies, using qualitative research methods such as the grounded theory [4].

The importance and necessity of research

Some organizations need to achieve efficiency of their processes outsourcing. The efficiency of the two main components of "efficiency" and "effectiveness" form where the performance department to determine the needs and wishes of customers and the efficiency of resource use. Assessment of each of these two elements makes the productivity of the organization. From another point of view, the effectiveness and efficiency of looking inward to look outside the organization. Find out what the effects on society and the customer service is unconscionable. Sometimes outsourcing organizations in order to achieve greater efficiency and effectiveness in achieving done sometimes. Which would significantly influence on increasing productivity [5]. Today, the majority of accounting firms with contracts with contractors that have outsourced all its financial affairs. Contractors according to their knowledge and experience with various abilities are in financial services. Arrangements, outsourcing is on the rise. Alwen in relation to the benefits of outsourcing such states that use outsourcing to reduce costs, increase the company's focus on its core business, saving time for the internal processes of the organization, the partner reduce the risk of with another unit in an uncertain business environment, improved customer service, reduced personnel, competition in the various divisions that significant inefficiencies exist, [6] researcher in the amount of access to the results of outsourcing (reducing costs, increasing quality and quantity of service, etc.), petrochemical companies mentioned in the study. What is certain paragraphs of audit and the preparation of financial statements in Arak Petrochemical Company is high, indicating weakness in the company's internal systems. Accounting and finance its own to pay for the cost to extend your contract. Development is dynamic and continuous process that aims to create social and personal satisfaction that the most important issue in definition of the development is based on the human vision. Recent economic view considers human as a source and aim of wealth for the survival and welfare because development is about man. Human development is helped through the education, health, nutrition, and growth of human potential to improve the quality of personal and social life. In the new development theories such as human development, man as a thinker that has ability to change his environments and activities is presented driven development that cause to introduce Human Development Index that is mixed from knowledge, access to financial resources and long life with health. Thus, It can be expected that population has an important role in new human vision of development. Therefore; the relationship of Human Development Index with population growth is interesting. This paper is followed to find below questions: Is there interaction between two demographic variables? In other hand, causality link is two-sided or one variable is caused other? Both valuables are independents or not [8]

History Research

The concept of health promotion in the workplace, over the past few decades, to increase employee motivation has been proposed. Traditionally, a good working environment, as a means to increase productivity and reduce absenteeism has been assumed, that encourage more employers to implement development programs, and health monitoring at their workplace, it is done to benefit from the economic benefits derived from the implementation of programs. For example, the implementation of health programs in 2006, in a company saves \$ 613 per employee on average [9]. A two-year study in America revealed good and many changes related to health promotion in the workplace by comparing the trends of workers who participate in health promotion programs with employees who do not participate in the program. There were Significant changes in the orientation of individuals to organizational commitments, working conditions and job security in companies participating in the program [10]. In general, improving the health of the working environment, due to the following factors increase the productivity of the organization: Attract employees in competitive labor market conditions

to remain in the organization and achieve its goals, Reduce absenteeism and lost time due to health problems, Improve decision-making in the workplace and the use of time to do things, Improve staff morale and Enhanced sense of commitment, Reduce the mobility of employees and replacement workers, Reduce costs related to disease problems and mental disorders of the employees and improve productivity Lecithin and Cox to investigate the trend of outsourcing have mentioned the following: The volume of outsourcing (outsourcing of all activities, outsourcing part of the activities of outsourcing and activities within the organization), method of evaluation (no way they assess, compare supplier performance and internal performance, review of the implementation of activities within the organization to determine the supplier, the supplier's comparison of more than two), the contract period (less than 3 years, between 3 and 8 years, more than 8 years), type of contract (standard contract, the contract with full details of contract combined, strategic cooperation), the outsourcing contract and satisfaction (satisfaction, partial satisfaction, dissatisfaction, failure to determine satisfaction [11]. in this study, in terms of volume outsource part of outsourced activities , in terms of the way they assess, compare supplier performance will be admitted with internal operation, the contract period is less than 3 years, full details of the type of contract and outsourcing satisfaction, obtained through a questionnaire. Robert Lussierit can be also increased production scale and reduce costs. The rule is that the private sector is efficient, the efficiency is directly proportional to personnel motivation and job security. And may use force, payment of salaries, wages and providing equal services to run properly. public administration, transfer to the private sector, graduated from engaging in details and more opportunity to design and process improvement benefits which goes to the public, spend. Resist any change, including the private sector, is normal and should go with advance planning [12]. Improve control" to examine whether outsourced accounting and financial control weakened and accounting rules are not implemented correctly? Deals. To test subject gets help from a survey in the summer of 2004. have been favorable and 73% of those who have carried out Spay, believing that outsource, accuracy of financial processes has increased due to good documentation, as well as a great number of respondents think that outsourcing to changes in tax and accounting rules are created to dramatically [13].service provider and customer loyalty role in this sector is important. [14] Loyalty to the brand can increase the company's market share and market share and profitability has a close relationship with the rate of return on investment. Customer loyalty and positive word of mouth brand will create major barriers to entry, the company's ability to respond to competitive threats, creating sales and more revenue and reduce customer sensitivity to the marketing efforts of competitors. [15] The number of customers loyal to a brand, are the company's assets and brand equity are recognized as the main index. And loyal customers as well as sensitivity to changes in prices as compared to non-loyal customers are less effective. While most researchers in the field of loyalty, repeat purchase of consumer goods focus on the concept of loyalty in the service sector is also important. The complex nature of its services due to the intangible characteristics, being perishable, high customer involvement, simultaneous production and consumption is heterogeneous. The key differences between products and services can bring different approaches in marketing [5] countries in the world today with a severe economic crisis, rising unemployment, inflation, volatility of prices of gold and facing. [16] Of course, the complexity and volatility of changes in prices and base reference (gold and currency) as well as the multitude of strong competitors in the market on the economy and business activities and commercial banks imposed changes. Among these changes, banks need the money resources and income to maintain and eventually increase that this entails maintaining and growing existing customers and new customers cost management [17] to retain and attract customers commercial banks should to know the criteria for the selection of the bank's customers is the Knowledge of the criteria for selection of a bank by clients to help banks that proper marketing strategy to attract customers and retain existing customers identify [8]. In fact, growing competition and the similarity of the services offered by banks are increasingly reveals why these factors are basic criteria selected customers in financial services output is prepared. As a result, the issue of how customers choose banks that are considered by researchers. Its important bank such as Bank with about 20 million customers is very important. For this reason, and based on a management model based on customer demands and interests of our customers in regards to the choice of a bank between the country's banks, to expand the relationship with it. Somehow we can know the effectiveness of all marketing activities of a bank subject to know the answer [9]. Ramadi & et al (2012) with the aim of assessing the value of loans which granted to agricultural cooperatives by Cooperative Bank of America, during the years (2012-2008), introduced higher levels of liquidity for cooperatives, the higher ratio of the value of net income to the average value of the assets of the cooperative, higher sales returns of cooperative and less productive diversity as the most important factors affecting the acceptance of

applications for credit. Morris (2012) in a study to investigate the cause of overdue in India explained that the rapid increase in lending by the banking system to respond to the pressures of government lending will lead to defaulting borrowers. He knows defaulted on lending to profitable investments, negligent in marketing, linking the demand for credit granting with the amount of production, inappropriate policy for lending, very large or very small loans, improper use of loan, ineffective supervision, indifference bank management in claiming of loan and lack of responsibility sense and necessary discipline in some borrowers as the main reasons of default in repayment of loans. Francisco Loused and et al (2012) in a study have analyzed the performance of "simple Logic regression model" and "Logic regression model with dependent mode for sample selection" "And these two models are applied to the simulation data. In this study, they are looking for disproportionate sampling in the credit assessment models.

Research objectives

A) The main purpose: The aim of this study is to investigate and determine the financial unit of petrochemical companies mentioned performance before and after outsourcing accounting services') Secondary objectives: 1-The financial costs of financial services and accounting outsourcing petrochemical companies mentioned in the years before and after outsourcing of financial services and accounting. 2-measuring the quality of accounting reports mentioned Petrochemical Company before and after the outsourcing of financial services and accounting. (3) Determine the quantity of accounting reports mentioned Petrochemical Company before and after the outsourcing of financial services and accounting.

Hypothesis

A) The main hypothesis:

B) sub-hypothesis:

First sub-hypothesis: the implementation of accounting outsourcing Services Company saves costs than before the implementation has been outsourced.

Second sub-hypothesis: the implementation of outsourcing accounting services to enhance the quality and quantity of accounting reports than before the implementation has been outsourced.

Test hypotheses

Outsourcing accounting services would be cost savings for the company. To prove this hypothesis by comparing expected costs and cost accounting agreement with the contractor has been paid during the years. Expected costs, costs that are not lost if your company's financial unit could be charged. To investigate the claim that outsourcing saves costs, the company has been following hypothesis is considered. As the test shows a significant level (sig) to which 5% is much lower and the number of negative differences (22), so H_0 is rejected and the research hypothesis (claim) will be accepted. The second hypothesis Outsourcing accounting services to enhance the quantity and quality of accounting reports. To test this hypothesis, in the quantity and quality of accounting reports will be analyzed separately. As we see in Table 5 due to the significantly (sig) for the following of more than 5%, so assuming the equality of the desired ratio of 6/0 is not rejected in the following cases so the quality is low. 1. Increasing financial expert personnel 2. Using the expertise of individuals outside the company upgrade reports 3. The release of the company's human resources for other purposes 4. Reduce administrative and personnel problems. 5. The savings in administrative costs and personnel 6. Using successful experiences of other activities of the company For other items that sig is less than 5%, the null hypothesis is rejected and the alternative hypothesis is accepted, indicating that the managers' satisfaction. For each variable, we must consider whether the success ratio of 6/0 is larger or smaller. For this purpose, the ratio observed for the first group by 6/0 (compared three options, medium, low and very low to the five options equal to $6/0 = 5/3$ is.) In comparison, if the value of 6/0 less variable satisfaction is high and if it is greater than 6.0 will not be satisfied preparation of the questionnaire, first items on the aspects of the model based on the literature were identified, and were in possession of the interviewees. Then, using the Delphi method (during several stages and using in-person interview), the experts were asked to complete a detailed examination of the items obtained from literature review to assess the aspects of the model related to the Manna, and eliminate unimportant indicators, and in the Delphi process, and add important measures to the questionnaire that are effective in creating this concept, but are not considered by researcher in review of the literature. Accordingly, the Delphi panel members were chosen for the study by using the chain sampling. These people, including 8 women, who

meet one or both of the following characteristics: A. University faculty member (in the fields of human resource management, health and related disciplines) b. Human Resources Managers and Occupational Health Unit of the Mapna. Finally, two members of the faculty, and 6 heads of Human Resources and Occupational Health, participated in the interview. Finally, the questionnaire included items that are obtained from the literature review and expert opinion (by using the Delphi method).

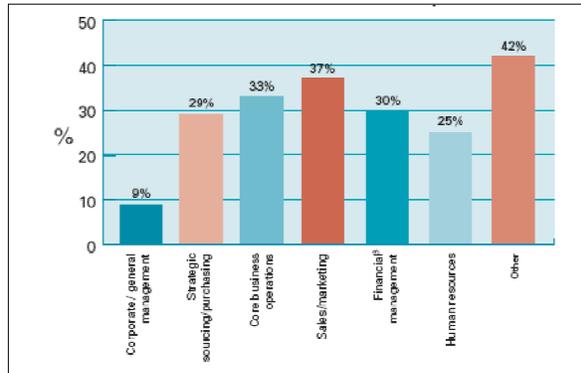


Figure 1: Average percentage of business process outsourced to external service providers [5]

CONCLUSIONS

In relation to the first hypothesis (outsourcing accounting services leads to cost savings for the company to be.), As the findings suggests the average cost of the expected financial services and accounting of 145 million rails, while the average cost of the contract the contractor 78 million rails in the year which are significantly different . As a result, the company has been outsourcing to reduce costs. Production costs led [8].In fact, the results of research in many respects are consistent with other research results. According to the results, the "organizational health culture" improves the health of employees, which are consistent with the results of Wilson et al (2004). Also, in the conceptual model, "organizational health culture" and work-life balance culture has the highest importance. An, Yom, & Ruggiero (2010) also acknowledged that the first step to improving organizational culture is the promotion of culture of work- life balance. In addition, the weight fitness in the model of the physical health has the highest importance, which this subject in many studies, including Williams (1999), Make et al (2010), Gasser (2013) has emphasized. Practical suggestions for improving the "organizational health culture ", and thus improving the health of employees, based on the priorities that emerged from the results of structural equation modeling, can be implemented: To promote an "organizational health culture ", work-life balance culture should be taken seriously. In this context, managers must be trained to support employees to establish their work-life balance. Employees are encouraged to establish a balance between work and life. Promotion of physical activity is the next priorities of an "organizational health culture ". In this respect, also it is suggested that "addiction counseling and programs" are considered for people are smoking tobacco. Also, the time for physical activities during work hours should be considered. To improve the "culture of effective communication" as well, the staff should be involved in the process of any changes in the health sector, Based on the results Kianmehr, outsourcing will reduce costs [9].Alani benefits of outsourcing such states, the use of outsourcing to reduce costs, reduce risk by partnering with other units in an uncertain business environment, improve the customer service [7]. .Cost reduction, paving the way for internal changes, limited financial resources and investment needed [8]. Similar results were obtained in this study. As with outsourcing, cost far less than the cost of financial services by the contractor accounting, financial service expectations. Expected costs, costs that if the company had not outsource financial services should be based on workload and cost inflation is achieved. In relation to the second hypothesis (outsourcing accounting services to enhance the quantity and quality of accounting reports.), Has increased the number of accounting reports and the questionnaires, opinion leaders about the quality report for Democrats.1) improve the quality of accounting services;2) an increase in the quantity management reports;3) increasing the quality management reports;4) increasing effectiveness and focus on operational activities;5) Increasing strengthen the knowledge, expertise, skills in accounting matters;6) increase in the number of auditors

favorable opinion;7) preparation and timely completion of financial statements;8) Improvement of Internal Control;9) the proper use of corporate assets;10) increase in bank loan ceiling;11) satisfaction of users of the financial statements. In general, we can say that outsourcing has increased the quality of accounting reports. The tests carried out on the basis of hypotheses of the research, we can conclude that outsourcing promotes the quality and quantity of accounting reports and research hypothesis is confirmed. According to the research objectives and results and observations of the researchers on the study recommendations are as follows: 1 If the corporate tax department and has several subsidiaries or companies that are not fully effective, it is better to be granted and the benefits of outsourcing benefit.2 is better managers about the benefits of outsourcing to undertake training and be encouraged to outsource other units. be possible.5 recommended company units to determine the best conditions of contracts, monitoring contracts and the provisions of the contract take into account, so the technique can achieve maximum productivity.

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