

THE CHOICES MADE BY LARGE COMPANIES FOR SOURCING OF ACCOUNTING SERVICES: ADVANTAGES AND DISADVANTAGES

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Abstract:

Accounting information provides the users a comprehensive picture regarding the past, present and even future of the business. For larger companies accounting information is vital in decision-making process whereas smaller companies keep accounting records primarily out of the need to meet the legal requirements. Because of that outsourcing represents a common choice for sourcing of accounting services in case of small and medium-sized enterprises. Even though there are many studies on outsourcing of accounting function with reference to small and medium-sized enterprises yet there is too little research on the choices made by large companies for sourcing of accounting services and the aim of this paper is to investigate that. We mobilized social exchange theory as theoretical framework, case study as research method involving 5 large companies. Following social exchange theory, the results indicated that sourcing options for accounting services are based on the cost-benefit analysis. We found that accounting services for large companies can be delivered by internal accountants, accounting firms, business services organizations or shared services centers. Considering the cost-benefit analysis, there are large companies using one or more sourcing options for accounting services. Local enterprises count mainly on their internal accountants but they also collaborate with external accountants for complex taxation and accounting issues. International companies rely more on business services organizations or shared services centers to carry out repetitive tasks and have a small local team of internal accountants or collaborate with accounting firms for those activities requiring specialized knowledge and skills. The advantages and disadvantages associated with each sourcing option for accounting services are related to competence, cost, time, engagement, scalability, control and dependence. Our research has implications for large companies and accounting firms since it presents some collaboration possibilities and our main contribution was to show what sourcing options choose large companies for accounting services, emphasizing the advantages and disadvantages.

Keywords: *internal accountants, accounting firms, business services organizations, shared services centers, social exchange theory*

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