



Cape Peninsula
University of Technology

**THE EFFECTS OF OUTSOURCING ACCOUNTING STRATEGY ON THE
PERFORMANCE OF SMALL, MEDIUM AND MICRO RETAIL AND SERVICE
ENTERPRISES IN CAPE TOWN**

by

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Signed

Date

ABSTRACT

SMMEs play a critical role in the economy, specifically those in developing countries such as South Africa. However, the sustainability of SMMEs is constantly under threat. Factors hindering the survival of SMMEs include inter alia the lack of funding and sufficient in-house financial management skills. To overcome these challenges, SMMEs outsource some of their activities by transferring what they traditionally handled in-house to external agents, particularly the accounting function. Thus, the aim of this thesis was to explore the effects of outsourcing accounting strategy on selected SMMEs in the Cape Metropole. A mixed methods approach was used for data collection and analysis which entailed consideration of both quantitative and qualitative data. Data were collected by means of an online survey questionnaire due to the Covid-19 pandemic. Data were analysed to compile demographic profiles of respondents, along with their individual responses to the questionnaire. The results reveal that most SMMEs outsource their accounting function because of lack of time and in-house skills. Furthermore, outsourcing was reportedly more efficient and cost-effective in that it provided accurate financial reporting. In addition, it afforded SMMEs owners more time to focus on other critical areas of their respective businesses, particularly during the Covid-19 pandemic.

Keywords: accounting function, business performance, Covid-19, SMMEs, outsourcing

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ABBREVIATIONS AND ACRONYMS

CIPC	Companies Intellectual Property Commission
GDP	Gross Domestic Product
SARS	South African Revenue Services
SBI	Small Business Institute
SMMEs	Small, Medium and Micro Enterprises
CEO	Chief Executive Officer

CHAPTER ONE INTRODUCTION AND BACKGROUND

1.0 Introduction

The aim of this study was to explore the effects of outsourcing accounting strategy on the performance of selected SMMEs in the retail and services sectors in Cape Town, South Africa. Chapter One outlines the following: the background to the research; the rationale; the problem statement; the research questions and objectives. Furthermore, the research methodology is briefly explained and the limitations, ethical considerations, and significance of the research are also discussed. The chapter concludes with an outline of the entire thesis.

1.1 Background of the research problem

Studies around the world have been conducted on outsourcing accounting strategy in both developed and developing countries, such as Malaysia, Nigeria and Kenya (c.f. Agburu et al., 2017; Kairu, 2019). According to Kamyabi and Devi (2011), business environments are unpredictable because of globalization, technological change, customer increase in demand and competition. This causes business management to be more complex, resulting in more threats to the survival of SMMEs due to resource constraints. Kefasi (2019) contends that small businesses in South Africa play a crucial role in the economy. However, due to the lack of sustainability and various operational problems, the continuation thereof is hindered. Furthermore, Kamyabi and Devi (2011) state that to overcome these challenges, SMMEs should outsource their activities by transferring some of the activities that were handled in-house, particularly their accounting function to external agents. Moreover, Ismail (2002) explains that SMMEs lack accounting knowledge as well as support for their accounting functions. Hence, they are more likely to outsource their accounting works to external agents such as accounting firms. Kairu (2019) found that strategic outsourcing has a huge impact on the performance of SMMEs through cost reduction, profitability as well as market share. Conversely, Agburu et al. (2017) opined that SMMEs should outsource accounting strategy for the advantages of cost saving and restructuring thereby yielding increased profits. Upon reviewing the literature, cost reduction broadly appeared to be the major advantage for SMMEs outsourcing their accounting strategy. Cost reduction, however, cannot be perceived as the only value or advantage that SMMEs can enjoy from the said outsourcing. Furthermore, cost reduction does not indicate much in terms of its weight or value on the performance of these

business entities. This has resulted in a gap in determining how outsourcing impacts the performance of SMMEs.

It has become apparent that SMMEs struggle to be sustainable due to poor performance. Given the role these businesses have in the country's economy, it would be necessary to conduct this research because it could help determine the relationship between outsourcing accounting strategy being the accounting functions such as bookkeeping, payroll, management accounts, tax etc all at a cheaper price than and the performance of SMMEs. In light of the above, this study aimed to discover the value of outsourcing accounting strategy on the performance of selected retail and services SMMEs in Cape Town, South Africa.

1.2 Rationale and significance of the study

The purpose of this study was to investigate and find out the effects that outsourcing accounting strategy has on the performance of SMMEs in the retail and services sectors. In the current day and age with the Covid-19 pandemic, companies and individuals would like to save costs as much as possible whilst still benefiting from their service providers by receiving good service. The study therefore contributes to the existing body of knowledge by providing insight into the effects of outsourcing accounting strategy on the performance of small and medium retail and services enterprises in Cape Town. Furthermore, the study explores how outsourcing affects a firm's performance with regards to SMMEs plans and strategies for the future, seeing as the financial aspect of the business are vital. The study of academics would therefore have acquired another literature on outsourcing accounting strategy, thereby adding to the body of knowledge. Practitioners and policy makers would have another study to base their decision of outsourcing accounting strategy upon. The study also draws conclusions and makes recommendations that could be implemented by SMMEs to ensure better performance results are obtained.

1.3 Statement of problem

The problem to be investigated in this study is that some SMMEs operating in the retail and service sector are trying to cut down costs through performing certain activities inhouse such as the accounting function instead of outsourcing it. SMME owners performing the activities inhouse themselves or delegating the function to an inexperienced staff, end up spending more money. They also lose the ability to focus on the strategic aspect of the business such as business development and obtainment of organisational goals. However, there are firms that make use of accounting strategy as a remedy to their financial woes. A study conducted by Kamyabi and Devi, (2011) reveals that cost reduction can be expected from outsourcing accounting strategy. The same result was found by Kairu, (2019) amongst other researchers. The researcher of the current study is of the perception that cost reduction is not the only benefit to be received from outsourcing accounting strategy. The study therefore, seeks to ascertain the value of outsourcing accounting strategy on the performance of retail and service

SMMEs in the Cape Metropole as well as uncover other benefits that arise from this other than cost reduction.

1.4 Research Objectives

The research objectives of the study were to:

- i. Assess the perception of SMMEs owners/managers of outsourcing accounting strategy
- ii. Determine the effects of outsourcing accounting strategy on SMMEs operational costs
- iii. Ascertain the main reasons for outsourcing accounting strategy
- iv. Evaluate the effects of outsourcing accounting strategy on financial performance
- v. Determine how outsourcing strategy has affected the attainment of organisational goals

1.5 Research questions

The study provides answers to the following research questions:

1. What is the perception of SME owners/managers of outsourcing accounting strategy?
2. What are the effects of outsourcing accounting strategy on the operational costs?
3. What are the main reasons for outsourcing accounting strategy?
4. How has outsourcing accounting strategy affected the attainment of organisational goals?

1.6 Hypothesis

The following hypothesis will be tested in this study:

- i. **H₀**: Outsourcing strategy affects the attainment of organisational goals.
- ii. **H₀**: Outsourcing strategy affects the control of organisation operational costs.

1.7 Research Methodology

This section describes the research paradigm, research design and the research methods that were used for this study. These concepts are further explained in Chapter Three.

1.7.1 Research paradigm

The research paradigm that is most relevant to this research is critical realism. Critical realism emphasizes the causal nature of universal laws. Essentially, critical realists believe that

structures exist independent of human consciousness and that our knowledge of reality is a result of social conditioning (Du Plooy-Cillers, Davis & Bezuidenhout 2016). This study was concerned with discovering whether outsourcing accounting activities minimize costs and assists companies to reach its goals and objectives, as well as the value that outsourcing brings to the organisation. The chosen research paradigm is key in determining the research approach.

1.7.2 Research method

There are three main types of research approaches, namely; qualitative, quantitative, and mixed methods which is a combination of both qualitative and quantitative methods of research. The difference between qualitative and quantitative methods is how we choose, collect, analyse and interpret information that will be used as evidence (Du Plooy-Cillers, Davis & Bezuidenhout, 2016). Quantitative methods represent numerical or statistical data (Du Plooy-Cillers, Davis & Bezuidenhout, 2016). Brynard, Hanekom and Brynard (2014) describe quantitative methods as analytical research with the purpose of arriving at a universal statement (Mouton, 1983; Brynard, Hanekom & Brynard, 2014). Qualitative methods on the other hand, represents interpretive data (Du Plooy-Cillers, Davis & Bezuidenhout, 2016). Qualitative methods relate to understanding individuals' attitudes and experiences. McCusker and Gunaydin (2014) specify that this method tends to give insight on the phenomena and the questions "how?", "why?" and "what?". For the purposes of this study, the researcher sought to find out how outsourcing accounting strategy benefits SMMEs, what value it brings and why it is recommended. Thus, the study used mixed methods, as data collection and analysis were both quantitative and qualitative. The use of mixed methods also broadens the comprehensiveness of the study and is likely to yield better findings (Creswell & Clark 2011).

1.7.3 Research design

According to Kothari (1993) research design is described as decisions regarding the what, where, when, and how much. A research design is said to also be an arrangement of requirements for collecting and analysing information in a way that it is going to gather importance to a research purpose. Burns and Grove (2001) define research design as a tool for researchers regarding the planning and application of methods to the study to retrieve the expected results.

The research design for this study is exploratory and descriptive. The study explored and describes the effects of outsourcing accounting strategy on SMMEs. It both met the research paradigm adopted in this study. The aims of exploratory research are to gather new information on a topic that has been researched beforehand, while descriptive research aims to describe a phenomenon identified through prior research undertaken. Descriptive research methods

were chosen following Agburu et al. (2017), who conducted research on the effect of outsourcing strategies on the performance of small and medium scale enterprises. The study aimed to expand and emphasize the fact that outsourcing accounting strategy minimizes costs compared to insourcing accounting strategy.

1.7.4 Population

The targeted population comprised 120 managers and owners of selected SMMEs in Cape Town. The sample was drawn from SMMEs located in the Salt River, Sea Point and Woodstock areas within the Cape Metropole. Businesses included in this study have been in existence for at least 12 months. The researcher also targeted clients at their workplaces, as the researcher occupied the role of an external accountant at the time of the study.

1.7.5 Sampling procedures

Probability sampling deals with whether each individual in a population has an equal chance of being part of a sample (Du Plooy-Cillers, Davis & Bezuidenhout, 2016). Non-probability sampling on the other hand is used when it is highly impossible to determine who the entire population is. The researcher focused on the non-probability sampling method because it is almost impossible to determine the entire population, which in this case was retail and services SMMEs in Cape Town. Purposive sampling was done because according to the researcher external accountants have a higher chance of bringing more value to a retail and service SMMEs than an internal accountant. The external accountant are also known as auditors, experienced accountant or company that might be able to assist the SMME's at a higher level than an internal accountant could. They could be a pair of fresh eyes reviewing financials and giving advice to the company on how they could reduce operational costs. The researcher chose purposive sampling as it allowed them to choose which elements to incorporate in the research. Part of the criteria for selecting the retail and service SME was that the period of the business existence had to be at least 12 months. The respondents considered in the study were either the business owners or managers, who are considered to have more knowledge about the organisation. Finally, the respondents had to meet the location criteria in that they had to be located within the Cape Metropole.

1.7.6 Data collection instrument

The data collection instrument used for this study was a semi-structured survey questionnaire. Questionnaires enable the gathering of expanded data which allows the researcher to categorize the data. The researcher also made use of the Google Sheets computer application to enable rapidity of responses.

1.7.7 Data collection

CIn (2013) asserts that data collection is an essential part of the research process. Data collection techniques permit researchers to systematically gather information from a research population. Primary data were collected by means of a semi-structured survey questionnaire, as it was an effective way of data collection (Saunders et al., 2015). Covid-19 pandemic protocols were observed during data collection. Secondary data collection entailed gathering data from published sources, such as academic journals, dissertations, books and other relevant material. The reason the researcher used semi-structured questionnaire was to interact directly with SMME owners/managers under the study. This enabled the researcher to prompt respondents to provide broader answers and insight to the questions which may not have been possible had respondents completed the questionnaires independently. Questionnaire were administered face-to-face by the researcher, and via email using Google Sheets software. The questionnaire comprised six sections, five of which focused on outsourcing, and one on the demographic information of respondents and participants. These tools were chosen because it helped provide accurate data. Furthermore, the questionnaire was a cost-effective research instrument, given the global pandemic. Completed questionnaires were retained for reference purposes.

1.7.8 Data coding and analysis

According to Saunders (2009) it is important that all types of quantitative responses are coded numerically to facilitate interpretation and understanding. For this study, the researcher used Microsoft Excel to analyse and code the data. Data were analysed in terms of demographic information received from respondents. Data were further analysed in terms of responses to specific questions which enabled the identification of common issues reported.

1.8 Demarcation

The selected retail and services SMMEs were situated in the Cape Metropole and were in business for at least 12 months. To validate responses, only owners and managers were included in the study. Thus, potential feedback from other employees was not considered. The researcher acknowledges that employees may have provided valuable information on the topic which was not captured in the study. SMMEs included in the study comprised restaurants, web designers, architects, retailers and consultants. These businesses were located within the Cape Town central business district (CBD), Sea Point, Kenilworth, and Salt River. These businesses were selected for the study because they outsourced their accounting strategies to the specific accounting firm at which the researcher was employed at the time of the study.

1.9 Limitations

The study was limited to selected retail and services SMMEs in the Cape Town Metropolitan area, South Africa. The results were generalised to all retail and services SMMEs in South Africa. The limitations included the number of respondents; the lack of company statistical data on the effects and benefits of outsourcing accounting strategy; the Covid-19 pandemic and the fact that only clients of the researcher's accounting firm were included in the study.

1.10 Ethical Considerations

Respondents were informed about the research and what it entailed. They were asked to sign consent letters and were requested to answer the questionnaires at their own free will. The safety of respondents were taken into consideration to ensure that they did not suffer any harm during the research. Anonymity and confidentiality were ensured, and respondents were informed that their responses would be used solely for academic purposes. Respondents were informed of their rights to withdraw at any time should they feel the need to do so.

1.11 Contribution of the Knowledge

This study explored the extent to which outsourcing the accounting strategy brought value and affected the performance of selected SMMEs in the retail and services sector in Cape Town, South Africa. Therefore, the study contributes to the existing body of knowledge on the topic. In addition, it provides owners and managers of SMMEs information on the benefits of outsourcing the accounting function.

1.12 Conclusion

This thesis comprises five chapters. Each of the chapters has a title which covers an aspect of the complete study. Individual chapters are guided by the research objectives and the research questions and are aligned to the problem statement. An outline of the individual chapters is given below:

CHAPTER 1: This chapter introduces the study. It provides background information on the development of the research gap, and it outlines the problem statement. In addition, the chapter presents a brief outline of the research objectives, research questions, and the research methodology.

CHAPTER 2: Chapter 2 presents the literature review and focuses on relevant theories on the topic. Moreover, it includes a development on the perception and effects of outsourcing on a business organisation.

CHAPTER 3: Chapter 3 presents the research methodology. The chapter describes the collection of data and the research approach that was used. It includes a detailed discussion on the population, sampling procedures, and data collection and analysis.

CHAPTER 4: Chapter 4 presents the results of the study using tables and graphs. It also includes a discussion on the results.

CHAPTER 5: Chapter 5 presents the conclusion of the study. The key results are summarised and appropriate recommendations are offered. In addition, opportunities for further research are identified.

1.0 Summary of Chapter

Chapter One presented the introduction and background information on the topic. As a reminder, the aim of this study was to explore the effects of outsourcing the accounting strategy on the performance of selected SMMEs in Cape Town, South Africa. Furthermore, the research problem, research objectives and guiding research questions were presented. In addition, a brief discussion on the research methodology was given, followed by the limitations, ethical considerations and the potential contribution of the study. Lastly, a summary of the individual chapters of the entire thesis was presented. The next chapter presents a literature review on the topic.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Chapter two presents a review of previous research on the effects of outsourcing accounting strategy. The chapter begins with a discussion on the impact of SMMEs on the South African economy which is necessary to situate the study. This is followed by an assessment of some of the key challenges faced by SMMEs. To further contextualise the study, an assessment is given of the impact of the Covid-19 pandemic on business, both globally and in South Africa. Next, the theoretical and conceptual frameworks that inform the current study are presented which focus on relevant outsourcing theories. This is followed by an explanation of the main reasons businesses outsource their accounting strategy, and the reported benefits thereof. Lastly, a summary of the chapter is provided.

2. 1. An overview SMMEs in South Africa

Small Medium Micro enterprises (SMMEs) have been defined by the National Small Business Act No. 102 of 1996 of South Africa as separate and distinct business, inclusive of various subsidiaries and business branches which are, managed by one or more business owners (Ngubane et al., 2015). SMME businesses were found to decrease the amount of people unemployed. In addition, they contribute to the increase in Gross Domestic Product (GDP) of the country and significantly increase a country's economic growth and development (Mwangi, Mutiso & Mungai, 2018). Thus, SMMEs are often referred to as the lifeblood of many economies (Masama, 2017). Ayandibu and Houghton (2017) report that 91% of businesses operating in South Africa are regarded as SMMEs. SMME's have been described as a catalyst towards economic growth and development for developed and developing countries (Monday, Obokoh & Ojiako, 2016). Small firms contribute positively to the economy in a sense that they are a source of livelihood and employment for many individuals (Mutoko 2017). Prinsloo, Walker, Botha, Bruwer & Smit (2015) explain that SMMEs are significant and important to the economy, especially in developing countries. This is because of the important role they play in job creation. The latter is substantiated due to the fact the SMMEs contribute approximately 30% to the South African GDP. Furthermore, they provide an estimated 80% of all local employment opportunities. South African SMMEs contribute 30%-57% towards GDP and are responsible for employing an estimated 91% of the National workforce. Thus, SMMEs have a huge impact on the business environment (Prinsloo et al., 2015). Despite these tremendous contributions that SMMEs make to the economy, the sustainability thereof is still a factor as

many do not last more than four years. Sustainability is the long-term existence of a business as well as the ability of businesses to achieve their core objectives (Masama, 2017). In this context, the sustainability of SMMEs in South Africa is perceived to be the worst worldwide (Mafini & Muposhi, 2017). This finding is supported by Lekhanya (2017) and the Small Business Project (2013) who show that approximately 70% of SMMEs in Africa fail within the first four years of existence. Businesses are currently adapting to the best practices and possible strategies available to survive, amid various changes abruptly happening in the world (Daproza, 2021).

It is also vital to discover how SMMEs are categorised because they differ in size and could either be micro, small or medium SMMEs. SMMEs are categorised by the National Small Enterprise Act depending on the subsector classification which includes the size, number of permanent employees paid, turnover per annum, as well as the asset value excluding fixed property. Muriithi (2017) describes SMMEs as any business with employees ranging from 2-250. Table 2.1 below gives a breakdown of the retail classification criteria according to the National Small Enterprise Act (South Africa, 2019).

Table 2. 1 Classification criteria of South African SMMEs in the retail sector

Industry	Classification	Number of full-time employees	Annual turnover (R)
Retail	Medium	51 – 250	< 80 million
	Small	11 – 50	< 25 million
	Micro	0 – 10	< 7,5 million

Source: South Africa Bureau of statistics (2019)

The South African retail sector contributes 43.2% towards the national income acquired by SMMEs, not considering the agricultural and mining sector (South African Market Insights, 2020). Furthermore, the retail industry is by far the largest contributor to the South African GDP at 34% which enables poverty alleviation and economic growth (Stats SA, 2018; The Banking Association South Africa, 2019). The National Small Enterprise Act (South Africa, 2019) identifies three categories of retail businesses, and uses two key measures to identify and define SMMEs in terms of the total number of permanent employees and annual turnover as follows:

Small enterprise: The business size classification is 11 to 50 permanent staff with an annual turnover within the range of R25 million.

Medium enterprise: Medium enterprises has a business size of 51-250 permanent staff with a turnover exceeding R80 million.

Micro enterprises: Micro enterprises has at most 10 permanent staff and its annual turnover is not more than R7,5 million per annum.

Matsoso and Benedict (2016) mention that SMMEs face a shortage of qualified staff. Thus, they tend to employ incompetent staff due to lack of resources. This in turn creates a gap in managerial skills needed to run the enterprise. Consequently, this makes it more challenging for SMMEs to achieve their business objectives. SMMEs also view the government as an obstruction to their development due to cumbersome legislation. For this reason, many SMMEs prefer not to do business with established firms or government (SAICA, 2015). The role that SMMEs play in the economy is a vital aspect of the current study as it also contributes to showing how SMMEs impact and contribute to the country's economy. From the above, it is evident that despite the challenges faced, SMMEs contribute to the growth of the economy thereby positively impacting the economy. Despite the fact that some of the respondents in the current study had at a bare minimum of two employees, they are considered contributors to the South African economy.

2.2 SMMEs in the retail environment

Retail SMMEs can be described as small, medium and micro enterprises that sell goods and services to buyers (Chapagain, 2015). The various items sold by different retailers include clothing, food and beverages, pharmaceutical items, equipment, furniture and much more. In addition to customer satisfaction, retail SMMEs play a huge role in society (Domingo, 2017). Retail SMMEs comprise markets, grocery stores, restaurants and coffee shops, internet cafés and much more (Akbar, Omar, Wadood & Al-Subari, 2017). There are two main types of retail SMMEs which include retail SMMEs in-store and retail SMMEs non-store (Hameli, 2018). SMMEs in-store operate a physical store and retail SMMEs non-store do not have a fixed residential address and instead use technology to advertise, and sell their products and services (Hameli, 2018). Most respondents in the current research operated from a physical business premises while a few had online businesses.

Despite manufacturing SMMEs, retail SMMEs are important because they contribute to the community due to the number of retailing businesses that there are in various communities (Jere & Aspeling, 2015). Fin 24 (2016) also confirms that the formal and informal retail sector of the South African economy is positively impacted by SMMEs. Dhanah (2017) reaffirms that SMMEs play a vital role in poverty alleviation and job creation. Thus, retail SMMEs are operational within an important industry and undoubtedly stimulate the economy in a productive manner (Ayandibu & Houghton, 2017). However, SMMEs face various challenges which could hinder their growth.

2.3 Outsourcing theories

There are different theories applicable to outsourcing accounting strategy, namely, Resource based theory (RBT), Transaction Cost Economics (TCE) theory and Knowledge- Based View Theory (Meliyo & Moronge, 2013). Vaxevanou and Konstantopoulos (2015) mention that outsourcing has many complicated structures. This includes various activities and functions that may pose administrative and managerial challenges. Theories have been developed to help businesses understand the nature of outsourcing tasks and activities, as well as assist managers, firms and SMMEs to maintain various processes in an efficient way. Vaxevanou and Konstantopoulos (2015) further mention that outsourcing has different methods applicable to different theories.

2.3.1 Resource based theory (RBT)

The RBT explains that successful organisations make efficient utilisation of their resources more than organisations that are not successful. This speaks to how committed they are to attaining efficiency. (Meliyo & Moronge, 2013). RBT provides resources, expertise and various abilities to study and understand the strength of competitive advantage (Cahyaningtyas & Ningtyas, 2020). The RBT is important to the study of outsourcing because higher level performance is obtained in enterprises that outsource. This allows them to be more competitive by outsourcing tasks which cannot be done in-house (McIvor, 2009; Meliyo & Moronge, 2013). Firm resources can be in a physical, organisational and human form. Firm resources can also have the form of a tangible or intangible resource, the resource based theory was propounded by Barney in 1991. The RBT suggests that the outsourcing of an organisation's accounting functions results in the widening of the economy (Marriot et al., 2008). Furthermore, Meliyo and Moronge (2013) mention that within the environment in which SMMEs operate, RBT has been relevant to many studies in terms of outsourcing accounting functions. This is because it provides a constructive foundation for considering the factors that influence a firm to outsource accounting tasks. For instance, it suggests that SMMEs use external accountants and accounting firms as a source of obtaining professional services that will align with the objectives of the organisation. It also helps to save costs by ensuring that such professional services contribute to positive economic change (Meliyo & Moronge, 2013).

Zulkiffli and Padlee (2021) further explain that the significance of the RBT can be seen from the fact that it helps firms to achieve and maintain a competitive advantage in difficult or challenging business environments. Daproza (2021) states that SMMEs do not have the necessary skills and expertise to maintain competitive advantage. Thus, it would be more beneficial for them to outsource the accounting function.

Kutsikos and Mentzas (2011) further mention that RBT breaks down a firm's decision-making process into two phases namely: the relationship management phase and the reconsideration phase. Through the adoption of RBV, firms can distinguish which activities can be done in-house and which ones should be outsourced (Zulkiffli, Sebadak, Padlee & Yusof, 2017). The RBT is the most used theory in studies on outsourcing accounting strategy because it provides a foundation for considering the reasons SMMEs outsource accountants. Therefore, it is relevant to the current study. Some key factors stating why SMMEs outsource accounting functions according to (Husin & Ibrahim, 2013) are listed below.

Knowledge of business owners and managers towards accounting strategy is not as adequate as it should be as they might have studied something else and tend to focus more on business performance thus the technical need for competence of accountants on firm performance. (Kamyambi & Devi, 2011). Most of the respondents have post graduate degrees in other academic domains and sections, therefore need someone with accounting knowledge to add to their knowledge for the advancement and continuation of their business. In terms of technical competence, one of the many objectives of RBT is to serve as an aid to owners and managers in the realisation of why competence can be seen as a business's asset and understand how the utilisation of assets improve the performance of business entities.

RBT suggests that businesses seek accounting strategy to increase competitiveness as the business grows in the market, therefore increasing the size of the entity. Streaming from the above, Kamyambi and Devi (2011) show the relevance of accountants through RBT therefore making RBT the most applicable theory to outsourcing accounting strategy. Through the aid of accounting strategy, there is increased competitiveness as the business grows, managers and owners can focus on other aspects of the business. As they do so they still receive the best outcome when it comes to their books as their accountants are not only qualified but experienced too. This is the case of this study as respondents benefit from external accountants. This is also seen from the researcher's work facility based on interaction with their clients as the researcher works for an outsourced accounting firm.

2.3.2 Transaction Costs Economics (TCE) theory

In order to elaborate the existence of firms, Ronald Coase proposed the transaction costs of economics theory in 1937. TCE theory assists with explaining the decision of outsourcing in areas such as accounting functions, as well as internal audit activities and human resource activities (Everaert et al, 2010). Meliyo & Moronge (2013) mention that SMMEs struggle to produce economies of scale which results in the justification as to why SMMEs have to make use of outsourcing. The TCE theory therefore suggests that SMMEs making use of outsourcing

have a cost benefit especially with functionalities such as accounting, with reference to activities such as payroll and staffing.

Vaxevanou and Konstantopoulos (2015) states that TCE is the most outsourcing theory used as it provides the most effective decision-making tools. This is regards to the determination of the firms operationsof outsourcing functions be outsourced and the area in which change should be implemented in the organisation in order to smoothly facilitate the execution of the outsourcing function. Vaxevanou and Konstantopoulos (2015) further states that TCE is also used for selection and analysis of various outsourcing contracts which can be difficult to select at times. Based on the prior statement from (Vaxevanou & Konstantopoulos, 2015) the transaction costs economics theory would be the next theory applicable to outsourcing accounting strategy because it deals with the analysis of various applicable outsourcing contracts.

2.3.3 Knowledge-Based View Theory

Knowledge-Based View Theory (KBV) is an extension of a RBV in an organisation. The approach used in this theory is that a firm is a place where different types of knowledge is applied to various topics, resulting in the emphasis of KBV in an organisation as knowledge is considered to be of importance and serves as a strategic resource. The application of knowledge, through advanced education and learning tends to be seen as an essential element in the attainment of competitive advantage and higher performance. The non-application thereof hinders a firm's growth and development, as a firm is highly incapable of discovering new opportunities due to the lack of KBV application. Knowledge can therefore be seen as a separate production factor which has a significant s impact in the production, innovation, and product development of firms (Meliyo & Moronge, 2013).

Nasiopoulos, Sakas, Vlachos (2014) state that KBV provides a comprehension of how individuals work together to produce goods and services, establishing the two methods for knowledge sharing between partners, which are knowledge generation and knowledge application. The knowledge-based theory is also an applicable theory to outsourcing accounting strategy as its emphasis is on education. This theory ties in with the current study in terms of the knowledge that external accountants or accounting firm's outsourced should have, as being qualified in their field of study is one the reasons that motivate SMMEs to outsource accountants.

2.3.4 Relational Theory

Relational theory relates to how firms acquire and maintain competitive advantage in relation to its competitors. This model is used for different study phases such as transition, relationship management, and reconsideration. Thus, it renders the relational theory the only approach

applicable to investigate all phases of the outsourcing process (Vaxevanou & Konstantopoulos 2015). Sakas, Vlachos & Nasiopoulos (2014) proposed the use of the relational model with the aim of analysing the effects of a firm in developing relationships with its vendors and selecting vendors it seeks to maintain a relationship within order to gain competitive advantage. Yahnhong (2011) further described the outsourcing model using the relational theory. The aim was to interpret certain phases, namely, preparation, vendor selection and relationship maintenance. The research concluded that the determinant of the benefit of outsourcing is the quality of the relationship established between two contracting parties. The aforementioned is coherent with the current study since external accountants provide financial advice to SMMEs. SMMEs then gain competitive advantage and this in turn, positively contributes to the performance of SMMEs.

2.4 Outsourcing accounting strategy

Although SMMEs have a phenomenal impact on the economy, Kamyabi and Devi (2011) found that the business environment changes cannot be predicted. This is attributed to economic globalization, changes in technology, increasing customer demand, and competition. Businesses found in such environments are threatened and can face sustainability challenges because of resource constraints. To overcome these challenges, SMMEs may outsource what is done in-house, particularly the accounting function. Ibrahimova-Guluzada (2017) states that outsourcing has become popular in the last 10 years.

Furthermore, Kairu (2019) mentions that outsourcing is one of the major strategies used by companies in Norway. He describes strategic outsourcing as the procedure of handing over the services of an internal service provider to an external service provider to perform tasks that would normally have been done internally. Kairu (2019) goes on to describe that outsourcing accounting functions deals with the transfer of some, if not all accounting functions to professional accountants who then control costs, provide their expertise, and assists the company with the development of its competitiveness. Zandi, Chuan and Mansori (2019) explains that outsourcing has resulted in a stop in the continual of internal accounting activities since external accountants were being utilised. Kamyabi and Devi (2011) describe human assets as being accountants with the required knowledge about a firm to perform the accounting function. Kefasi (2019), found that 56.7% of their respondents outsource the accounting function simply because they found it to be cheaper and more beneficial as the owners of the business did not want to worry about their financial woes. This, therefore, shows that outsourcing of accounting function can be seen as a remedy to the owners as they do not have to worry about the stress of managing the financial aspect of the business themselves.

SMMEs have a significant role in the growth and development of a country (Bayati and Taghavi, 2007). There are various accounting functions which are essential to businesses. These functions vary from accounts payable, receivables to general ledger. These functions can be handled through the purchasing of accounting software. Meliyo and Moronge (2013) mention that SMMEs do not have the necessary accounting knowledge hence they outsource. Meliyo and Moronge (2013) explain that there has been an evolution in accounting over the years with accounting functions not only being seen as a month-end reporting and record-keeping activity, but additional services and reports are provided, such as management reports. Over and above, the accounting function currently has more roles in a business as opposed to the way it was before. The increase in outsourcing has emerged due to several reasons such as improved quality of products, and reduced costs which results in increased efficiency, amongst others (Mishina, Kozlov, Sidorova, Makarychev, Makushev & Ivanov, 2019). Mishina and Kozlove et al., (2019) further mention that the majority of agricultural entrepreneurs make use of outsourcing accounting when it comes to outsourcing services. They use external resources to enhance their businesses in other important aspects. For example, outsourcing accounting enables the management team to focus more on production processes.

Presently, the role of external accountants, also known as professional accountants, is slowly but surely changing as external accountants also tend to provide business consulting services (Bruychere, Verplancke, Everaert, Sarens & Coppens, 2017). Mishina et al., (2019) state that SMMEs reduce the costs of keeping its own accounting services by making use of external accountants, as they handle better the responsibility of maintaining records. It is a function that requires accounting knowledge, time, and resources which the majority of SMMEs lack. Thus, it makes business sense for SMMEs to outsource non-specific functions, regardless of the type of business they run. (Mishina et al., 2019). The above discussion assists in showing the relevance of outsourcing in general, and outsourcing accounting strategy which supports the current study. Prior studies discussed in this section serve as a backbone to the current study.

2.4 EMPIRICAL LITERATURE

2.4.1 Benefits of outsourcing

According to Do, Svedberg and Karlsson (2006) large enterprises could dedicate a whole department to being one function (i.e., accounting) in the company, of which SMMEs lack due to small business size and limited resources. Thus, outsourcing has offered a great helping hand to the survival of SMMEs (Meliyo & Moronge, 2013). Kamyabi and Devi (2011) observe that accounting functions which are being outsourced to external accountants include bookkeeping, financial reporting, management reports and tax filing. Moreover, it was discovered that in Belgium, over half of SMMEs make use of a combination of outsourcing and

insourcing accounting functions (Kamyabi & Devi, 2011). They have also reported that most SMMEs outsource both routine and non-routine accounting tasks to professional accountants. Therefore, the role of professional accountants has evolved into a more involved function in the financial management, strategic planning and management accounting of the business, as opposed to merely the day-to-day bookkeeping function (Everaert, Sarens & Rommel, 2006). Professional accountants do not only provide services to SMMEs with regards to issues relating to finance and the economy but also provide their input regarding management accounting, financial planning, risk management and performance management (Kamyabi & Devi 2011). Dorasamy, Marimuthu, Jayabalan, Raman and Kaliannan (2010) argue that businesses find outsourcing to be a mechanism to increase and improve the effectiveness and efficiency of business performance. However, they established that the critical reason for outsourcing is cost reduction. Ibrahimova-Guluzada (2017) found the following benefits of outsourcing accounting strategy: minimised costs; reserved energy; services received from experts; contractual obligations between the two parties and so forth. Furthermore, Ibrahimova-Guluzada (2017) revealed that trust is a major factor in outsourcing accounting strategy and that small businesses have a level of trust when outsourcing the accounting function. Mohamad (2021) discovered that besides cost reduction, increased efficiency is also a huge benefit of outsourcing accounting strategy as it contributes to business while removing certain risks. Panigrahi and Joshi (2020) found that outsourcing accounting strategy is an investment to small businesses, it reduces business owners and managers year end stress and fees, and it is cost effective. Zandi, Chuan and Mansori (2019), on the other hand, found the benefits of outsourcing accounting to be efficiency, availability of resources for other business expenses, confidentiality and accessibility to financial information for high officials in the business, such as Chief Executive Officers (CEO). The various accounting functions mentioned above, such as bookkeeping, financial reporting etc., positively impact the current study as they are among the functions incorporated in the findings. In addition, various accounting software such as Xero are used to perform the accounting function. These tools have various pricing packages providing options to clients to select the most suitable package based on the level of accounting function they wish to benefit from. In this way, accounting packages offer benefits in terms of outsourcing the accounting function.

2.4.2 Effects of outsourcing

Maseko and Manyani (2011) point out that it is imperative that the majority, if not all SMMEs should compile financial statements. Due to numerous experiences gained from many companies around the globe, it has been found that sometimes it is not best to try and improve business processes but to change perspective and lend the process needed elsewhere and take advantage thereof (Maseko & Manyani, 2011). This is where outsourcing comes in because it frees up the resources directed towards the improvement of efficiencies within an

organisation. It also gives way for resources to be focussed on the main tasks needed in the organisation. The main advantages of outsourcing include cost-savings in accounting, staff salaries and cost-savings on organisational working places in accounting (Faitusa, Subaciene & Macerinskiene, 2020). According to Kamyabi and Devi (2011) the process of outsourcing should be included in the company's overall strategy as it forms part of assessing and reviewing the strategic and financial impact of outsourcing on the organisation. Also, due to outsourcing firms and external accountants, the organisational costs are minimised resulting in the cost saving and possibility of saved costs being used elsewhere in the business in order to obtain other organisational goals which might have been hard to obtain. (Meliyo & Moronge, 2013). Kotabe and Mol (2009) mention that outsourcing opens a channel of communication between the organisation and external parties. This opens rooms for discussion with external parties (professionals) on various strategic goals as it is expected of the external party to assist with advisory services. As a result, the organisational goals will likely be achieved (Kamyebi & Devi, 2011). Cahyaningtyas and Ningtyas (2020) found that various studies concluded that outsourcing accounting services by SMMEs with regards to the accounting function is a good alternative. Streaming from the above, it is highly evident that outsourcing accounting strategy positively affects businesses in more ways than one. This supports the current study which encourages and shows the effects of outsourcing accounting strategy on the performance of retail and service SMMEs. In addition, accountants preparing the accounts are able to provide good advice to their clients as they have access to all the required information to compile those financial reports. This makes it easier to provide sound financial advice to clients as they know every single angle of the client's financial position thereby contributing to the effectiveness of the business.

2.4.3 Reasons for outsourcing

As mentioned previously, outsourcing accounting strategy is an advantage to SMMEs. It is therefore important to understand the reasons for outsourcing accounting strategy. Outsourcing is a management tool that has acquired importance amongst managers when it comes to meeting the needs and dynamics of the business (Jae et al., 2000; Agburu, Anza & Lyortsuun, 2017). Outsourcing is also known as the replacement of activities done inhouse and subcontracting the activities to an external third party. Therefore, the third party becomes responsible for managing and developing accounting strategy (ideas) for the organisation that required the outsourcing. Outsourcing gives SMME management the ability to focus on core competencies, such as definable business areas as well as provide unique value to customers (Dominguez et al., 2006). Everaert, Sarens and Romme (2007) argue that one of the main reasons for outsourcing is cost reduction. In addition, the owners of the business can focus on their core business objectives while having access to the expertise of an external accountant. Previous studies reveal that most SMMEs outsource accounting functions so that the

managers and owners can focus on the strategic aspects of the business. Managers and owners of SMMEs do not benefit from trying to produce financial statements or perform the accounting functions for which they do not have the necessary background. Thus, they would rather outsource the accounting tasks (Everaert et al., 2007). Cahyaningtyas and Ningtyas (2020) found the preparation of financial statements as one of the difficulties. Therefore, firms would outsource to an accounting firm or external accountant to prepare the financial statements of the company. Ibrahimova-Guluzada (2017) found efficiency is one of the major reasons why SMMEs outsource the accounting function as it uses the lowest possible amount of inputs to yield a huge amount of output thus having an effect on firm performance. Panigrahi and Joshi (2020) suggest that SMMEs should outsource if they feel as though they are spending too much time in maintaining and managing the books of the business. If managers and owners feel as though they are taking short cuts when doing their books due to their lack of accounting knowledge, they normally look at the financial aspect of the business. In addition, they use this option, if they feel intimidated to ask for help when they do not understand the financial data before them, and lastly if they would like some flexibility and peace of mind when they examine and look at the financial reports and financial statements of their business.

According to Everaert et al. (2007) accountants need knowledge of GAAP, advanced tax laws and how to implement these regulations within a given business environment. Furthermore, Marriott and Marriott (2008) and Hassid and Fafaliou (2006) acknowledge that SMMEs lack the implementation of these essential skills while external service providers are often experienced in that regard. The suggestion to outsource ties in with the reality of CEOs having higher confidence in an external service provider (Bennett & Robson, 1999). Therefore, outsourcing accounting strategy has a positive effect on SMMEs as they benefit from the services and expertise of external accountants. These accountants bring their skills to the SMME and provide additional services such as management accounts, payroll services, financial statements and more. An internal accountant is unlikely to provide such services as their focus would be on the day-to-day activities of the enterprise such as bookkeeping.

Cost reduction is said to be the most important reason for SMMEs outsourcing accounting strategy. The demand for accounting services from internal employees may be low for a cost-efficient service or to obtain the correct performance levels required. Thus, SMMEs would rather outsource than train internal employees (Everaert et al. 2007). Meliyo and Moronge (2013) mention that due to the lack of adequate resources to perform non-core activities, some firms outsource accountants to assist with the reduction of costs. Outsourcing assists with the avoidance of costs related to the internal production of the firm (Kotabe & Mol, 2009). According to Mwangi and Mungai (2018) financial performance is measured by profit after tax,

return on assets (ROA), return on equity (ROE) and earnings per share (EPS). They also mention that the aim of financial performance is to add value to the business stakeholders.

According to the United Nations Conference on trade and development (2000) SMMEs are deemed vital to the economy as they stimulate economic growth and economic development of countries. Most SMMEs are not keeping the correct financial records due to the lack of accounting knowledge in terms of what is required for control and decision-making purposes. Furthermore, previous research confirms that SMMEs need support as well as accounting knowledge to carry out accounting functions in their organisations, Ismail (2002) comments that SMMEs are most likely to make use of outsourcing their accounting work to accounting firms. In this vein, the United Nations Conference on trade and development (2000) mention that most SMMEs could not implement accounting rules and regulations that already exist as they lack the skills needed and the accounting personnel and infrastructure. Furthermore, SMMEs do not have experience in accounting as this function could be complex. Among other things, the accounting function needs Generally Accepted Accounting Principles (GAAP) knowledge and the application thereof. SMMEs should also be able to implement the rules and regulations in each business environment (Evaraert, Sharens & Rommel, 2006). Ismail (2002) found that SMMEs face a challenge of attracting and maintaining skilled employees. He further explained that this challenge could be a result of limited senior positions available in the company as well as insufficient knowledge and accounting support, resulting in SMMEs being unable to handle a full set of accounts. Due to the lack of accounting knowledge and practices in SMMEs, some SMMEs chose to engage in outsourcing accounting functions from an accounting firm or an external consultant accountant rather than maintain an accountant inhouse at high costs (Ismail, 2002). Evaraet et al. (2006) states that there are three major problems facing the accounting functions of SMMEs namely, inadequate experience, limited resources as well as insufficient financial records to be used as a tool for decision making. The above challenges faced such as lack of accounting knowledge, support the study because it encourages SMMEs to outsource their accounting function as they benefit from experienced personnel.

In the current study, most businesses surveyed focus on other areas, such as sale of goods and services or providing a particular service such as consulting. Therefore, these businesses would need the expertise of outsourced accountants. These external accountants would provide the required financial accounts and ensure that they remain complaint, i.e., in terms of renewing their annual registration with the Companies Intellectual Property Commission (CIPC), and to ensure that companies remain tax compliant. Due to the lack of accounting knowledge internally, these companies are unable to attend to the aforementioned functions themselves.

2.4.4 Accounting functions outsourced to assist businesses.

Outsourcing of accounting functions is prevalent and continue to expand (Jayabalan, Dorasamy, Raman & Ching, 2009). Accounting functions outsourced are general ledgers, internal services as well as financial performance. Cahyaningtyas and Ningtyas (2020) further describe the accounting function as the process of measuring and conveying the findings through communication and interpretation of financial activities of the business. The general accounting functions vary from bookkeeping, management accounts, VAT, income tax, financial statements, which is a summary of the overall accounting picture. Accounting functions involved in the bookkeeping and management accounts functions are aged payables, aged receivables, audit, banking, financial service solutions, tax services and compliance.

Cahyaningtyas and Ningtyas (2020) uncovered that the implementation and utilisation of accounting functions is still at a minimal rate. They found that that the outsourced accounting function in countries such as Kenya and Indonesia is bookkeeping which in turn is a bit inadequate when there are many other accounting functions that can be outsourced which can result in high utilisation of outsourced accounting services. Aged payables, also known as accounts payable, is mainly used to show businesses what they owe their suppliers, which supplier payments are overdue, and assists them with planning towards their cashflow and planning as to when certain payments may be made. Aged receivables, also known as accounts receivable, deals with checking the customer invoices that are outstanding, it also assists businesses to see which customer balances are overdue and should be followed up. The audit function is performed to check the bookkeeping and accounting work done to see if it was done correctly. The banking function involves importing the bank statements in the accounting software used and ensure that the balance agrees to the actual bank statements received from the bank. Financial service solutions are more for advisory services, finding financial solutions to certain financial problems. Tax services varies from VAT, PAYE, Income tax, provisional tax and much more, fully depending on the tax services that the business would like to outsource. Billing systems are used to send out invoices monthly to customers. The compliance function could vary from registering with the Companies Intellectual Property Commission (CIPC) and being compliant with SARS, in terms of making sure that payments are made on time as well as avoiding penalties and interest. Management reports are a summary of the businesses' books, which includes the profit and loss report, balance sheet, aged payables and aged receivables, in a nutshell.

Husin and Ibrahim (2013) state that accounting services and functions are vital roles to SMMEs. It provides the enterprise with better management control and serves as an aid when

it comes to decision making, rendering businesses compatible and maximising profits. Accounting software has become easier to use and has facilitated financial management and accounts of businesses thereby resulting in a positive impact on businesses (Husin & Ibrahim, 2013). The aforementioned statement is in line with Kamyambi and Devi (2011) who described the significant effect that outsourcing accounting strategy has on the performance of SMMEs. This section of the accounting functions outsourced, contributes to the study by showing the various accounting functions SMMEs make use of.

2.4.5 Impact of Covid-19 on Accountants

Professional accountants were and are still vital for a positive growth in economic entities in the world today. The accountant's role is not only to ensure that the financial reports are of good quality but also contribute to the stability of entities and ensure continual progress of the entity (Frumusanu, Marin & Martin, 2020). During these difficult times, external accountants stand at the forefront in much the same way that doctors and nurses do in hospitals. However, accountants stand in the fight against the negative effects that the corona virus has on the economy as they assist with finding rapid solutions to the healing of businesses in public interests (Frumusanu, Marin & Martin, 2020).

Antonescu (2020) states that the financial accounting activity is important and that one of the many possible solutions to the survival and recovery of SMMEs is the creation of support centres which will provide services beneficial to the entities. These services include accounting, judicial, financial advice, human resources and much more.

2.4.6 Challenges faced by SMMEs

The Banking Association of South Africa (2019) shared their perception of SMMEs facing a regulatory compliance challenge which is further explained as a tiresome administrative process. Other researchers found that SMMEs in South Africa are challenged by lack of finance when starting up a business, discouraging labour laws, skills shortages, security costs and much more (BER, 2016). Husin and Ibrahim (2013) further identify challenges faced by SMMEs to be global competition, competition from producers, low productivity, lack of knowledge, business development and much more. The persistent challenges faced by SMMEs is believed to come from the inability to manage the economic factors which could either be internal or external (Siwangaza & Dubihlela, 2016). Prior research conducted by Smit (2012) discovered that SME owners and managers tend to focus on the significance of external factors rather than internal factors affecting the business entity. Examples of the internal factors include poor staff training, managerial skills, and inadequate use of financial performance measures (Bruwer, 2015; Ekegbo, Quede, Mienahata, Siwangaza, Smit & Bruwer, 2018). Fapohunda (2020) highlights some of the challenges faced by SMMEs to be:

- Education and training: Education is seen as a vital tool towards entrepreneurship as the lecturer will be able to transfer their knowledge to a student who is therefore able to apply that knowledge to their goal such as being an entrepreneur which would be vital to the economy as a small business would have been formed.
- Limited resources: Lack or limited funding or no funding at all limits the operations of the business.
- Government regulations: In the current day and age, due to the Covid-19 pandemic, curfews are set, which tends to affect the trading hours of businesses. Other government regulations provide administrative hurdles and results in additional expenses for businesses.
- Infrastructure: infrastructure relates to the physical organisational structure, due to Covid-19 more businesses have resumed to remote working which can be seen as a challenge for some SMMEs due to lack of physical interaction.
- Minimal Income generating activities: Fatoki (2014) mentions that should the government implement procedures with an emphasis on SMMEs, the performance level of most SMMEs would increase.

Moreover, an external challenge that negatively hit SMMEs globally is the Covid-19 pandemic which was experienced from March 2020 in South Africa (Kanu, 2020). The Covid-19 pandemic destabilised both the health and economic environment resulting in retail and service SMMEs being in a survival position with the various lockdown measures implemented to curb the rise in Covid-19 infections (McKinsey, 2020). Singh, Olugu, Musa and Mahat (2018) found that the sustainability of businesses is something small businesses lack. Masixole (2020) goes on to further identify more challenges such as lack of human resources, awareness, finance, skills etc., that small business are struggling with as owners and managers of small businesses are not familiar with.

Streaming from the above, some of the challenges faced by SMMEs are due to businesses focusing more external factors than internal factors. The aforementioned supports the researcher's study on the effect that external accountants have on SMMEs. Hiring of external accountants to take care of the accounting aspect, addresses one internal factor challenging the survival of the business unlike the Covid-19 external factors which cannot be taken care of easily. The researcher recommends that small businesses should seek help in arrears that they lack just to ensure continuity and success of their business.

2.4.7 Impact of Covid-19 on SMMEs in South Africa.

The corona virus and its prevention measures had a negative effect on SMMEs in the economy in many different ways. This ranged from a dramatic loss in the demand of goods as well as the drop in sales for goods and services which in turn impaired the ability of businesses to

function resulting in severe liquidity shortfalls. In addition, supply chains were interrupted, some employees lost their jobs as their firms could not pay them full salaries or afford to even pay them salaries at all. Business owners and consumers suffered loss of income, the tourism, construction as well as individual service sectors were affected. This resulted in minimal businesses and consumer confidence as people were trying to save and manage the little income that they had (South Africa, Department of Small Business development, 2020). From the aforementioned, all businesses whether large or small were impacted by Covid-19 but more especially smaller businesses as some turned to micro businesses or had to close down as they had a higher level of vulnerability (South Africa, Department of Small Business development, 2020). According to Brandtner, Darbanian, Falatouri and Udokwu (2020) the Covid-19 epidemic has affected all businesses from manufacturing, retail, education, healthcare, tourism, logistics and so forth.

However, regarding the retail sector, several research was conducted to understand the impact of Covid-19 on retail services. It was discovered that the ordering of food products was on demand and household grocery consumption had increased by 30% due to people panicking and overstocking and to to minimise the changes of contracting the Covid-19 virus by travelling to grocery stores. Small Business Research Specialist (2020) conducted a survey research on GEN22, StatsSA(1) , StatsSA(2), SASFIN, Heavy chef combat Covid, SASFA, Nedbank, ISI, Visa Covid tracker, Redflank and TransUnion. The results of the survey showed the way in which the Covid-19 pandemic impacted revenue, staff layouts, the amount of people that applied for Covid-19 relief and businesses that were permanently closed. These results are further elaborated below:

Drop in revenue: GEN22 did not experience a drop in revenue in March 2020 to July 2020. StatsSA(1) experienced an 85.4% decreased revenue in April 2020. StatsSA(2) decreased revenue by 90% in April 2020. SASFIN decreased revenue was 79% in April 2020, Heavy Chef combat Covid revenue decreased in April 2020 by 89%, SASFA's revenue decreased by 70% in May 2020, Nedbank experienced a 65% decreased in revenue In May 2020, ISI's revenue decreased by 82% in May 2020, Visa Covid Tracker experienced a 70% decrease in revenue in May 2020, while Redflank experienced 76% decrease in revenue businesses in June, July and August 2020 and lastly TransUnion experienced a 96% decrease in revenue in July 2020. A further analysis was done relating to the number of employees that were laid off.

Staff Layoffs: As a result of the Covid-19 pandemic, a lot of people lost their jobs. GEN22 estimated that 42 350 people were at risk of losing their jobs while in actual fact, StatsSA(1) experienced a staff reduction of 20%, StatsSA(2) retrenched 36% of the staff, SASFIN experienced a 53% decrease in staff, Heavy chef Combat Covid had the greatest knock having reduced 71% of their staff, SASFA did not cut down on any of their employees, Nedbank let

go of 26.8% of staff, ISI let go of 12% of their staff, Visa Covid Tracker were extremely knocked by the Covid-19 pandemic and retrenched 91% of their staff, Redflank reduced 43% of their employees and TransUnion retrenched of 59% of their staff. The government tried to rescue certain businesses by providing business relief.

Received Covid-19 reliefs: The companies that benefited from the Covid-19 relief is Heavy chef combat Covid, SASFA, ISI and TransUnion. Most of the companies resulted to remote working due to the various lockdowns imposed.

Digital uptake: The digital uptake increased by 63% for GEN22, 54% for Heavy Chef combat covid, 57% for Nedbank and 36% for Redflank. Despite the digital uptake, most businesses closed permanently.

Closed businesses: StatsSA (2) closed 9% of the businesses while Redflank closed 4% of their business branches.

From the above, the study showed how the various lockdowns affected SMMEs in terms of survival and its ability to pay their bills, employee salaries and wages, it also shows the percentage drop in SMMEs revenue of about 80 to 90% reflecting how SMMEs are fragile to economic shocks as many do not have enough savings to survive for three months. Although SMMEs constitute a significant business portion of the economy, the GEN22 survey has estimated that 55 000 SMMEs will not survive the continuous stringent lockdown measures imposed due to the Covid-19 global pandemic (South Africa, Department of Small Business development, 2020). The above mentioned supports the current study in showing the external factors that influence the survival of SMMEs.

2.4.8 Gaps identified in prior literature and research questions that have remained unanswered.

Drawing from the above discussed literature, there are some gaps in the existing empirical literature relating to the effects of outsourcing accounting strategy on the performance of SMMEs. Hence, there is a need for further scholarly introspection. Most international studies as mentioned by Cahyaningtyas and Ningtyas (2020) have been conducted in various countries such as Kenya, Indonesia, therefore their applicability to South African SMMEs in the Cape Metropole is questionable.

Some of the studies conducted, were conducted over five years ago therefore, the validity of their findings might have subsided in the current day and age. Some studies did not cover all

aspects of outsourcing accounting strategy, such as its value, resulting in certain questions and queries unanswered that need to be resolved by a fairly new study.

Given the preceding gaps identified, the research questions have remained unanswered.

1. What is the perception of SME owners/managers of outsourcing accounting strategy?
2. What are the effects of outsourcing accounting strategy on the operational costs?
3. What are the main reasons for outsourcing accounting strategy?
4. What are the effects of outsourcing accounting strategy on financial performance?
5. How has outsourcing accounting strategy affected the attainment of organisational goals?

2.0 Chapter summary

Chapter 2 presented a literature review of the effects of outsourcing accounting strategy on the performance of retail and service SMMEs in South Africa. The chapter started with a discussion on the impact of SMMEs on the South African economy which helped situate the study. Next, some of the key challenges faced by SMMEs were assessed. The impact of the current Covid-19 pandemic on the business retail sector was explained which further contextualised the study. Furthermore, the theoretical and conceptual frameworks that inform the current study were presented, with a focus on the relevant outsourcing theories. This was followed by a discussion of the main reasons businesses outsource their accounting strategy, and the benefits thereof. The next chapter presents a discussion on the research methodology that was used in the current study.

CHAPTER 3

METHODOLOGY

3.0 Introduction

Chapter 3 describes the research methodology that was applied in the current study. The chapter begins with an explanation of the chosen research paradigm, this is followed by a little discussion of the research method used, thereafter the research design is explained. The delineation, population and sample method is elaborated. The most applicable data collection instrument is revealed, followed by the data collection fieldwork, data coding and analysis and lastly, the ethical considerations applicable to this study are explained in more detail and a summary of the chapter is provided to close off the chapter.

3.1 Research Paradigm

According to Bryman (2012) a paradigm is described as a range of beliefs and assists particular scientists to determine the research topics that should be studied, the manner in which the research should be conducted and how the analysis should be done. Furthermore, Du Plooy-Cilliers, Davis & Bezuidenhout (2015) express that there are various paradigms however, the main three paradigms are Critical Realism, Interpretivism and Positivism. Interpretivism is focused on understanding, describing meanings and relationships between variables (Du Plooy-Cilliers et al., 2015). Interpretivists are of the belief that human beings and objects differ hence cannot be studied in the same manner, as human beings' character can change based on the environment, they find themselves in and their point of view can easily be influenced. A qualitative approach is used when collecting data using the interpretivism paradigm seeing as the findings reflects individuals' realities instead of numerical data (Du Plooy-Cilliers et al., 2015).

When it comes to positivists, the scientific enquiry is thus conducted through general conclusions regarding the relationship between variables. Positivists heed to theories as they believe that empirical evidence results in valid knowledge. Positivists are also in support of the idea that the findings found in the research study should be authentic and reliable (Du Plooy-Cilliers et al., 2015). Critical Realism detains that there is an existence of real structures regardless of the consciousness of humans. Critical Realists avoid predicting outcomes and would rather try to understand and explain a particular phenomenon and view knowledge as a very vital tool, which can also be used not to make the world a better place. Also, the research approach used for a critical realism study is a mixed method approach (Du Plooy-Cilliers et al., 2015).

The above research paradigms discussed contributes to giving an overall picture of various paradigms that exist and enhances the understanding thereof. The research paradigm chosen

for the current study is positivism, as the objective of a positivism study is to predict, control and manipulate the phenomena in natural and social environments while referring to theories due to the belief that the evidence found will result in true findings which will result in reliable data, which was the case of the current study. (Du Plooy-Cillers, Davis & Bezuidenhout 2016).

The current study also explains the effects of outsourcing accounting strategy and the benefits thereof and does not just conclude that outsourcing accounting strategy increases business performance. Therefore, the study is not suitable for the positivistic research paradigm.

3.2 Research Methods

There are three main types of research approaches, namely: qualitative, quantitative, and mixed methods which is a combination of both qualitative and quantitative methods of research. The difference between qualitative and quantitative methods is how we choose, collect, analyse and interpret information that will be used as evidence (Du Plooy-Cillers, Davis & Bezuidenhout 2016). Quantitative method represents numerical or statistical data (Du Plooy-Cillers, Davis & Bezuidenhout 2016). Brynard, Hanekom and Brynard (2014) describe quantitative method as an analytical research with the purpose of arriving at a universal statement (Mouton, 1983; Brynard, Hanekom & Brynard, 2014). Qualitative method on the other hand, represents interpretive data (Du Plooy-Cillers, Davis & Bezuidenhout 2016). Qualitative method relates to understanding individuals' attitudes and experiences. McCusker and Gunaydin (2014) specify that this method tends to give insight on the phenomena and the questions "how?", "why?" and "what?". Furthermore Scotland (2012) mention that methods of research, are specified ways and techniques that include collecting and analysing data. For the purpose of the proposed study, the researcher wanted to find out how outsourcing accounting strategy benefits SMMEs, its value and why it is recommended. Thus, it used mixed methods as data collection and analysis was both quantitative and qualitative. The use of mixed methods also broadens the comprehensiveness of the study and is likely to yield better findings (Creswell & Clark 2011).

3.3 Research Design

According to Kothari (1993), research design is described as decisions regarding what, where, when, how much, simply by means of inquiring on a research study. A research design is said to also be an arrangement of requirements for collecting and analysing information in a way that it is going to gather importance to a research purpose. Burns and Grove (2001) define research design as a helping tool for researchers regarding the planning and application of methods to the study to retrieve the expected results. Cooper and Schindles (2011) state that a research design accepts the format and procedures of the study undertaken in order to get answers to the stipulated research question. Bryman and Bell (2015) describe research design to be the root that directs and gives guidance to the way in which the researcher should

address the research questions of the study. Moreover, Ndegane (2019) mentions that research design relates to the way the researcher undertakes the research when it relates to solving the main research problem and providing answers to the various research questions.

The research design for this study was exploratory and descriptive as the study explored and described the effects of outsourcing accounting strategy. The aim of exploratory research is to gather new information on a topic that has been researched beforehand, while descriptive research aims to describe a phenomenon identified through prior research. The descriptive research method was chosen following Agburu et al. (2017) research on the effect of outsourcing strategies on the performance of small and medium scale enterprises. The study's aim was to expand and emphasize the fact that outsourcing accounting strategy minimizes costs compared to insourcing accounting strategy and that the benefits of outsourcing accounting strategy are more worthwhile than insourcing accounting strategy.

3.4 Delineation of the study

The selected retail and service SMMEs were situated in the Cape Metropole and were in existence for at least 12 months. To ensure validation of responses, only owners, managers and experienced employees of retail and service SMMEs were potential participants, as they are more likely to communicate to the external accountant and see the effectiveness and evolution of the business. The types of SMMEs used varied from restaurants, web designers, architects, retailers and consultants. Some of these businesses are in the Cape Town central business district (CBD), Sea Point, Kenilworth, and Salt River. The researcher chose the different types of businesses on the assumption that they make use of outsourcing, making them relevant to this investigation.

3.5.1 Population

Wiid and Diggines (2013) describe a population as a collection of people from whom the data needed to complete the research can be collected from. The targeted population of the current study was unknown as it is impossible to establish the entire population. The retail and service SMMEs that participated in this study varied from restaurants, hair and beauty businesses, businesses that offered consulting services, e-commerce services amongst others. The sample was drawn from SMMEs located in Salt River, Sea Point, Woodstock area, the CBD, The V&A Waterfront, within the Cape Metropole. For this study, the researcher included businesses that are in existence for at least 12 months. The researcher targeted clients at their workplace by virtue of their position as an external accountant.

3.5.2 Sampling method

According to Siwangaza (2014), sample methods are used to collect information about a specific population from a small size of people in that population who serve as representatives.

Furthermore, Dubihlela (2019) divides sample methods into two categories called probability and non-probability sampling methods. Peck, Olsen and Devore (2015) elaborate that a sample size is a part of a population selected to assist with the research study. The study makes use of the non-probability sampling method with reference to the purposive sampling method as the researcher chose the element they wanted to include in the sample.

The number of businesses included in the sample for the current study comprised 102 SMMEs in the Cape Metropole area. The researcher distributed 120 copies of questionnaire in total to these businesses and compared the results thereof. The questionnaires were distributed through a google sheet online and physically while considering the Covid-19 measures and protocols.

3.5.3 Data collection instrument

The data collection instrument that was used in this study is a survey questionnaire. Questionnaires are research documents containing questions formulated by the researcher in order to collect the required information from respondents, which will assist in the completion of the research study (Qeke, 2019). In addition, questionnaires assist in collecting large sums of data which also contribute to the adequate completion of the study (Sifumba et al., 2017; Matsoso, 2018). Questionnaires are also deemed to be cost effective (Ragab & Arisha, 2017; Ezeonwuka, 2019). Questionnaires give an option of getting expanded data, allowing the researcher to categorize the data. Furthermore, questionnaires are not expensive and are relatively easy to use when gathering data from a large group of respondents (Lawal, 2013). The researcher also used the Google Sheets computer application to enable rapidity of responses. Emails were sent out to respondents with the google sheet link which they could click on and respond to the questionnaire online. The researcher also went door to door and physically handed questionnaires to businesses that could respond, some respondents accorded the researcher time while others asked the researcher to drop the questionnaire and collected them another day. The questionnaire used for the current study consisted of demographic questions, questions to determine why respondents outsource accountants, questions to view respondents' perception on outsourcing accounting strategy and the effects thereof.

The questionnaire was broken down into the following questions:

Question one, which was the demographic information.

Question two was to find out which accounting function/s the current study's respondents outsource, various accounting functions were given as an option and respondents had to pick the accounting function they outsource, they could pick as much boxes as they wanted to.

Question three was to find out the reasons for outsourcing, various options were given, and respondents had to choose the option/s most applicable to them.

Question four was to determine the reasons for outsourcing accounting strategy, as per the above, respondents had to pick the most applicable reason/s as to why they outsource accounting strategy.

Question five, consisted of questions asked to find out the perception of the respondents on outsourcing accounting strategy. Respondents had to tick the appropriate box from the following five-point Likert scale [1= Strongly Disagree, 2 = Disagree, 3= Neither agree or disagree, 4= Agree, 5= Strongly Agree].

3.5.4 Pilot study

A pilot study serves as a steppingstone of the research protocol in its entirety. It is a minimal study conducted to assist in the execution and planning of the main study to be conducted. The questionnaire was pilot tested before data collection to verify that the wordings were clear and understandable to the respondents. The academics and master's degree holders were asked to explain how they understood each question and to point out any probable flaws. This process was also used to determine the approximate time it would take to complete the questionnaire. The researcher went further and used a director at their workplace to test and see if the research questions were understandable.

Several flaws in the questionnaire were discovered during the pilot study, including a lack of clarity in some instructions, leading questions, and incoherent questions. These flaws were addressed to the satisfaction of the academics, and the questionnaire was deemed clear, succinct, and user-friendly, making it eligible for data collection for the study.

3.5.5 Data collection and fieldwork

It is believed by CIn (2013) that data collection is an essential part of the research process. Data collection techniques permit researchers to systematically gather information regarding their research population and setting of study. Primary data was collected by means of a survey questionnaire as it was an effective way of data collection (Saunders et al., 2015), taking into account Covid-19 pandemic protocols. The questionnaire was administered face-to-face and virtually by the researcher. The research strictly adhered to Covid-19 protocols in place. Virtual data collection was done via email through the use of Google Sheets software where appropriate. The researcher handed out some questionnaires online and sent a follow up email two weeks later to get responses. Despite the follow up email sent; the researcher resorted to contacting some of the respondents telephonically to request them to answer the questionnaire. The researcher found the door-to-door method of handing out the questionnaire to be quite interesting and more effective as most respondents were willing to help. However,

during the times were there respondents were occupied with work, the researcher had to wait patiently to be assisted. The researcher found that some of the respondents from head offices were not willing to assist referred the researcher to their business headquarters. Communicating whilst wearing a face mask was challenging as the researcher had to speak loudly to be heard and pay careful attention when spoken to.

Secondary data collection entailed gathering data from published sources such as academic journals, dissertations, books and other relevant material. Zietsman, Mostert and Svensson (2019) advise that respondents should not merely be the people who represent the company, it should be someone who is insightful with regards to the topic being researched and the company. The respondent should be able to answer the questions thereby providing the required information. The researcher opted to use a survey questionnaire in order to interact directly with the research participants, which they did in certain instances. This enabled respondents to provide broader answers to the questions and gave additional insight which the researcher would not have received if the respondent completed the questionnaire alone. Another benefit of using a questionnaire is that questionnaires can also be kept and used as a reference even after the research has been conducted.

3.5.6 Data coding and analysis

According to Saunders (2009) it is important that all types of quantitative responses are coded numerically to easily comprehend the answers statistically and graphically. For this research study, the researcher used Microsoft Excel to analyse and code the data received because it is a user-friendly application. In addition, Microsoft Excel enabled the researcher to process the data into a pivot table and to present the data graphically in an efficient manner. It also offers other options for further statistical analysis (Docplayer.net, 2015). Data was analysed firstly in terms of demographic information received from respondents. Secondly, the data was analysed in terms of participants' responses to the survey. Thirdly, data was analysed in terms of participants' satisfaction and likelihood of referring outsourcing accounting strategy to a third party.

3.5.7 Validity and Reliability of the research

In the mid-twentieth century, Cronbach and Meehl (1995) highlighted the question of validity in quantitative research in relation to the formulation of criterion for evaluating psychological tests. Validity in quantitative research, according to Thatcher (2010), is the degree to which a data collection device measures what it was designed to measure and whether or not it will result in valid results. The assumption was clearly defined to show the effects of outsourcing accounting strategy, on the performance of small businesses. According to Blumberg, Cooper, and Schindler (2005), dependability is a measurement that produces consistent and equal outcomes. The consistency, precision and trustworthiness of the research is measured by

reliability (Chakrabarty, 2013). The researcher conducted a pilot study on the questionnaire in order to pre-test the questions and improve reliability. The Cronbach value is 0.836 as shown in table 13. The result reveals internal consistency of the questionnaire items which affirms reliability of the questionnaire constructs. Therefore, the research instrument is very reliable to measure the context and answer the research questions.

3.6 Ethical considerations

Study participants were informed about the research and what it entails. Door-to door participants were asked to sign a consent letter and informed that they were free to answer the questions at their own free will. The safety of the participants was taken into consideration to ensure that they do not suffer any harm while assisting with the research. Taking into account the Covid-19 pandemic, the researcher ensured they observed socially distancing, wore a face mask and sanitised. Confidentiality was made a priority as the questionnaires were used solely for academic purposes. The respondents were informed of their rights to withdraw from responding to the questionnaire or interview at any time.

3.0 Chapter summary

Chapter 3 presented the research methodology that was applied in the current study. The chapter began with an explanation of the chosen research paradigm, this was followed by a brief discussion of the research method used, thereafter the research design was explained. The delineation, population and sample method were elaborated. The most applicable data collection instrument was revealed, followed by the data collection fieldwork, data coding and analysis and lastly, the ethical considerations applicable to this study were explained in more detail. The next chapter presents a discussion on the findings and analysis of the current research study.

CHAPTER FOUR

DATA FINDINGS ANALYSIS AND DISCUSSION

4.0 Introduction

Chapter four provides the findings and analysis of the research study. This study sought to determine the effect of outsourcing accounting strategy on the performance of retail and service SMMEs. This research was conducted to motivate and encourage more retail and service SMMEs to adopt the usage of accounting strategy. Suggesting that that if they cannot afford full-time employees, outsourcing can become more effective.

This chapter aims to present the data analysis and discussion of the results obtained from the questionnaire survey that was collected to determine the effects of outsourcing accounting strategy on the performance of small, medium and micro-retail and services enterprises in Cape Town. The chapter begins by restating the main research questions in Section 4.0 of the chapter's introduction, followed by a discussion on the response rate in section 4.1. The discussion then moves to the respondents' demographics in Section 4.2 and the business profile of the SMMEs involved in the study. Section 4.3 presents the qualitative description of the Likert scale, followed by a descriptive analysis of the accounting functions being outsourced by the SMMEs. Section 4.4 presents the research questions analysed using descriptive analysis. Section 4.5 introduces the formulation of the hypothesis for inferential statistics for measuring the effect of outsourcing account strategy on the performance of SMMEs and n test the hypothesis to draw inferences on how accounting function outsourced has affected the SMMEs performance. This section is followed by section 4.6, which discusses the entire findings of the study before concluding the chapter with section 4.7.

4.1 Response Rate and Restatement of Objectives

Questionnaires were handed out electronically and physically. For the ones handed out physically, all Covid-19 measures were upheld and adhered to, such as wearing face masks and constantly sanitising hands.

The total number of questionnaires distributed in the study was a 120, of which 70 were distributed online via google sheets to the researchers' clients. The 50 participants/respondents were obtained through door-to-door distribution to retail and service enterprises in the Cape metropole. Thus, the current study was conducted on a hundred and two (102) participants as that is the number of participants that responded to the questionnaire.

From the hundred and two (102) participants, twenty-eight (28) respondents were either owners, directors, or partners of the businesses, fifty-seven (57) were managers, six (6) were supervisors and eleven (11) employees who were very clued up on the business.

Table 4-1: Response rate

	Number of participants	Percentage %
Total participants	120	100
Responses not received	18	17.65
Responses received	102	82.35
Total	102	82.35

Field survey (2022)

As a quantitative method research approach, Microsoft excel, SPSS and XLSTAT software were the main tools used to analyse the data. The procedure used to analyse the data was to export the CSV file from google sheet after all the information had been loaded on it, converting it to excel for the demographics' frequency count done with excel. However, some descriptive analysis was done using SPSS 28. Finally, the advanced modelling techniques of XLSTAT was used to conduct inferential statistics to establish a causal effect of outsourcing accounting strategy on the performance of SMEs business in Cape Town.

4.2 Respondents' Demographics and Business Profile

This section presents the demographics of the respondents and the profile of enterprises they own or work for. This is very important in a perception study where the opinion of the respondents determine the quality of inferences to be drawn from the study. From table 1a and 1b, the demographic analysis of the participants revealed that 102 respondents took part in the exercise. This is because the research allows for respondents' free will, as they were allowed to withdraw at any time during the process.

Table 4-2: Demographics Distribution of the Respondents

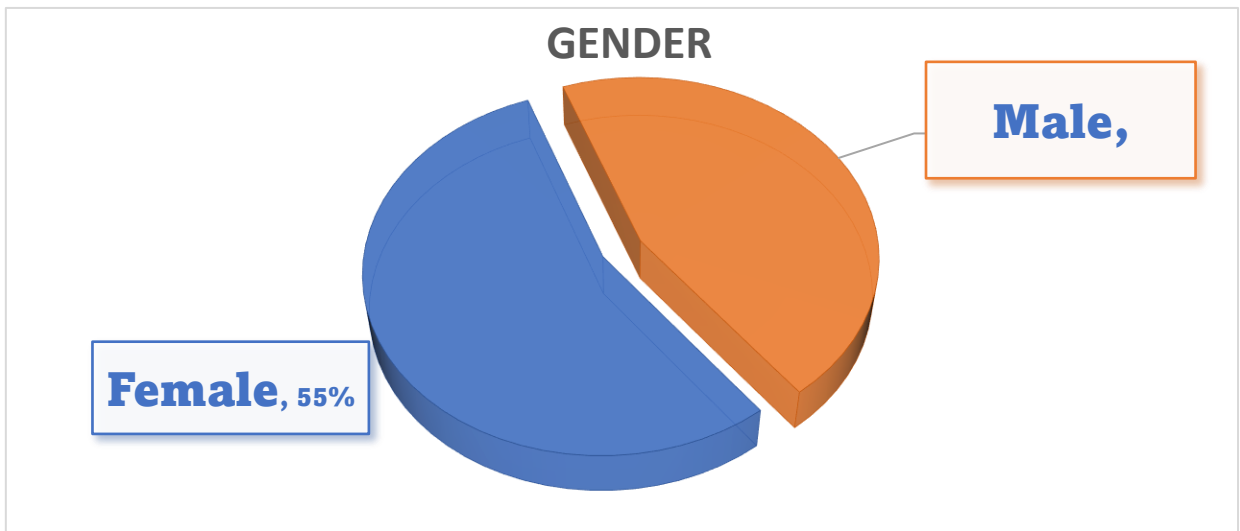
S/N	Variables	Categories	Frequency	Percentage
1	Gender	Male	46	45.1
		Female	56	54.9
2	Position	Director	6	5.9
		Employee	11	10.8
		Manager	56	54.9
		Owner	21	20.6
		Partner of a law firm		
		Supervisor	1	1.0
3	Duration	0-1 Year	12	11.8
		2-5 Years	38	37.3
		6-10 Years	29	28.4
		More than 10 Years		
			23	22.5

Source: Field Survey, 2022

As presented in Table 4.2, a larger percentage of the respondents (54.9%) were females, while the remaining 45.1% were males (fig. 1). This shows that more females gave their time to answer the questionnaires than males.

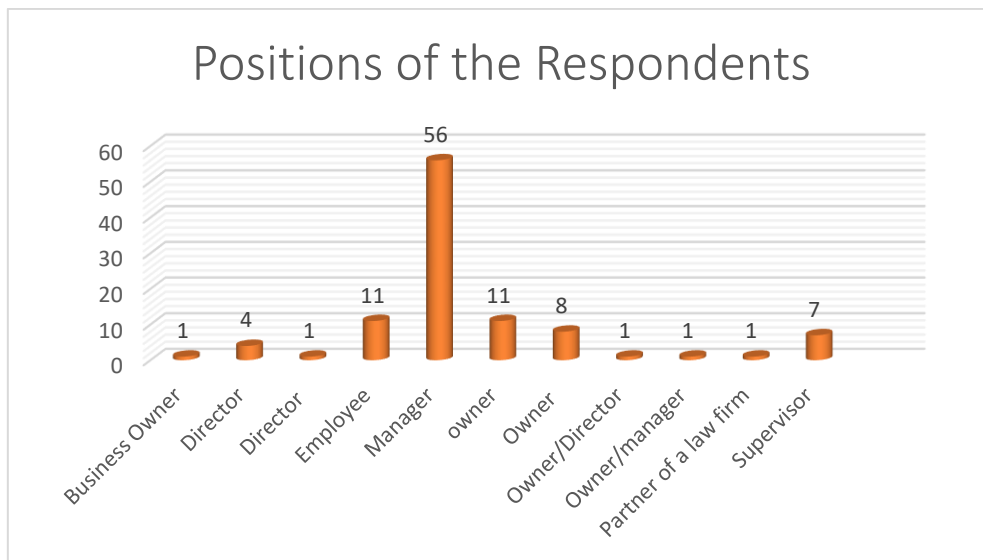
Table 2 also shows that the largest percentage of the participants which represents 37.3% have worked between 2 and 5 years, this shows that they will have moderate experience in the industry they work in. This was followed by 28.4% who have worked for 6 to 10 years, while 22.5% have worked for more than 10 years. This shows that the number of experienced respondents is relatively high. 11.8 % of the respondents have about one year or less experience.

Figure 4-1: Gender Distribution of the Respondents



Out of all the respondents as shown in Table 2, 5.9% are directors, 10.8% are employees, the largest frequency of the respondents are the managers (56), and this represents 54.9% of the total respondents. The second largest frequency (21) represents the cardinality of people who are the owners of their industries, and this constituted is 20.6% of the respondents. Only one participant is a partner of a law firm among the participants and this, being the lowest in percentage, covers approximately 1% of the total respondents. Lastly, 6.9% of the respondents are supervisors. This demographical factor predicts the reliability of the responses given, as the greatest percentages of respondents are not ordinary employees, they are managers, followed by 20.6% who are owners. Therefore, a reasonable number of the participants are owners, and this shows that the responses received from respondents are conclusive and valid.

Figure 4-2: Distribution of Respondents' Position



With reference to Table 3 below, it shows that 76.5% of the respondents have a qualification. 34.3% of the participants have an undergraduate certificate while 42.2% have postgraduate certificates. This shows that more respondents are qualified, with having at least met the benchmark being an undergraduate certificate. 17.8% of the respondents have a senior certificate which is above grade 12 in High school, and 6 participants, representing 5.9% of the respondents. The least number of respondents have either an ordinary certificate or have been matriculated into schools. The above results show that SMMEs are being run by 70% of qualified individuals.

About three quarters of the organisations that participated in the study have been in existence for more than 2 years. The highest percentage (31.4%) of the participants have been existing for 2 to 5 years, followed by 20.6% which have been existing for 6 to 10 years thereafter, 22.5% of businesses have existed for more than 10 years. Only one-quarter of the participating organisations have existed for one year. The above shows that the highest number of participating organisations in the current research have sufficient experience needed in outsourcing, with particular reference to the outsourcing accounting strategy that this research focuses on.

Looking at the employment capacity of each organisation, the highest percentage obtained was 58.8% which are organisations that employed between 11 to 20 employees, followed by 17.6% who employed between 21 and 50 employees. Thereafter, 15.7% of these organisations employed between 1 and 10 employees, 6.9% employed between 51 and 100 employees. Only 1 company has the capacity of employing more than 250 employees. Judging from the employment capacity of these companies', about 74.3% of the organisations

represented had capacity to employ more than 10 employees, resulting in a reasonable numerical capacity to be considered fit to respond to the questionnaire.

Table 4-3: Demographic Data of the Respondents (n=102)

S/N	Variables	Categories	Frequency	Percentage
1	Qualification	Certificate/Matric	6	5.9
		Grade 12/Senior	18	17.6
		Postgraduate	43	42.2
		Undergraduate	35	34.3
2	Years Existence of	1 Year	26	25.5
		2-5 Years	32	31.4
		6-10 Years	21	20.6
		More than 10 Years	23	22.5
3	Cardinality of Employees	1-10	16	15.7
		11-20	60	58.8
		21-50	18	17.6
		51-100	7	6.9
		More than 250	1	1.0

Source: Field Survey, 2022

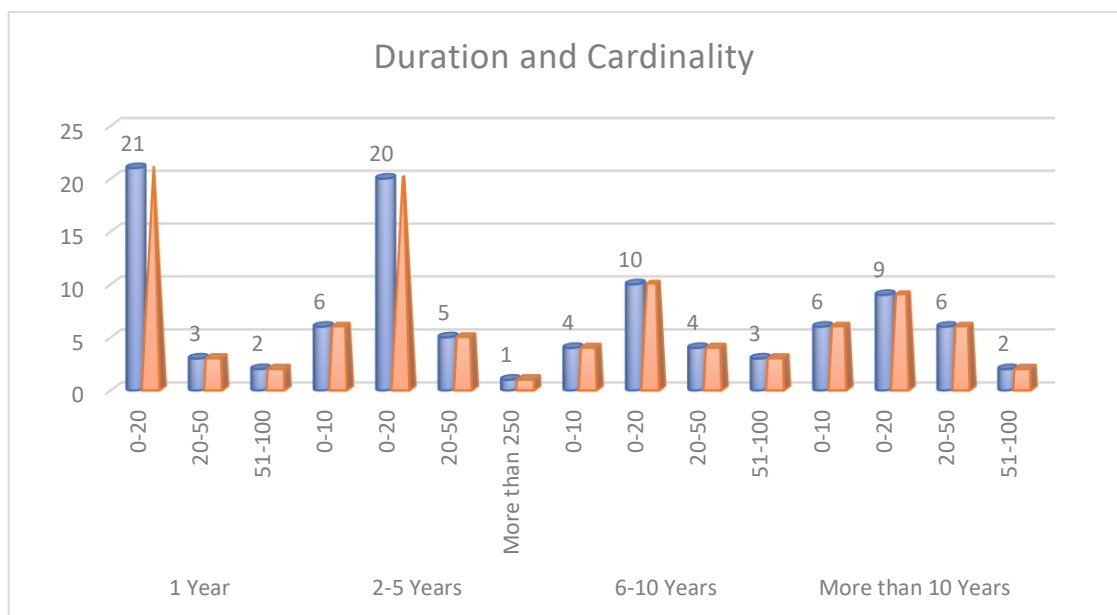


Figure 4-3: Employees Cardinality

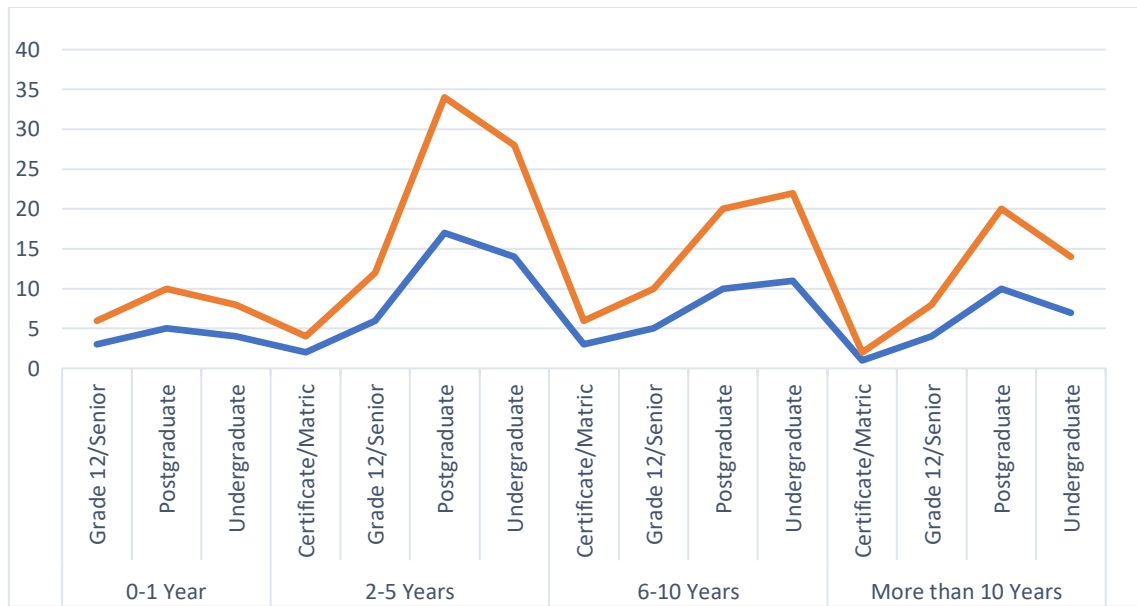


Figure 4-4: Respondents Qualification

4.3.1 Accounting Function Being Outsourced

The research as shown in table 4 below, revealed that a greater percentage of these organisations outsourced financial accounting because of bookkeeping and payroll, many also outsource accounts because of tax. 81% outsource bookkeeping and payroll. 77.5% of the respondents outsource tax, 71.6% outsource financial advice and statements, about 51% outsource management reports. The other bulk of the organisations also outsourced financial statement advice. Few organisations outsource accounting strategy for management reports. The reason for the choice for the accounting strategy is outsourced is hinged on the several benefits and advantages derived thereof. Table 8 explores these several advantages.

Table 4-4: Types of Accounting Function Being Outsourced

S/N	Which accounting functions does your business outsource?	Response	Frequency	Percentage
1	Tax	No	23	22.5
		Yes	79	77.5
2	Financial Statement/Financial Advice	No	29	28.4
		Yes	73	71.6
3	Management Reports	No	50	49.0
		Yes	52	51.0
4	Bookkeeping/Payroll	No	19	18.6
		Yes	83	81.4

Source: Field Survey (2021)

One of the questions asked to determine the effect that outsourcing has on the financial integrity of the business was what accounting function the company outsources. Respondents were given the options below and were also given the liberty of selecting more than one option based on the accounting function that they are using. The various options were: bookkeeping, payroll, Financial statements Income tax, Value Added tax (VAT) and Pay as you earn (PAYE), Management Reports and Financial Advice.

The results were as follows: 57% of respondents outsourced all the above-mentioned accounting functions, followed by 12% who selected payroll, various tax, management reports and financial advice, 11% also chose the same results as the 12% group but added financial statements, thereafter 9% selected tax, payroll and financial advice, 5% sort financial advice, while 3% opted for financial statements only and other respondents amounting to 3% selected the bookkeeping function, payroll and tax. The results in table 4 are in line with (Agburu et al., 2017) who found that the accounting functions outsourced are bookkeeping and payroll. (Azucena et al., 2015) found that the highest accounting function outsourced was the financial reporting function, followed by bookkeeping. According to (Cahyaningtyas & Ningtyas, 2020) the highest accounting function outsources is bookkeeping, followed by financial statements, and then payroll.

It was discovered by (Kefasi, 2019) that SMMEs that have an internal accounts department tend to only have the bookkeeping function done inhouse and tend to outsource the taxation and statutory returns submission services. The authors also found that external accountants providing these services are qualified chartered accountants (CAs).

The results shown in Table 4 r also reflect that companies now outsource more than the bookkeeping functions as priority. They now also seek financial advice and need financial statements. The above functions are outsourced by organisations because they lack the expertise or time to do it themselves.

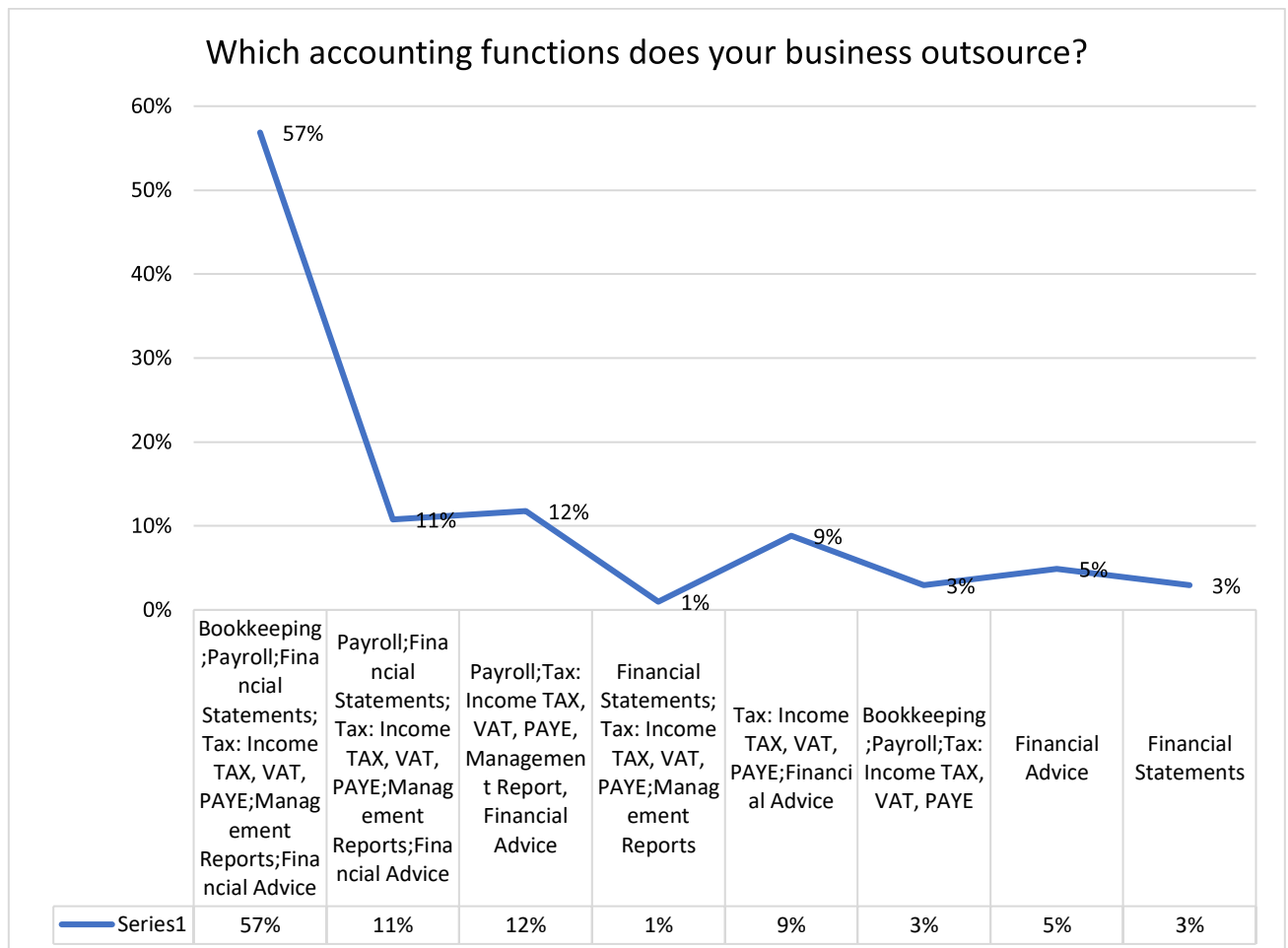


Figure 4-5 Accounting functions outsourced.

4.3.3 Outsourcing accountants have been helpful during the Covid-19 Pandemic

An additional question of whether outsourcing accounting and advisory services has been helpful to SMMEs during the covid-19 pandemic was therefore asked.

The results below reflect that 40% strongly agreed that outsourcing accounting strategy was helpful during the Covid-19 pandemic, 34% agreed, 21% were neutral as to whether or not external accounts or firms are helpful during the Covid-19 pandemic, 4% disagreed while 1% strongly disagreed.

According to Antonescu (2020) accounting services are beneficial to business entities also. With Covid-19, many businesses sought financial assistance and advice. This supports the current study in terms of showing the importance of accountants during crises. In terms of the impact of Covid-19, accountants had to keep up with the news in order to inform their clients, some of whom are respondents in the current study, of the various government grants and aids. For instance, respondents were able to benefit from the Covid-19 relief provided by the South African Revenue Services (SARS) which enabled them to delay the PAYE payment. Respondents were allowed to defer 35% of the PAYE payment from April 2020 however they needed to start paying the 35% back over 6 months from September 2020- February 2021. There was the TERS relief fund, UIF paid out by the government to employees of small businesses in order to assist with business continuity. The aforementioned are just two of the various aids provided during the Covid-19 pandemic which the external accountant needed to know in order to assist clients/ respondents during the Covid-19 pandemic. Accountants therefore needed to also keep up to date with the news.

From the above the researcher observed that external accountants or accounting firms have and were helpful during the Covid-19 pandemic, in comparison to insourced accountants as they would have had more exposure in terms of the application of UIF TERS. External accountants would have had to make the application for more than one of their clients while insourced accountants would have to do research and then apply it to their business.

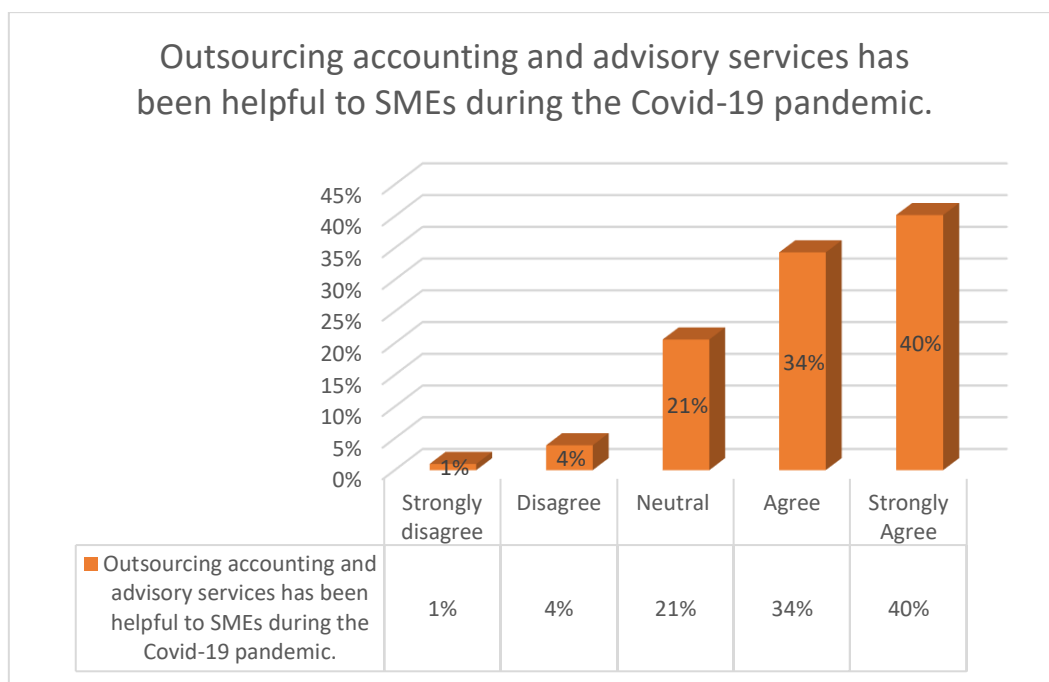


Figure 4-6: Outsourcing advisory services has been helpful during the Covid-19 pandemic.

4.4 Objectives Analysis

This section provides answers to the research questions raised in the course of the study to be able to determine the effect of outsourcing of accounting function/strategy on performance of small, medium and micro retail enterprises in Cape Town. The five research questions discussed in the section includes understanding the Perception of SMEs stakeholders/owners on outsourcing accounting strategy, followed by examining the effect of using an external accountants' services on the operational cost of the organisation. The next research question provides answers as to the effectiveness of outsourcing on financial integrity of the organisation while the last research question investigates the effectiveness of outsourcing in the attainment of organisational goals.

4.4.1 Objective One

The nexus between perception and behaviour is well documented in the literature following the adoption theory of planned behavioural, which defines the importance of attitude and perception in influencing the practices of human beings. This theory has intensified the importance of perception in predicting actual individual behaviour and this has been applied in the field of entrepreneurship, operation, business and sustainability.

Table 4-5a: Perception of SMEs on Outsourcing Accounting Strategy

S/N	Question	RESPONSE					Total
		SD	Disagree	Neutral	Agree	SA	
1	Outsourcing the accounting strategy assists with attaining organisational goals	1 1%	2 2%	14 13.7%	43 42.2%	40 41.2%	100 100%
2	Outsourcing accounting strategy minimizes costs	3 2.9 %	7 6.9%	29 28.4%	30 31.4%	31 30.4%	100 100%
3	Outsourcing accounting strategy gives owners and managers more time for strategic planning of the business.	1 1%	2 2%	5 4.9%	38 37.3%	54 54.9%	100 100%
4	Outsourcing has improved effectiveness of businesses	1 1%	3 2.9%	12 11.8%	34 35.3%	50 49%	100 100%

5	Financial reports received are of good standard.	0 0%	1 1%	8 7.8%	37 38.2%	54 52.9%	100 100%
6	Information is confidentially displayed.	0 0%	2 2%	8 7.8%	31 30.4%	59 59.8%	100 100%
7	Outsourcing surpasses insourcing	0 0	4 3.9%	25 24.5%	30 29.4%	41 42.2%	100 100%
8	Outsourcing accounting strategy has been effective in decreasing operational costs	3 2.9 %	9 8.8%	22 21.6%	36 37.3%	30 29.4%	100 100%
9	Experienced personal hired have a reasonable service fee	0 0%	3 2.9%	20 19.6%	44 43.1%	33 34.5%	100 100%

Source: Field Observation, 2022

Table 5a and 5b show that owners and managers have a positive perception of outsourcing accounting strategy. Most of them believe that having an external accountant, ensures that there is an oversight on the state of financial books. Confidentiality is very important; trust needs to be built and clients who outsource external accountants demonstrate their level of trust as they are seeking help. In order for that help to be found businesses expose a level of vulnerability such as sending their bank statements and important financial documents of the business to the external accountant. The accountants in turn honour this gesture by showing a level of confidentiality with the client's information and financial reports prepared. With reference to the current study the above sentiment of confidentiality was shared by the respondents as most of them trust their accountants and the accountants in turn treat their client's information with confidentiality.

Table 4-5b: Perception of SMEs on Outsourcing Accounting Strategy

		RESPONSE					
S/N	Question	SD	Disagree	Neutral	Agree	SA	Total
10	Outsourcing accounting and advisory services has been helpful to SMEs during the Covid-19 pandemic.	1 1%	4 3.9%	21 20.6%	35 34.3%	39 40.2%	100 100%

11	Outsourcing ensures our financial reports are complete	0	3	11	27	59	100	0%	2.9%	10.8%	26.5%	59.8%	100%
12	Outsourcing ensures our financial reports are accurate	0	2	8	37	53	100	0	2%	7.8%	36.3%	53.9%	100%
13	Outsourcing ensures our confidentiality is prioritized	0	1	16	35	48	100	0%	1%	15.7%	34.3%	49%	100%
14	Outsourcing financial reports give a clear indication of the company financial position	1	1	8	43	47	100	1%	1%	7.8%	42.2%	48%	100%
15	Outsourcing ensures our short- and long-term organisational goals are met?	0	2	25	35	38	100	0%	2%	24.5%	34.3%	39.2%	100%
16	Outsourcing accounting and advisory services enhance the attainment of our organisational goals	0	4	17	42	37	100	0%	3.9%	16.7%	41.2%	38.2%	100%
17	Would you recommend outsourcing accounting strategy to businesses similar to mine	1	1	5	37	56	100	1%	1%	4.9%	36.3%	56.9%	100%

Source: Field Observation, 2022

The current study's respondents seem to think that outsourcing surpasses insourcing in various areas and aspects. The above sentiment can only be created if the external accountant is giving their utmost best to meet the clients/ respondents needs. Overall, respondents of the current study had a positive perception on outsourcing accounting strategy, the next step was to find out if the external accountants had a positive impact on the operational costs of the organisation.

Standard Deviation provides an indication of how far the individual responses to a question vary or "deviate" from the mean. Standard Deviation tells the researcher how spread out the responses are - are they concentrated around the mean, or scattered far & wide? Did all your respondents rate the item in the middle of your scale, or did some love it and some hate it? It is used purely as a descriptive statistic. It *describes* the distribution in relation to the mean. The distribution of responses is important to consider, and the standard deviation provides a valuable descriptive measure of this.

In the light of the descriptive analysis of the functions of Standard Deviation articulated above, it can be observed from Table 5 below that the standard deviation for each item is relatively

low (i.e. <1), which indicates that the responses are concentrated around the mean. This in-turn shows that the average perceptions of the business owners and managers on outsourcing accounting strategies are moderate.

Table 4-6: Perception of SMME owners and managers on outsourcing accounting strategy

Variable	NoB	Mini	Maxi	Mean	Std.D
Outsourcing accounting strategy gives owners and managers more time for strategic planning of the business.	102	1.00	5.00	4.43	0.76
Outsourcing surpasses insourcing	102	2.00	5.00	4.10	0.90
Outsourcing accounting and advisory services have been helpful to SMEs during the Covid-19 pandemic.	102	1.00	5.00	4.09	0.92
Would you recommend outsourcing accounting strategy to businesses similar to mine	102	1.00	5.00	4.47	0.72

4.4.2 Objective two

The effects of using an external accountants' services on the operational cost of the organisation.

4.4.2.1 Outsourcing accounting strategy minimizes costs.

Respondents were asked to describe whether outsourcing accounting strategy minimises costs, as the researcher was trying to see the cost benefit of hiring an external accountant. In this case, 30% strongly agreed that outsourcing minimises costs, 31% agreed, 28% were neutral, 7% disagreed and 3% strongly disagreed. From the above results, it was noted that 28% were not sure if outsourcing accounting strategy minimises costs which is just 3% lower than the 31% who agreed. Thus, it is safe to say the outsourcing accounting strategy does minimise costs.

The result of the observation is that above 60% agree that outsourcing accounting strategy minimizes costs, about 28% were neutral about this injunction, and about 9% disagree with the assertion. About 70% of the respondents believe that outsourcing decreases operational cost. Above 70% believe that experienced personnel hired in outsourcing have a reasonable service fee. This shows that a good number of organisations outsource accounting strategy to save costs. They prefer to pay the external accountant based on the service rendered rather than on a full-time basis.

The above results are in line with (Azucena et al., 2015) who confirmed that businesses get cost effectiveness from outsourcing external accountants thus also permitting businesses to also save money. (Ibrahimova-Guluzada, 2017) discovered that outsourcing accounting strategy allows SMMEs to have competitive advantage as reduced costs results in companies having an advantage. Therefore, reduced cost is another reason for outsourcing the accounting strategy. These findings tie in with the current study as the research found that 61% of their respondents, strongly agreed and agreed that outsourcing minimises costs.

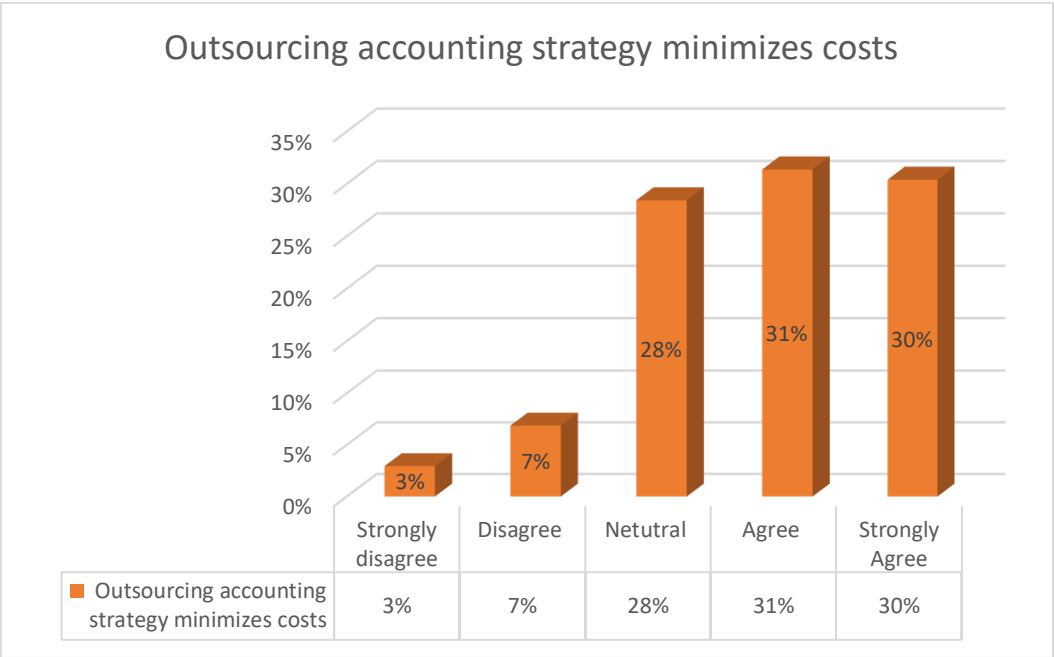


Figure 4-7: Outsourcing accounting strategy minimises costs.

4.4.2.2 Experienced personal hired have a reasonable fee

Respondents were asked to state whether the external accountants and firms that they hire have a reasonable fee, this question was also asked to determine the cost benefits of outsourcing accounting strategy. 34% of the respondents strongly agreed that the external party has a reasonable fee, followed by 43% who agreed, 20% were neutral while 3% disagreed and 0% strongly disagreed. It can therefore be seen that there are cost benefits with hiring an external accountant. The above results are in line with Azucena et al. (2015) who confirmed that businesses get cost effectiveness from outsourcing external accountants thus also permitting businesses to save money.(Panigrahi et al., 2020) felt that SMMEs experienced a reduction in cost, therefore attesting that outsourced accountants or accounting firms have a reasonable fee.

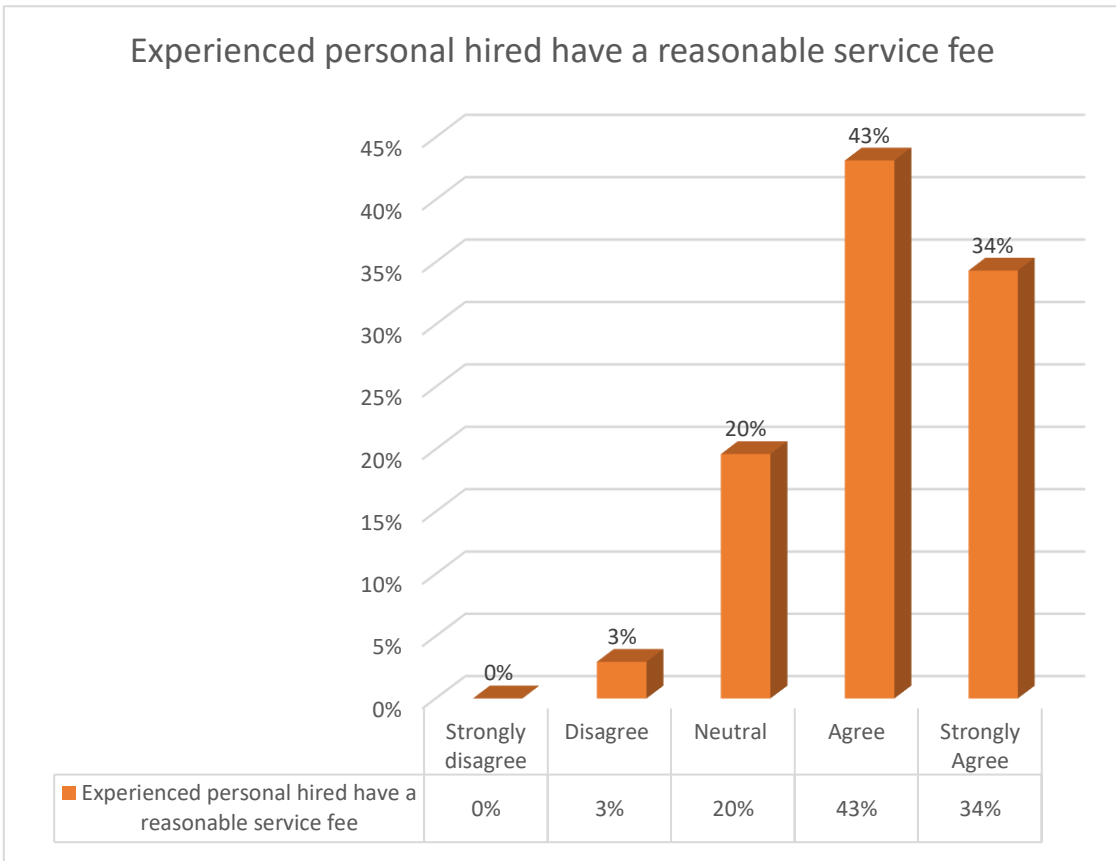


Figure 4-8: Experienced personnel have a reasonable fee.

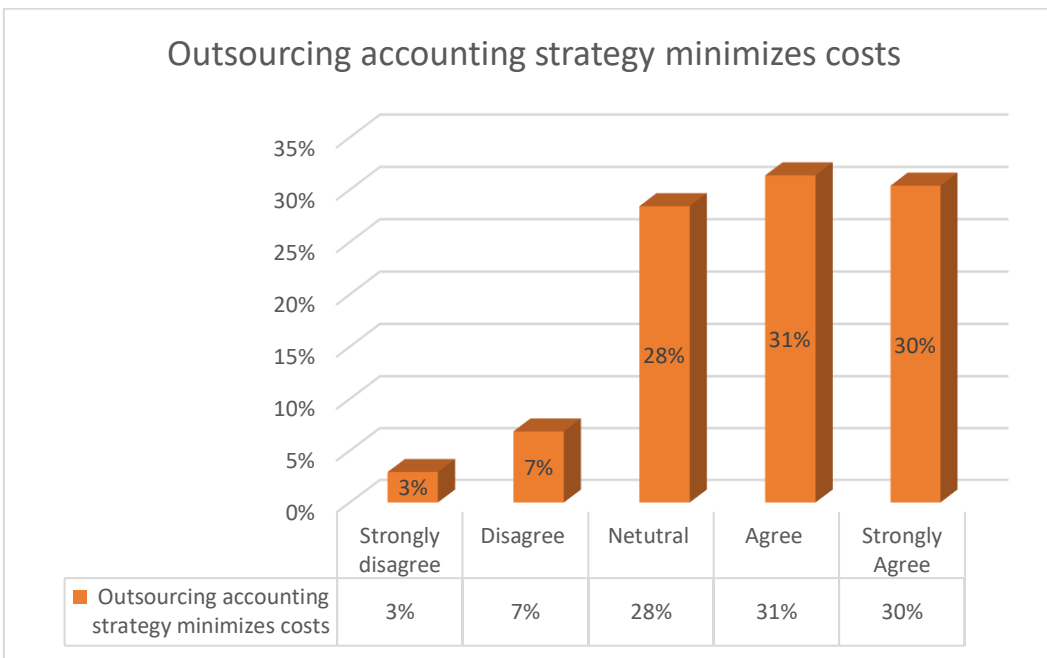


Figure 4-9: Outsourcing accounting strategy minimises costs.

Table 7 below reveals that two of the items measuring the effects of outsourcing scattered not too far from the mean (1.04 and 1.05) while an item (0.81) converges towards the mean. This then means using an external accountant has a mild effect on the operational cost and part of these effects is that it minimizes cost.

Table 4.6 results reflect that there is quite a number of respondents 28% who were not sure that outsourcing accounting strategy minimises costs, this seems to be a bit alarming for the researcher. This was mostly due to the fact that they did not have access to the financial records of the company in order to see if their company was reaping the rewards of outsourcing accounting strategy. Prior studies found the benefit of outsourcing the accounting function to be cost reduction, although a total of 61% of the respondents strongly agreed and agreed that outsourcing accounting strategy minimises cost. This is in line with the results found by other researchers such as (Ibrahimova-Guluzada, 2017).

Another question asked to determine whether outsourcing the accounting strategy assists with the decrease in operational costs was if the outsourced accountants have a reasonable fee, the current study reveals that outsourced accounting function do not charge hideous amounts therefore serving as another motivation for small businesses to outsource. With it being quite evident that outsourcing accounting strategy has a positive effect regarding the decrease in operational costs, it was also imperative to know why small businesses are outsourcing in the first place. In particular, what the real reason behind outsourcing the account function was.

Table 7 and other descriptive analysis present several columns of data ranging from variables which indicated the actual questions asked from the list of items in the questionnaire used in the course of the study. The minimum (mini) represents the lowest of Likert scale 1 which is strongly disagree and the highest is 5 indicating strongly agree response. The mean value represents the average of the response of respondents which its approximation indicates the general decision of the respondents. Table 7 below indicated that the respondents agreed to the concept of outsourcing minimizes cost effectively on average

Table 4-7: Effects of using an external accountant’s services on the operational cost of the organisation.

Variable	NoB	Mini	Maxi	Mean	Std.D	Decision
Outsourcing accounting strategy minimizes costs	102	1.00	5.00	3.79	1.04	Agree
Outsourcing accounting strategy has been effective in decreasing operational costs	102	1.00	5.00	3.81	1.05	Agree
Experienced personal hired have a reasonable service fee	102	2.00	5.00	4.09	0.81	Agree

4.4.3 Objective Three

4.4.3.0 What are the reasons associated with hiring an external accountant.

4.4.3.1 Advantages of Outsourcing

The benefits of outsourcing accounting strategies vary from access to skilled resources to its cost advantage, faster and better services, increased efficiency and the fact it makes the job outputs of an organisation easier. Table 3 shows the participants view to this assertion in the confine of their organisational outsourcing reasons. 43.1% of the respondents' organisation outsource accounting assistance because of access to skilled resources, 34.3% because of its cost advantage and because it renders faster and better services. 45% outsource because it increases the efficiency of their organisations. The highest percentage of the respondents (about 63.7%) affirmed that the sole advantage they derive from outsourcing is that it makes their job easier, implying that they are able to proceed with their jobs without being concerned about the accounting function. Only a microcosm (just 2%) of the respondents accentuate that it has time zone advantage.

Table 4-8: Advantages of Outsourcing.

S/N	What are the advantages of outsourcing to your business?	Response	Frequency	Percentage
1	Access to skilled resources	No	58	56.9
		Yes	44	43.1
2	Cost Advantage	No	67	65.7
		Yes	35	34.3
3	Faster and better services	No	67	65.7
		Yes	35	34.3
4	Increased Efficiency	No	57	55.9
		Yes	45	44.1
5	Makes job easier	No	37	36.3
		Yes	65	63.7
6	Time zone advantage	No	100	98.0
		Yes	2	2.0

Source: Field Survey, 2021

Table 9 below shows that the items converge towards the mean. This means that reasons associated with hiring an external accountant has been rightly captured in the highlighted items.

The result from Table 9 reflect that most small businesses make use of external accountants because they lack the time to do the accounting work themselves. Owners and managers are focused on other areas of the business such as the continuity therefore, this is followed by lack of knowledge. Accounting is not everyone’s career choice therefore if someone does not study accounting, they would have minimal knowledge thereof, most of the respondents had minimal knowledge on accounting and would therefore not be able to perform the accounting function themselves. Lack of knowledge tends to tie in with lack of experience, most of the owners and managers do not have experience in the accounting field. Another reason why small businesses outsourced is due to lack of resources, most of the respondents did not have adequate funds to train someone in house. Knowing the reason why small businesses outsource, it is also possible to determine the advantages thereof. Most of the respondent’s state the advantages of outsourcing accounting strategy are that it makes their jobs easier, it is efficient, cost beneficial and they can enjoy the comfort of having an experienced personnel/ outsourced accounting firm do their books. Whilst it is important to know that there is more than one benefit of outsourcing accounting strategy, it is also important to know how outsourcing accounting strategy, affects the financial integrity of the business.

Table 4-9: Reasons associated with hiring an external accountant.

Variable	NoB	Mini	Maxi	Mean	Std.D
Lack of Resources	102	0.00	1.00	0.28	0.45
Lack of Qualified personnel	102	0.00	1.00	0.46	0.50
Lack of Time	102	0.00	1.00	0.57	0.50
Lack of Senior Management Commitment	102	0.00	1.00	0.09	0.28
Lack of Knowledge	102	0.00	1.00	0.40	0.49
Lack of Experience	102	0.00	1.00	0.26	0.44

Source: Field Survey, 2021

4.4.4 Objective Four

4.4.4.0 How effective has outsourcing been on the financial integrity of the organisation. Effectiveness of outsourcing on the financial integrity of the organisation.

The convergent level of the items towards the mean shows that the financial integrity of the organisations has been greatly helped through outsourcing of financial accountant.

4.4.4.1 Financial Reports received are of good standard.

Respondents were asked to determine whether the financial reports they receive are of good standard such that they can be presented to an investor. Most of the respondents making up 53% of the results strongly agree that the financial reports that they receive from external sources are of good standard, 38% agreed as well, 8% were neutral, 1% disagreed and 0%

strongly disagreed. The above results are in line with (Azucena et al., 2015) who found that financial reporting is ranked first by having the highest mean.

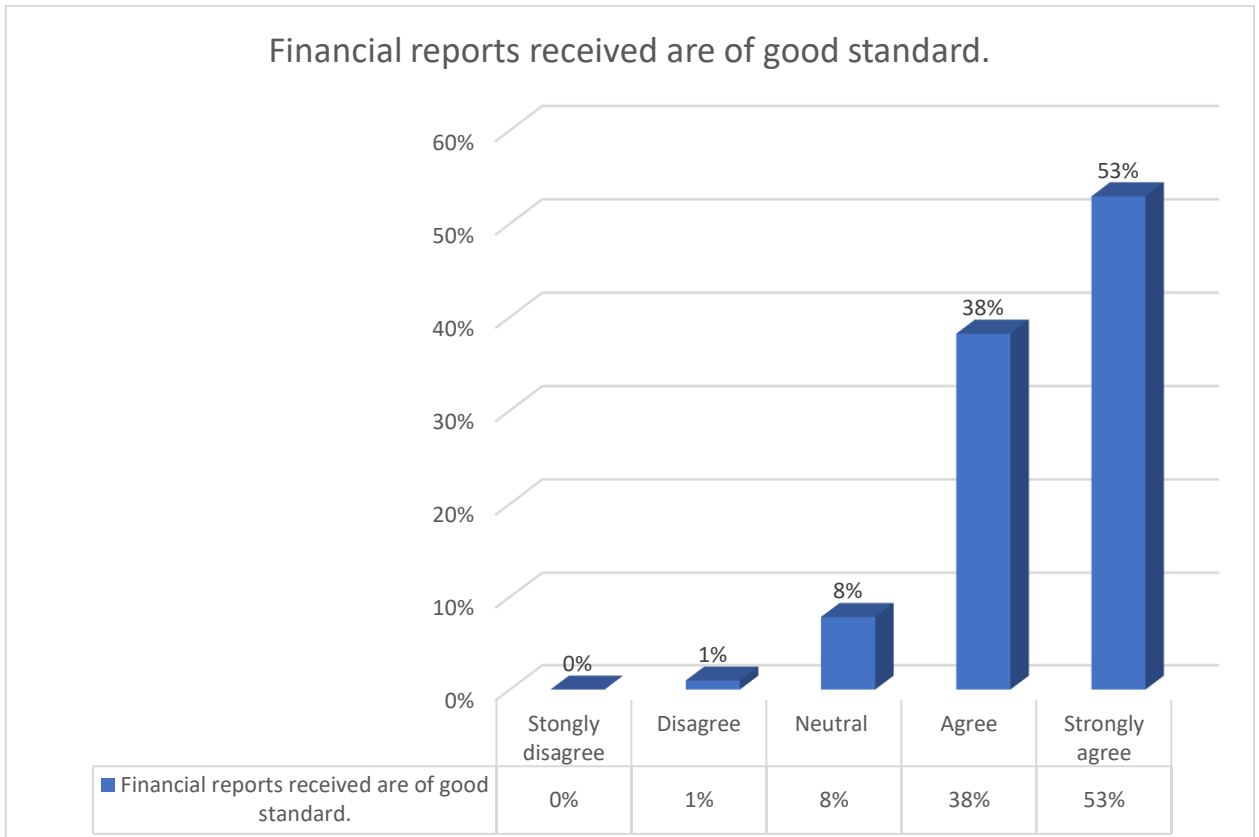


Figure 4-10: Standard of financial reports

4.4.4.2 Outsourcing accounting strategy ensures that financial reports are complete and accurate

Completeness and accuracy of financial statements are very vital. All accounts need to be shown and it needs to be as accurate as possible, reflecting the true financials of the company. The majority of the respondents strongly agreed that 60% of their financial statements were complete and 54% said that it was accurate, thereafter 26% agreed that their financial reports are complete and 36% agreed that it was accurate, 11% of the respondents were neutral regarding financial respondents being complete and 8% were also neutral about the financial statements being accurate. 3% disagreed that the financial reports were complete and 2% disagreed that it was accurate. 0% of the respondents strongly disagreed that the financial statements were wither complete nor accurate.

In total 91% of the respondents agree that they receive financial reports that have a high level of standardization in outsourcing accountants than in insourcing. More than 86% agree that the financial reports here are always complete. Above 90% believe that the reports are always accurate. This implies that many organisations that are particular about having standard and enviable reports will consider outsourcing rather than insourcing. The above results coincide with (Azucena et al., 2015) who found that most businesses are able to follow laws covering their

businesses as they are outsourcing their financial reports, thus reports received are complete and accurate. (Daproza et al., 1999) found that businesses find it hard to do accounting related tasks inhouse therefore are unable to prepare the accounting cycle in order to do financial statements, therefore the more reason for SMMEs to outsource the accounting function and in turn receive accurate financial statements.

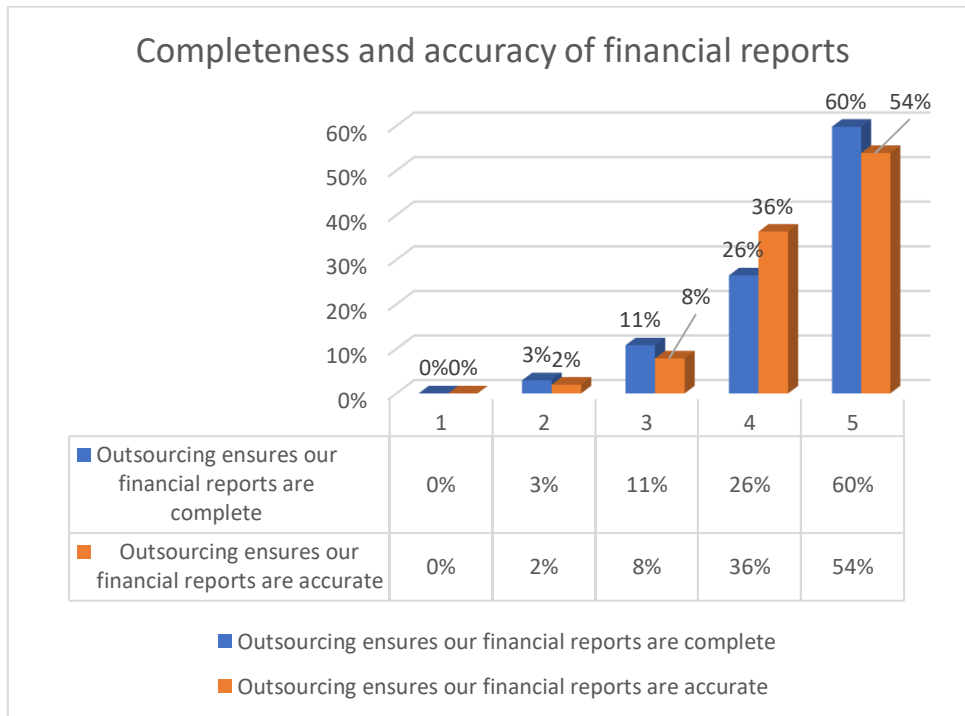


Figure 4-11: Completeness and accuracy of financial reports.

4.4.4.3 Information is confidentially displayed.

The majority, 60% strongly agreed that their external accountant or accounting firm displays confidentiality in their business, followed by 30% that agreed, 8% that were neutral, 2% that disagreed and 0% that strongly disagreed. About 90% of the respondents agreed that outsourced accountants protect their information. The outsourced accountants would not divulge confidential information because they are not resident in the organisation. In fact, they know relatively little about the organisation, hence their reason to protect the confidential information they have received about the organisation’s account. Confidentiality is an extremely sensitive topic and a very importing thing in the accounting environment. The external accountant is expected to act in a manner that gains their clients trust by not disclosing their financial information. Therefore, a question was asked whether their external account or accounting firm displays confidentiality.

The above results are coherent with the results from (Zandi et al., 2019) who found that outsourced accountants ability to keep a secret encourages outsourcing as the information collected by external accountants is very confidential, therefore it will only be given to top personals of the organisation. The researcher also found that in their case, external accountants

also limited the number of people who have access to the accounting software, all with the aim of ensuring that information is confidentially displayed.

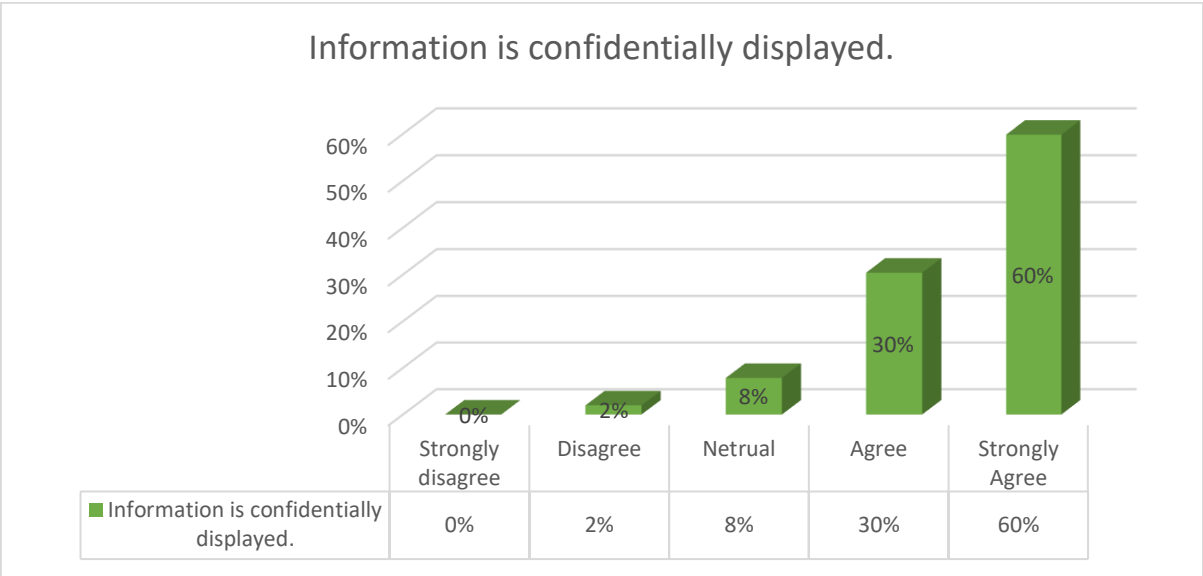


Figure 4-12: Information is confidentially displayed.

4.4.4.4 Outsourcing financial reports give a clear indication of the company’s financial position.

It is extremely important that companies have a clear indication of their financial position as it permits them to see where the company is losing money and where they are heading. It also helps them in setting a budget and foreseeable goals for the business that might need capital and having a clear indication of where a company stands will help them achieve those goals.

Out of the results obtained, 48% of the respondents strongly agreed that the financial reports that they receive from their outsourced accountants gives them a clear indication of the company’s financial position, 42% strongly agreed while 8% were neutral, 1% disagreed and 1% strongly disagreed. Azucena et al., 2015) found concise business decisions are made with the professional reports received. Furthermore, (Daproza et al., 1999) found that quality accounting services helps businesses with business development. The above results are coherent with the current literature. h Having a clear indication of the financial position of the company, enables SMMEs to plan and distribute funds to activities that will result in the development of the company or better yet reduce certain costs.

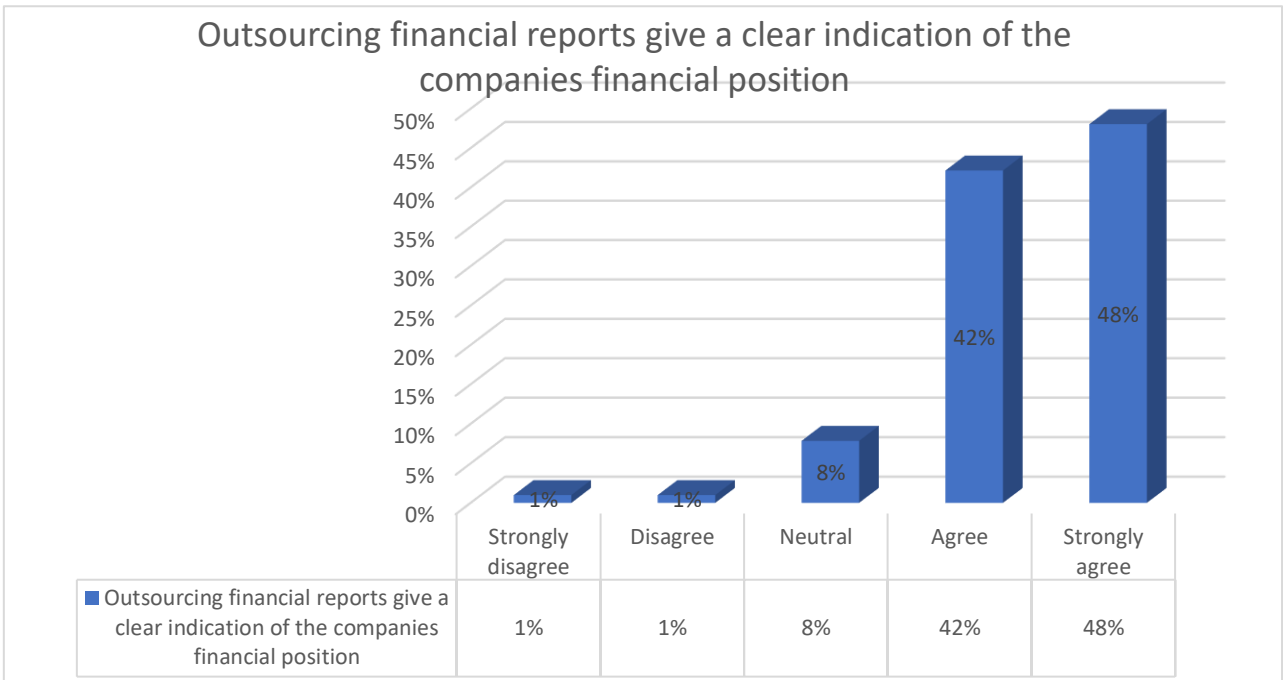


Figure 4-13: Financial indication of business through financial reports.

4.4.4.5 Outsourcing accounting strategy ensures confidentiality is prioritised.

Another way of demonstrating financial integrity is through confidentiality. External accounts cannot disclose the financial position of their clients to external agents. Respondents were therefore asked to determine how they felt regarding their external accounts when it came to confidentiality.

Majority of the respondents comprising of 49% strongly agreed that their external accountants ensure that confidentiality is prioritised. This was followed by 34% who agreed, 16% were neutral while 1% disagreed and 0% strongly disagreed. (Ibrahimova-Guluzada, 2017) found that trust is a significant determinant on the issue of outsourcing, therefore the fact that the researcher found that their respondents strongly agreed and agree that confidentiality is displayed, is a sign that respondents trust their outsourced accountants. (Cahyaningtyas & Ningtyas, 2020) also found that SMMEs having trust in their external accountants is a significant determinant in whether or not they will outsource the accounting function.

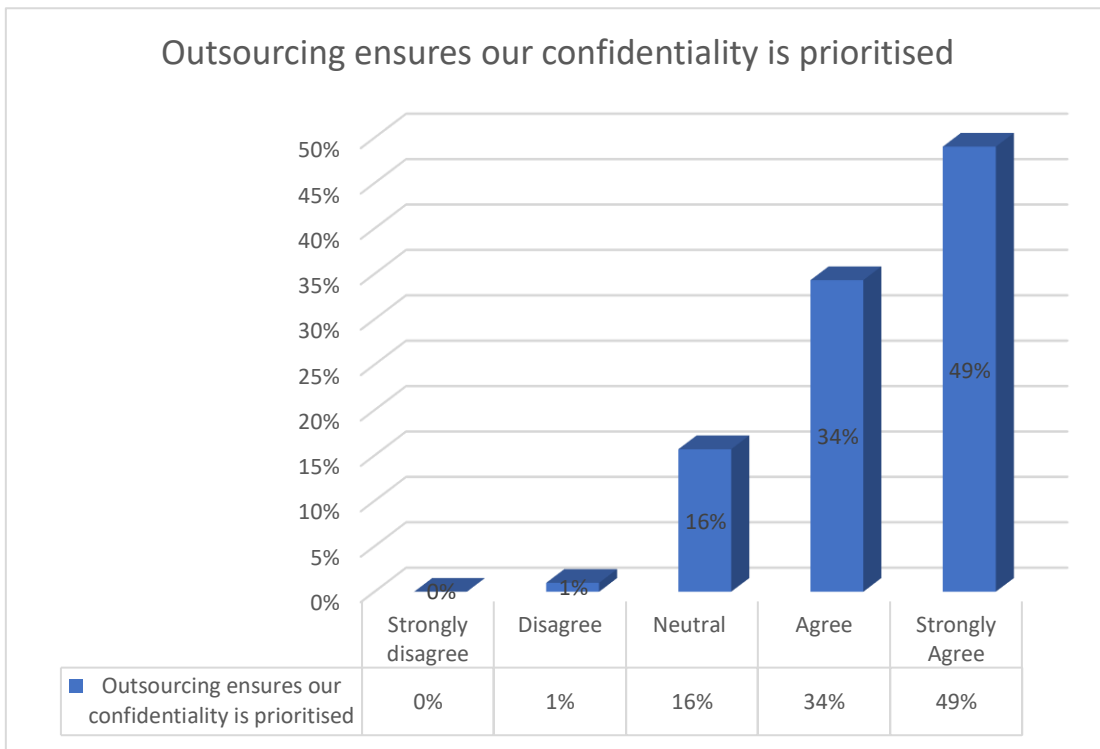


Figure 4-14: Confidentiality is prioritised.

4.4.4.6 Effectiveness of outsourcing accounting strategy, on the financial integrity of the business.

In order to find out the effectiveness of outsourcing on the financial integrity of the business, the researcher needed to know which accounting functions the respondents outsource. From the above it is seen that most of the respondents make use of the bookkeeping, payroll, financial statements, management reports, financial advice and tax. Financial reports are basically the final product of the bookkeeping or accounting functions performed. Therefore, the researcher asked if they were of good standard, complete, accurate, if they gave a clear indication of the financial position of the business and lastly If confidentiality regarding those the reports was prioritised. Most of the respondents strongly agreed and agreed that the reports received are of good standard, complete, accurate and that they give a clear indication of the financial position of the business, therefore showing that outsourcing accounting strategy, does indeed contribute to the effectiveness on the financial integrity of the business. The next step was to find out if outsourcing accounting strategy, has been effective in the attainment of organisational goals.

Table 4-10: Effectiveness of outsourcing been on the financial integrity of the organisation

Variable	NoB	Mini	Maxi	Mean	Std.D	Decision
Outsourcing has improved effectiveness of businesses	102	1.00	5.00	4.28	0.86	Agree
Financial reports received are of good standard.	102	2.00	5.00	4.43	0.68	Agree
Information is confidentially displayed.	102	2.00	5.00	4.48	0.72	Agree
Outsourcing ensures our financial reports are complete	102	2.00	5.00	4.43	0.80	Agree
Outsourcing ensures our financial reports are accurate	102	2.00	5.00	4.42	0.72	Agree
Outsourcing ensures our confidentiality is prioritized	102	2.00	5.00	4.31	0.77	Agree
Outsourcing financial reports give a clear indication of the companies financial position	102	1.00	5.00	4.35	0.75	Agree
Outsourcing ensures our short- and long-term organisational goals are met?	102	2.00	5.00	4.11	0.84	Agree

Source: Field Survey, 2021

4.4.5 Objective Five

4.4.5.1 Has outsourcing accounting strategy been effective in attaining organisational goals

Respondents were asked to determine whether outsourcing accounting strategy has assisted in obtaining short- and long-term goals as well as whether the advisory services received has and is assisting the attainment of organisational goals. The statistical result of the cross tabulation of all the item questions yielded that more than 80% of the respondents agree that outsourcing the accounting strategy assists with attaining organisational goals, 3% disagree strongly and 13.7% are neutral about it as seen in table 4. Above 70% believe that outsourcing ensures that the short- and long-term organisational goals are met. Close to 80% of the participants revealed that outsourcing accounting and advisory services enhance the attainment of organisational goals. This shows that many organisations consider outsourcing accounting strategy simply because they feel it enhances the attainment of their goals.

Results regarding the attainment of organisational goals was as follows, there were 42% of the respondents who agreed, 41% strongly agreed that outsourcing accounting strategy assists with the attainment of organisational goals while 14% were neutral, 2% disagreed and 1% strongly disagreed. The results regarding whether short- and long-term goals are met are as follows: 39% strongly agreed while 34% agreed that outsourcing accounting strategy assists with the attainment of short and long-term goals. 25% were neutral which was rather high while 2% disagreed and 0% strongly disagreed. (Azucena et al., 2015) does not mention that outsourcing accounting strategy assists with attainment of organisational goals however, managers can save more effort and are able to focus on other aspects of the business thus resulting in ensuring that goals are met as all aspects of the business are focused upon. (Cahyaningtyas & Ningtyas, 2020) also found that outsourcing permits SMMEs to meet their production goals and targets set also assisting SMMEs to manage various economic scales with their various suppliers. This result ties in with the findings of the current study as this study found that outsourcing assists with obtaining both organisational as well as short- and long-term goals which in turn could be seen as the production goals stated above by (Cahyaningtyas & Ningtyas, 2020).

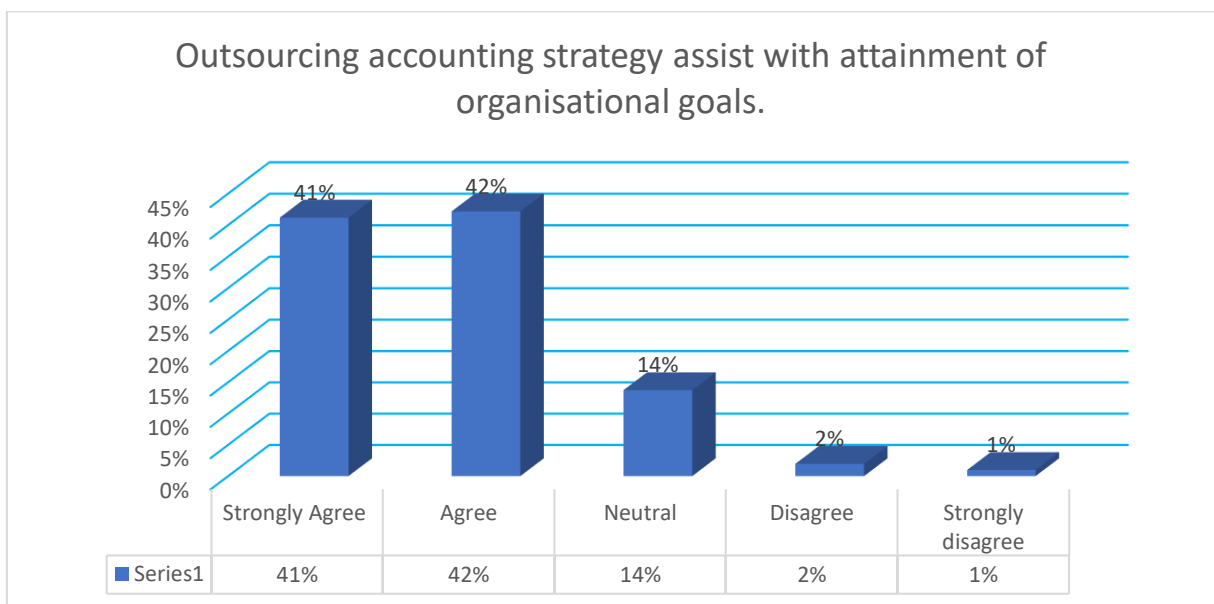


Figure 4-15: Ensuring attainment of goals.

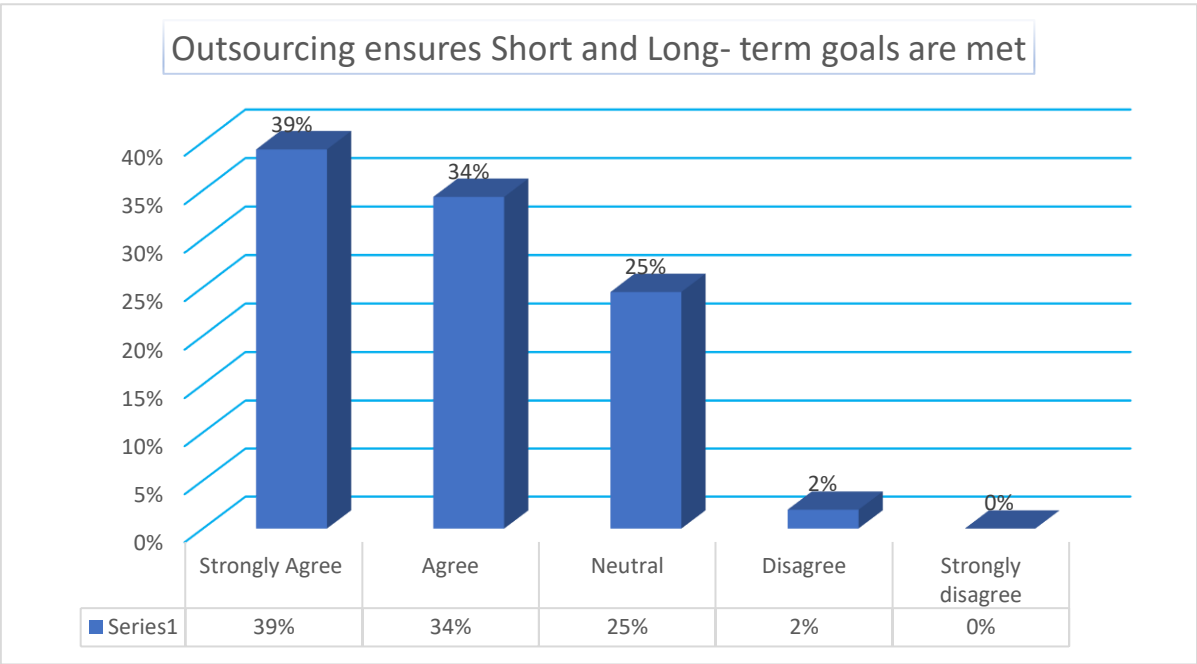


Figure 4-16: Ensuring short term and long-term goals are met.

Table 4-11: Effectiveness of outsourcing been on the attainment organisational goals.

	NoB	Mini	Maxi	Mean	Std.D
Outsourcing the accounting strategy assists with attaining organisational goals	102	1.00	5.00	4.21	0.82
Outsourcing accounting and advisory services enhance the attainment of our organisational goals	102	2.00	5.00	4.14	0.83
Would you recommend outsourcing accounting strategy to businesses similar to mine	102	1.00	5.00	4.47	0.72

4.4.5.2 Outsourcing accounting strategy gives owners and managers more time for strategic planning of the business.

A very high percentage of the participant (above 90%) agree that outsourcing accounting strategy gives owners and managers more time for strategic planning of the business. Only 4.9% were neutral about this injunction. A Negligible number of respondents (3%) disagree to this assertion. This shows that owners and managers of organisations feel they will have more time and privilege to consider the strategic planning of their businesses carefully and creatively if they outsource rather than insourcing.

In line with discovering the Perception of SMMEs owners on outsourcing accounting strategy, a question was asked regarding whether outsourcing accounting strategy gives owners and managers more time to focus on the strategic planning of their business. The results were as per the below. 55% of the respondents strongly agreed that outsourcing accounting strategy gives owners and managers more time for strategic planning of their business, 37% Agreed, 5% were neutral, 2 % disagreed and 1% strongly disagreed.

The above results fall in line with (Azucena et al., 2015) who found that outsourcing accounting strategy gives owners more time to focus on their core activities. (Kefasi, 2019) also found that 56.7% of their respondents made use of a business advisory firm or external accountant. Furthermore, (Panigrahi et al., 2020) found that SMMEs could focus on other core aspects of the business through outsourcing accounting strategy. With owners and managers focusing on the strategic aspect of the business, more business ideas can be developed which in turn result in business growth. Business growth still means that the external accountant is needed hence the benefit of outsourcing accounting strategy.



Figure 4-17: Outsourcing accounting strategy gives owners and managers more time for strategic planning of the business.

4.4.5.3 Outsourcing has improved effectiveness of businesses.

Goals are important milestones for small business and should be achieved, should there be a hurdle in the attainment thereof it should be faced and overcome. The above results show that respondents strongly agree and agree that their organisational businesses as well as long- and short-term goals are being met and the external accountant's role serves as a big aid towards the attainment thereof. Respondents have also confirmed that outsourced accountants have improved the effectiveness of the business through their efficient ways.

More than 80 % of the respondents agree strongly that outsourcing has improved effectiveness of businesses, just 1% of the population of the respondents were negative about the injunction. This, however established that outsourcing accounting strategy will enhance improvement in the effectiveness of any organisation. Close to 80% of the respondents believe that outsourcing accounting strategy is a good yardstick to predict the future financial position of the company and hence presume a reliable trend to maintain organisation's financial progress.

Respondents were asked to determine if outsourcing accountants has contributed to the effectiveness of their business. Respondents amounting to 49% strongly agreed that having external accountants has improved the effectiveness of their business while 35% agreed, 12% were neutral and 3% disagreed, while 1% strongly disagreed that outsourcing has improved the effectiveness of their business. The results are in line with (Azucena et al., 2015) who states that through outsourcing enterprises receive accurate services, cost effectiveness and high-quality services. (Cahyaningtyas & Ningtyas, 2020) discovered that outsourcing is more efficient and by it being efficient, it contributes to the effectiveness of the business, therefore tying in with the findings of the current study showing that outsourcing has improved business effectiveness. (Zandi et al., 2019) found that their respondents felt that outsourced services received from external accountants is better and of good quality, therefore showing that it is effective.

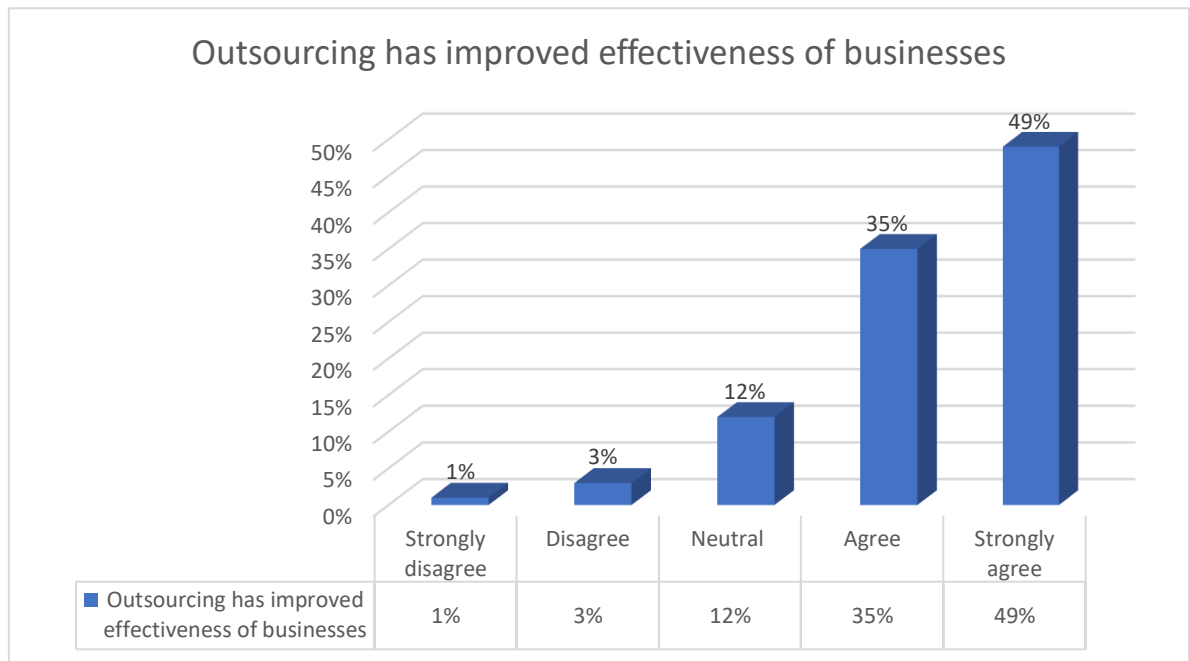


Figure 4-18: Effectiveness of businesses.

4.4.5.4 Recommendation of outsourcing accounting strategy

A bonus question was thrown in to see whether the respondents would recommend outsourcing accounting strategy to another person with a similar business as theirs.

Over half of the respondents equating to 57% strongly agreed that they would recommend outsourcing accounting strategy to someone who has a similar business as theirs, 36% agreed, 5% were neutral, 1% disagreed and 1% strongly disagreed. (Kefasi, 2019) found that 56.7 % of his respondents outsource accountants, which is more than the 50% mark, it is therefore safe to say that they will surely recommend others with the same business as theirs to outsource the accounting function as there are advantages, such as cost savings, access to experienced personal etc. Therefore, showing and confirming that accountants are doing a great job and are contributing towards the continuity of the business.

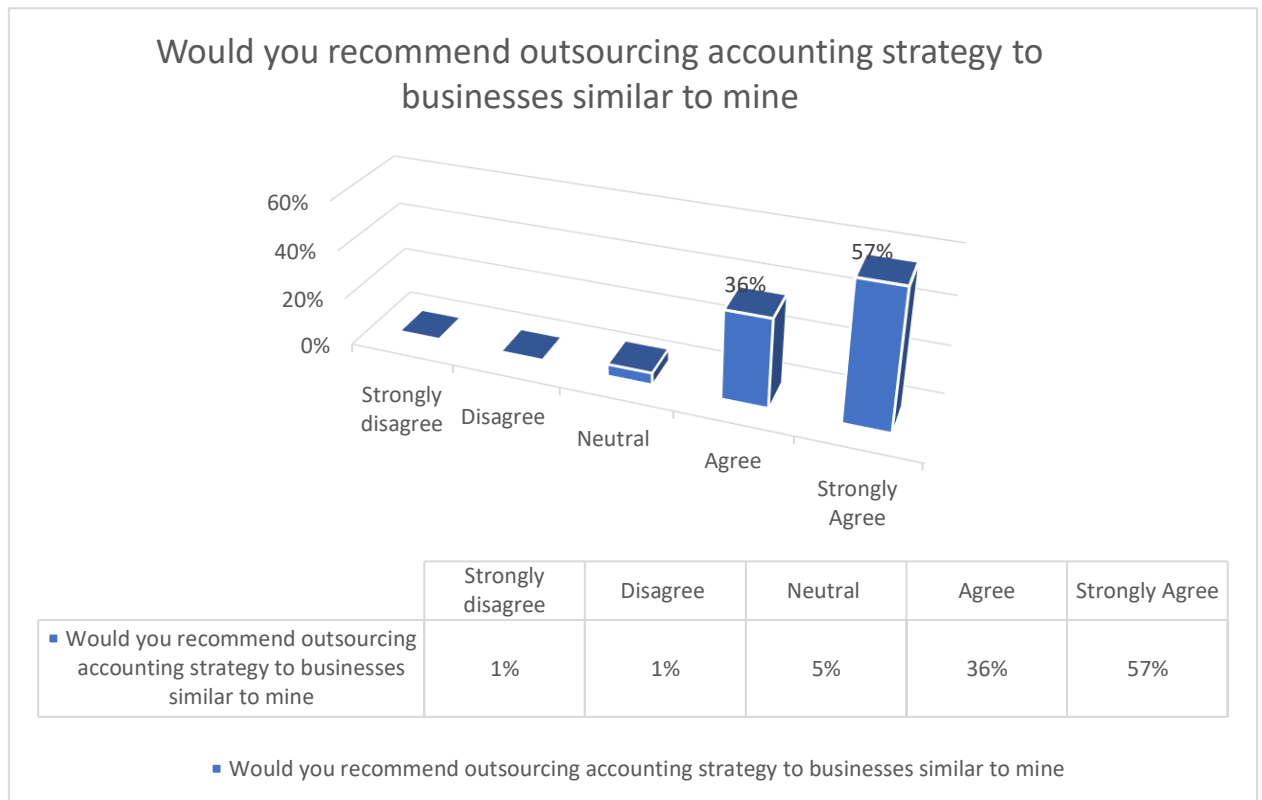


Figure 4-19: Recommendation of outsourcing accounting services to other businesses.

As revealed in table 4.9 below, the size of the standard deviation is relatively low, showing that the items converge towards the mean and this implies that outsourcing accounting strategy has been so much effective in attaining organisational goals.

4.5 Research Hypothesis Testing

4.5.1 Inferential Data Analysis

This research considers inferential statistics in testing the hypotheses which were formulated in the study on the effects of outsourcing accounting strategy on the performance of (SMMEs) in Cape Town. The accounting strategy was categorized into five latent variables: The reasons for outsourcing accounting strategy; the advantages of outsourcing accounting strategy; The Perception of SMME owners and managers on outsourcing accounting strategy; the effectiveness of outsourcing on financial integrity of the organisation and the type of accounting strategy outsourced. These were made to measure the effect of outsourcing accounting strategy on the performance, having the operational cost and the achievement of goals of SMMEs in Cape Town as its variables. A bootstrap resampling of 1000 samples was conducted to determine if the hypothesis will be affected by small sample bias. The adoption

of partial least square structural equation modelling improves behaviour of data since its non-parametric advantages includes robustness with small sample. The resampling of 1000 sample result projected a result that is free of bias (up to a negligible extent). The result affirm validity and reliable of the data for inferential statistics.

Tables 12 & 13 shows the distribution of the following :latent and the manifest variables; the reasons for outsourcing accounting strategy; the advantages of outsourcing accounting strategy; the Perception of SMME owners and managers on outsourcing accounting strategy; the effectiveness of outsourcing accounting strategy and the effects of outsourcing on financial integrity of the organisation as the exogeneous variables and the performance (the operational cost; and the achievement of organisational goals of small, medium, and micro retail and service enterprises) as the endogenous variables.

The following hypothesis was tested in this study:

- iii. **H₀**: Outsourcing strategy affects the attainment of organisational goals.
- iv. **H₀**: Outsourcing strategy affects the control of organisation operational costs.

The hypotheses in this research were adjudged? fit to either be rejected or conclude the alternative depending on statistically significant effectiveness test of path modelling using partial least square structural equation modeling (PLS-SEM) for robustness analysis. The ordinary least square structural equation modeling (OLS-SEM) was also used. The difference between the two techniques is that formal is more robust when the sample is small and considering the most sample used in the literature the 102 respondents enough for PLS model. Figure 4.1a and 4.1b is for the two endogenous variable: Organisational goal and operational cost simultaneously.

Fig. 4.1a

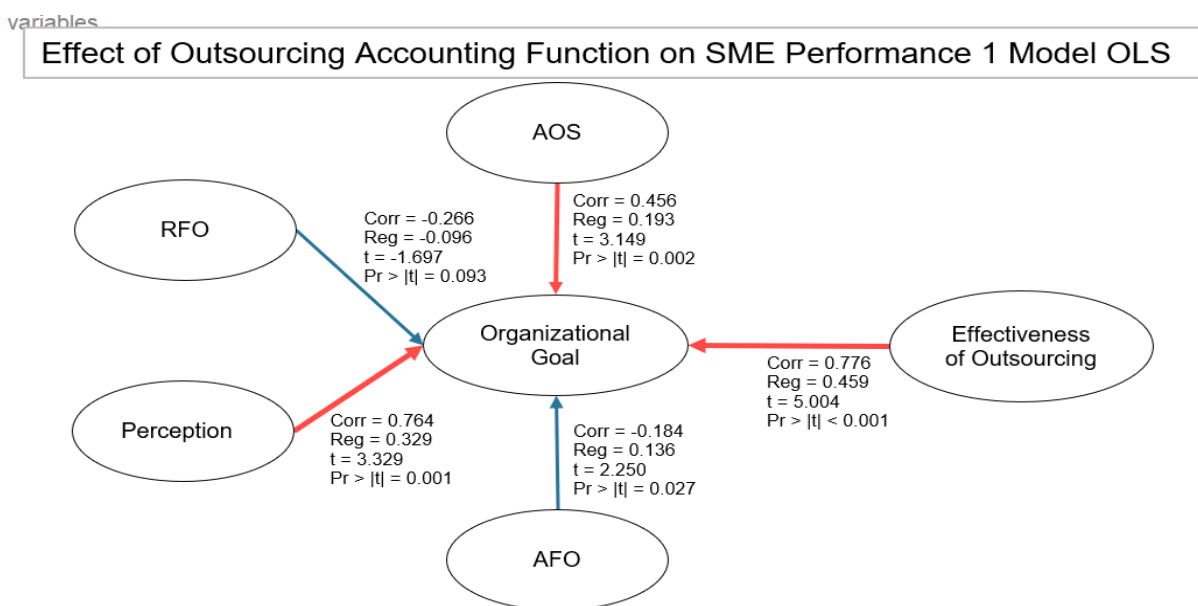
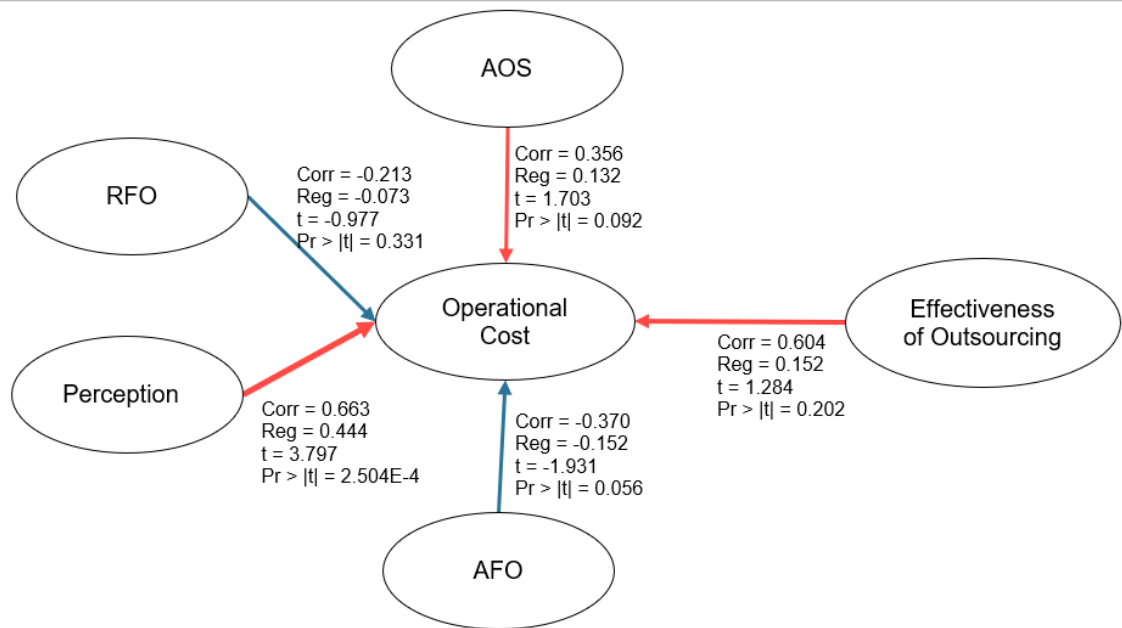


Fig. 4.1b

Effect of Outsourcing Accounting Function on SME Performance 2 Model OLS



4.5.2 Measurement Model Analysis

The screening of the collected data was performed to ensure that there is no error attributed to missing data, outliers, and suspicious pattern of responses in the analysis. Thereafter, the PLS-SEM analysis was performed, and the results were reviewed based on the relationship among the measurement model items. It is expedient that the internal consistency reliability of the model items, their convergent validity and discriminant validity be assessed. The Cronbach’s Alpha coefficient was considered in measuring the internal consistency reliability of each subscale. The Average Variance Extracted (AVE) was considered in measuring the convergent validity of the instrument, while the Fornell-Larker criterion, cross-loadings, and Heterotrait-Monotrait ratio (HTMT) were considered in assessing the discriminant validity for each item in the research instrument.

Table 4-12: Variable Description

s/n	Variable Name	Abbreviation
1	Reasons for Outsourcing	RFO
2	Advantages of Outsourcing	AOS
3	Outsourcing financial Integrity	OFI
4	Effectiveness of Outsourcing	EO
5	Accounting Function Outsourcing	AFO

Source: Field survey, 2021

4.5.3 Reliability of the Model

Cronbach's alpha (CA) shows the extent to which individual item in a subscale relates with the sum of the remaining items with threshold value of 0.6 (Chan et al., 2018). The results of the composite reliability rho and Cronbach's alpha shown in Tables 13 show that the research instruments for organisational performance (OLS and PLS respectively) are reliable survey tools which can measure the construct the way it should.

For the Partial Least Square Model in table 4.12a, the Cronbach's alpha value for each of Perception (0.731), effectiveness of outsourcing (0.868), and organisational performance (0.836) establish the internal consistency reliability of the item instruments being greater than the threshold value 0.7.

Table 4-13: Composite reliability (Mono-factorial manifest variables) for PLS model

Latent variable	Dimensions	Cronbach's alpha	D.G. rho (PCA)	Condition number	Critical value	Eigenvalues
RFO	6	0.634	0.801	1.655	1.000	1.604
						1.328
						1.023
						0.841
						0.619
Perception	4	0.731	0.833	2.490	1.000	2.228
						0.748
						0.665
						0.359
AOS	5	0.522	0.719	1.836	1.000	1.767
						1.057
						0.952
						0.700
						0.524
Effectiveness of Outsourcing	8	0.868	0.898	4.907	1.000	4.231
						0.907
						0.819
						0.646
						0.588
						0.384
						0.249
						0.176
OFI	4	0.658	0.798	2.461	1.000	2.015
						0.882
						0.771
						0.333
Organisation Performance	6	0.836	0.881	3.571	1.000	3.320
						0.852
						0.608
						0.567
						0.393

						0.260
Operational Cost	3	0.805	0.886	2.461	1.000	2.167
						0.564
						0.270
Operational Goal	3	0.742	0.854	2.309	1.000	1.987
						0.640
						0.373

Source: Field survey, 2021

For the Partial Least Square Model in table 13, the Cronbach's alpha value for each of Perception (0.731), effectiveness of outsourcing (0.868), operational cost (0.805) and organisational goal (0.742) establish the internal consistency reliability of the item instruments being greater than the threshold value 0.7. However, AOS (0.522) and AFO (0.658) cannot be disregarded as they are also a little bit above 0.5. The reliability result indicated that the items construct of the model has internal consistency and therefore possess reliable instruments' suitable for partial least square model.

4.6. Convergent and Discriminant Validity of the Instruments

With the Average Variance Extracted (AVE) of the different items displayed in Table 14: Perception (0.557), Effectiveness of Outsourcing (0.520), Operational cost (0.722), Organisational goals (0.661), Organisational Performance (0.551), the items show a high level of convergent validity.

Discriminant validity (Squared correlations < AVE):	RFO	Perception	AOS	Effectiveness of Outsourcing	AFO	Operational Cost	Organisation Goal	Mean Comm (AVE)
RFO	1	0.042	0.018	0.025	0.000	0.031	0.070	0.215
Perception	0.042	1	0.150	0.624	0.098	0.423	0.584	0.557
AOS	0.018	0.150	1	0.117	0.089	0.048	0.208	0.198
EO	0.025	0.624	0.117	1	0.103	0.358	0.602	0.520
AFO	0.000	0.098	0.089	0.103	1	0.099	0.034	0.226

Operational Cost	0.031	0.423	0.048	0.358	0.099	1	0.289	0.722
Organisation Goal	0.070	0.584	0.208	0.602	0.034	0.289	1	0.661
Mean Communalities (AVE)	0.215	0.557	0.198	0.520	0.226	0.722	0.661	0

Table 4-14: Discriminant validity model I

The Comm abbreviation represent communalities, RFO

Table 4-15: Discriminant validity for Model II

Discriminant validity (Squared correlations < AVE):	RFO	Perception	AOS	EO	AFO	OP	Mean Communalities
RFO	1	0.06	0.01	0.04	0.00	0.08	0.20
Perception	0.06	1	0.16	0.62	0.11	0.76	0.56
AOS	0.01	0.16	1	0.12	0.14	0.17	0.21
EO	0.04	0.62	0.12	1	0.13	0.55	0.53
AFO	0.00	0.11	0.14	0.13	1	0.11	0.24
OP	0.08	0.76	0.17	0.55	0.11	1	0.55
Mean Communalities (AVE)	0.20	0.56	0.21	0.53	0.24	0.55	0

Source: Field survey, 2021

It is very paramount to assess the discriminant validity of the items of the construct before venturing into the analysis of the structural path modelling. The discriminant validity informs the measure of the extent to which the items are not reflective of some other variables, and this is verified by lower correlation between interest measure and other constructs (Ramayah et al., 2013). According to Table 15, the square root of the AVE in the diagonal section of each construct is larger than its corresponding correlation coefficients, and this is a sure pointer towards undoubtable discriminant validity (Fornell & Larcker, 1981).

4.6.1 Structural Model

To test the hypothesis, this model was set up using XLSTAT software. XLSTAT is one of the advanced statistical analysis software designed by Microsoft group of companies to work as an ad-in to Microsoft excel. It has many data analysis tools in it, and it links directly with R data analysis software and some other macro program algorithms. For better statistical outcome

and to significantly reduce statistical random sampling error which can cause biasness in the result obtained, the researcher adopted 1000 iteration for bootstrapping procedure which tests statistically significant model and the weight of the sub constructs. The hypotheses tested here are summarized into two for concise and direct interpretation. Organisational performance discussion here is classified into two. The first one is the attainment of organisational performance which is very comprehensive. Organisational goals are beyond economic survival and many businesses are now including environmental and social impact in their organisational goal design. Therefore, the first hypothesis investigated if outsourcing strategy affects the attainment of organisational goals while the second hypothesis focused on the effect of accounting strategy outsourcing on operational cost efficiency.

4.6.2 Hypothesis

4.6.2.1 Hypothesis One

There are five major variables summarized to answer the research hypothesis and these includes:

H₀: Outsourcing strategy affects the attainment of organisational goals.

- i. RFO does affect attainment of organisational goal
- ii. Perception of Businesses on Outsourcing does affect attainment of organisational goal
- iii. AOS does affect attainment of organisational goal
- iv. Effectiveness of Outsourcing does affect attainment of organisational goal
- v. Accounting Function Outsourcing does affect attainment of organisational goal

The null hypothesis tests whether outsourcing accounting strategy affects the attainment of organisational goals significantly or not. The path coefficient values (Table 16) reveal the effect of each variable measuring accounting strategies on the organisational goal variables. The reason for outsourcing reveals a negative and statistically insignificant effect on the attainment of organisational goal ($\beta = -0.119, P = 0.093$). More specifically, the null hypothesis is rejected at 5% significant level considering that the p-value (0.093) is greater than 0.05. The decision is that reasons for outsourcing accounting strategy does not significantly affect organisational goals at 5% significant level. However, looking intently into the analysis and one can deduce that reasons for outsourcing accounting strategy do affect the attainment of organisational goal only at 10% significant level as revealed by the p-value of 0.093 less than 0.10.

Perception of businesses on outsourcing reveals a positive and statistically significant effect on organisational goals ($\beta=0.341, P=0.001$) as revealed in Table 16. The advantage of outsourcing also shows a positive and statistically significant effect of outsourcing on organisational goals ($\beta=0.204, P=0.002$) detail in Table 16. Effectiveness of outsourcing equally reveals a positive and statistically significant effect of outsourcing on organisational goals ($\beta=0.346, P=0.000$), likewise types of Accounting Function Outsourcing (AFO) shows

also a positive and statistically significant effect of outsourcing on organisational goals ($\beta=0.082$, $P=0.027$). Overall, it can easily be concluded that outsourcing accounting strategy has a very strong and statistically significant influence on the attainment of the organisational goals. The research result ascertains the importance of outsourcing in the developmental process of an organisation's achievement of her set goals. Summarily, the null hypotheses that accounting strategy variables as mentioned above do affect attainment of organisational goal is not rejected at 5%. All the variables support the decision with an exception of reasons for outsourcing accounting function which only become significant at 5%.

According to Cohen in (Sawilowsky, 2009), R^2 values for endogenous latent variables are assessed as weak if it is 0.02 or less, moderate if it is 0.13 and substantial if it is 0.26 and above. This endogenous variable (Organisational goal) R^2 (0.669, Table 4.16) indicated that 67% variance in the achievement of organisational goal is a subject of substantial outsourcing of accounting strategies.

Table 4-16: Organisational Goal

Variables	Path Coefficient	t	Pr > t	f ²
Reasons for Outsourcing (RFO)	- 0.119	-1.697	0.093	0.030
Perception	0.341	3.329	0.001	0.117
Advantages of Outsourcing (AOS)	0.204	3.149	0.002	0.104
Effectiveness of Outsourcing (EO)	0.346	5.004	0.000	0.264
Accounting Function Outsourcing (AFO)	0.082	2.250	0.027	0.053

4.6.2.2 Hypothesis Two

The second hypothesis was designed to investigate the aspect of organisation performance through the lens of operational efficiency of the organisation by minimizing the operational cost. The economic benefits here is to maximize organisational performance through increase in profit.

H₀: Outsourcing strategy affects the control of organisation operational costs.

- i. RFO does affect Organisation operational cost
- ii. Perception does affect Organisation operational cost
- iii. AOS does affect Organisation operational cost
- iv. Effectiveness of Outsourcing does affect operational cost
- v. Accounting Function Outsourcing does affect operational cost

Table 4-17: Operational Cost

Variable	Path Coefficient	t	Pr > t	f ²
Reasons For Outsourcing (RFO)	-0.095	-0.98	0.33	0.01
Perception	0.296	3.80	0.00	0.15
Advantage of Sourcing (AOS)	0.159	1.70	0.09	0.03
Effectiveness of Outsourcing (EO)	0.269	1.28	0.20	0.02
Accounting Function Outsourcing (AFO)	-0.165	-1.93	0.06	0.04

Source: Author's Computation (2022)

The null hypothesis tests whether outsourcing accounting strategy affects the control of organisation operational costs significantly or not. The statistics used in this discussion is table 17. The path coefficient values show the effect of each variable assessing accounting strategies on the organisation performance (operational costs). The reason for outsourcing reveals a negative and statistically insignificant effect on the control of organisation operational costs ($\beta = -0.095, P = 0.33$). Perception of businesses about outsourcing accounting strategy reveals a positive and statistically significant effect of outsourcing on the control of organisation operational costs ($\beta=0.296, P=0.00$). Advantages of Outsourcing (AOS) also shows a positive and statistically significant effect of outsourcing on the control of organisation operational costs ($\beta=0.159, P=0.09$). Effectiveness of Outsourcing equally reveals a positive and statistically insignificant effect of outsourcing on the control of organisation operational costs ($\beta=0.269, P=0.20$). Conversely, type of accounting function outsourcing (AFO) shows a negative and statistically significant effect of outsourcing on the control of organisation operational costs ($\beta=-0.165, P=0.06$). In all, it can easily be concluded that outsourcing accounting strategy has a moderate and statistically significant influence on the control of organisation operational costs. The research result corroborates the importance of outsourcing in the control of organisation operational costs.

According to Cohen in (Sawilowsky, 2009), R^2 values for endogenous latent variables are assessed as weak if it is 0.02 or less, moderate if it is 0.13 and substantial if it is 0.26 and above. This endogenous variable (Organisational performance as measured by operational cost efficiency) R^2 is 0.496 as revealed in Table 18. The coefficient of determination (R^2) revealed that 49.6 % variation in operational cost efficiency of business are explained by the outsourcing of accounting strategies in the business. Therefore, we do not reject the hypothesis that outsourcing accounting strategies do statistically and significantly affect the operational cost efficiency of business in Cape Town.

Table 4-18: Organisational Performance Chart.

Organisational Performance	R²	R²(Bootstrap)	Standard Error	Critical Ratio
Organisational Goal	0.669	0.674	0.016	40.875
Operational Cost	0.496	0.500	0.023	21.652

Source: Author's Computation (2022)

Lastly on the model relevance, the adoption of f^2 as another method in analyzing structural model effect size and relevance is gaining prominence in research as (Sawilowsky, 2009) indicated three thresholds of classification. The f^2 louds the cruciality of R^2 in an authentic way to capture the variance analyzed by exogenous variable relative to proportion that remains outside the model. The classification includes (<0.02) small effect, (<0.15) for medium effect and lastly (0.35>) for large effect of the model explanatory power relatively to variance of unexplained endogenous variable. In this research, the average f^2 as indicated in table 16 & 17 shows 0.114 and 0.05 respectively, which implies that moderate effect of outsourcing of accounting strategy is on the efficiency and effectiveness of the organisational performance which was measured by both attainment of organisational goal and operational cost efficiency. Therefore, we can conclude that outsourcing of accounting strategies do have statistically significant effect on organisational performance through reduction in operational cost and attainment of over-all organisational goal of Small, Medium and Micro Retail and Service Enterprises in Cape Town.

4.6.3 Discussion of Result

This chapter discussed and analysed the results obtained from owners, managers, supervisors, and employees who were knowledgeable about the business in the retail and service sector in the Cape Metropole regarding the effects of outsourcing accounting strategy on the performance of retail and service SMMEs in Cape Town.

Regarding outsourcing, the researcher wanted to find out the Perception of owners, managers and supervisors on outsourcing and found that 42% strongly agreed that outsourcing surpasses insourcing while 29% agreed, together making up 71% of respondents who agreed that outsourcing surpasses insourcing. During these difficult times it was also important to find out the type of impact that external accountants have on firms, thus the researcher asked the question of whether outsourcing advisory services from accountants has been helpful during the global pandemic, 40% of the respondents strongly agreed and 34% agreed thus adding up

to 74% of respondents who acknowledged that external accountants are being helpful to SMMEs during the global pandemic.

With regards to the accounting functions outsourced the researcher found the prior researchers (Agburu et al., 2017; Azucena et al., 2015; Kefasi, 2019) posit that the most outsourced accounting function is bookkeeping and financial reports. This study also found that in addition to bookkeeping and financial reports. One of the most outsourced accounting functions are Tax, in particular Income tax, VAT and PAYE as well as payroll and management accounts most SMMEs outsourced accounting functions as well as financial statements and financial advice. The rest of the respondents either chose two or three of the given options of outsourced accounting functions. The researcher also asked questions on the financial reports which reflect the actual financial position of the business. 53% of the respondents stated that their financial reports are of good standard, 60% said the financial statements are complete while 54% said they are accurate, thus reflecting that external accountants are bringing value to the organisation.

The researcher wanted to find out if external accountants bring additional value to the organisation in addition to cost reduction. The researcher found that most firms outsourced external agents because it made their jobs easier, was cost effective, gives access to experience personnel and thus have increased efficiency. The owners, managers and supervisors do not have to worry about the accounting function, they are able to focus on other aspects of the business thus assisting with the attainment of organisational goals. 41% of the respondents strongly agreed that outsourcing accounting strategy ensures that goals are met while 42% agreed, hence a total of 83% of the respondents confirmed that outsourcing assists them with obtaining short and long term goals, thus being at par with results found by (Cahyaningtyas & Ningtyas, 2020).

Regarding the advisory services received, 39% of the respondents strongly agreed that the advisory services received from external accountants has assisted the firm with attaining their organisational goals while 34% agreed thus making up 73% of the respondents confirming that the y services have assisted them in attaining short and long-term goals. From the aforementioned, it is therefore safe to conclude y that external accountants and external accounting firms bring value to an organisation.

The researcher asked respondents whether they would recommend someone else with a similar business as theirs to outsource accounting strategy and 57% strongly agreed that they would, while 36% agreed thus adding up to 93% of the respondents who would recommend a similar business to outsource accounting strategy.

Drawing from the theoretical literature one can conclude that the findings of the effects of outsourcing accounting strategy on the performance of SMMEs in the retail and service sector

are similar. Hence the findings of this study will add to the knowledge gap, which was to determine the effects of outsourcing accounting strategy and the value that external accountants bring to the organisation with reference to the accounting sector.

4.7 Conclusion

Chapter 4 showed and analysed the findings received from the research tool mentioned in Chapter 3 being a questionnaire. The results discovered by the researcher assisted them in determining the effects that outsourcing accounting strategy has on the performance of retail and service SMMEs. The results were also in line with prior research however, they also added something new such as the financial reports and statements which was not mentioned as much in prior literature. The following chapter will narrate the recommendations and conclusions of the current research study.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the thesis with conclusions and possible recommendations to retail and service SMMEs regarding outsourcing accounting strategy.

The purpose of the research was to determine the effects that outsourcing accounting strategy has on the performance of SMMEs. Given the fact that most prior research spoke of one common benefit of outsourcing accounting strategy being cost reduction, the researcher wanted to find out if outsourced accountants bring value to the organisation. Outsourcing accounting strategy has been researched in both developed and developing countries, there was however minimal research done in South Africa on outsourcing accounting strategy. The researcher sought to contribute to the existing body of knowledge by researching on outsourcing accounting strategy in retail and service enterprises. This chapter is represented as follows:

- Section 5.2 summarises the research problem, aim and research objectives presented in Chapter one.
- Section 5.3 summaries the analysis and discussion of the results that were presented in Chapter Four through addressing the research questions.
- Section 5.4 discusses the limitation of the study, challenges that were faced during this study.
- Section 5.5 Recommendations for future studies and businesses making use of outsourcing accounting strategy.
- Section 5.6 Conclusion

5.2 Summary of the Research Problem, Aim and Research Objectives.

5.2.1 Problem Statement

There is a utilisation of outsourcing accounting strategy however it is perceived to be declining due to the Covid-19 pandemic. Most businesses were either closing or down scaling as the pandemic has hit the South African economy. As a result, businesses have either started doing their own bookkeeping whilst making use of external accountants for advice and filing of taxes. The only concern with the above is that enterprises to not have adequate knowledge to do their own accounting work which is time consuming. Owners, managers and supervisors may find it harder to attain other goals and objectives of the business due to the time spent on doing

the accounting work and thus might not benefit on other values that external accountants and accounting firms can bring to the organisation.

5.3 Summary of the analysis and discussion of the results presented in Chapter four through addressing the research questions:

5.3.1 What are the perception of SMME owners on outsourcing accounting strategy?

Most retail and service SMMEs in the Cape Metropole make use of outsourcing accounting strategy and think that it surpasses insourcing as they can get to save money in terms of it being cheaper to outsource than to train someone inhouse. Respondents also felt that confidentiality is displayed from the outsourced parties. Business owners, managers and supervisors tend to save a lot of time through outsourcing accounting strategy as they do not have to worry much about doing the bookkeeping, payroll, taxes and financial statements as all those functions can be outsourced, they thus have more time to focus on other core activities and aspects of the business which also stimulates business growth. Business growth has been challenging for the past year due to the global Covid-19 pandemic. Many businesses have had to close or down scale, some employees were retrenched as owners are trying to cut as much costs as possible. Most owners and managers said that external accountants or accounting firms outsourced were and are helpful during the Covid-19 pandemic. External accountants assisted with the UIF TERS application given by government as a measure to assist businesses to pay their employees. The UIF TERS was from March to May 2020 and extended to October 2020.

5.3.2 What are the effects of using external accountants' services on the operational cost of the organisation?

SMMEs in the Cape Town strongly agreed and agreed that outsourcing accounting strategy minimises costs although quite a few were neutral and minimal disagreed and strongly disagreed. Enterprises in the retail and service sector also agreed that experienced personnel hired, in this case external accountants and external accounting firms, have a reasonable fee.

5.3.3 What are the reasons associated with hiring an external accountant?

There are many reasons as to why SMMEs would outsource accounting strategy, amongst those reasons a few were selected and given as options for the respondents in the Cape Metropole to pick from Respondents also had an option of selecting more than one option. Out of the many options selected most SMMES in Cape Town said that they outsource accounting strategy because they do not have the time to do the accounting work themselves. The second reason was that they do not have the skills to do the accounting work themselves and they lack experienced personnel internally to do the accounting work. There must also be

advantages to outsourcing accounting strategy and once again respondents were given more than one option to pick from. The respondents in Cape Town mostly stated that the advantage of accounting strategy is that it makes their job easier, they do not have to be concerned about financial books, they simply have to supply the documentation and information required to the external accountant or accounting firm and the accounting work will be taken care of, thereafter it was the same advantage found in prior research that it is cost effective, in addition to the major advantage found in prior research, respondents also said that the other advantage is that they can gain access to a skilled personnel.

5.3.4 How effective has outsourcing been on the financial integrity of the organisation?

To determine the financial integrity of a business respondents were asked to determine which accounting functions they outsource, they were permitted to select more than one of the options given, the options given were bookkeeping, payroll, financial statements, Tax being: Income tax, VAT and PAYE, management reports and lastly financial advice. Most of the respondents in Cape Town selected all of the options given above, this was followed by Tax, which was not mentioned as much in prior research, there after payroll and bookkeeping which was found to be the highest outsourced function in prior research.

Respondents were also asked to determine if they were satisfied with the financial reports received and if the financial reports received are accurate and complete. The response to the financial reports by most of the respondents was positive as the majority were satisfied with the financial reports received. Financial reports play a major role in determining the financial integrity of the business, based on the financial reports, a business is able to get a clear indication of the financial position, businesses are able to get possible investors. Regarding tax, taxes being filed on time makes the business tax compliant, therefore external accountants have been very effective in contributing to the financial integrity of the organisation. This has been done ensuring the financial reports received are of good standard and that businesses are tax compliant not forgetting registered by assisting them to renew their annual company registration on the Companies Intellectual Property Commission (CIPC) website.

5.3.5 Has outsourcing accounting strategy been effective in attaining organisational goals?

Long- and short-term goals are met through outsourcing accounting strategy as owners, managers and supervisors are able to distribute their time and effort in other aspects of the business. Through or by knowing the financial aspect of the business is taken care of, goals and objectives of the business can be set. Goals being met also improves the effectiveness of the business as businesses need to be effective to reach their goals and objectives. SMMEs

that participated in this research are happy with outsourcing accounting strategy especially during these trying times with the Covid-19 pandemic and they would recommend other individuals with similar businesses as theirs to outsource accounting strategy.

5.4 Limitations of the study

The research presented some boundaries. First, the Covid-19 pandemic limited physical interaction with both supervisor and co-supervisor and thus virtual meetings were had telephonically. The researcher had to mostly collect data online and could only go door to door when the country was on Alert level two. This was done through the researcher wearing face mask which posed difficulties in hearing for those respondents who were asked questions physically., Due to some enterprises being short staffed the researcher had to return to the enterprise more than once to determine availability of the respondents for completion of the questionnaire. Due to the Covid-19 pandemic some respondents were from Pretoria and Johannesburg as the questionnaire was distributed online, their contribution had to be disregarded as they do not fall within Cape Town. In some cases, the managers or owners were not available, and the questionnaire was responded by the most knowledgeable employee of the organisation.

5.5 Conclusion

Objectives of this research indicate that owners and managers have a positive perception of outsourcing accounting strategy as it tends to ease their financial woes to a certain extent. Not only are the financial woes lessened but external accountants have experience in the accounting sector and provide their services at a reasonable fee, thus serving as an encouragement for businesses to outsource. Outsourcing accounting strategy comes with two main advantages being cost reduction and experienced personnel. The SMMEs that have outsourced the accounting strategy attest that it is effective as the financial reports received are of a good standard, accurate, complete giving them a clear indication of the financial position of the company and finally, a level of confidentiality is displayed. Overall, the results found in this current study shows that businesses are able to achieve short- and long-term goals which is possible through the aid of an outsourced accountant. Due to the positive impact that SMMEs have on small businesses, the respondents of the current study stated that they would recommend another businesses similar to theirs to outsource accounting strategy, thus showing that outsourced accountants have a positive effect on the performance of small and medium retail and service enterprises.

5.6 Recommendations for future studies and businesses making use of outsourcing accounting strategy.

The research marked the following recommendations:

During these tough times, it will be beneficial for SMMEs outsourcing accountants to train someone in house to at least do the bookkeeping or the bare minimum of making sure that the documentation needed to do the accounting are in order and can be handed to the external accountants on time when needed in order to cut down costs and save bookkeeping time.

Organisations are encouraged to concentrate on hiring knowledgeable or fresh graduates with accounting knowledge in the organisation, thus also creating employment and a reduction in unemployment rate.

Organisations are encouraged to continue outsourcing accounting strategy instead of attempting to do the accounting work themselves, especially if they do not have accounting knowledge. This will save costs given that the work is done incorrectly the external accountant may be required to rectify the work done and then only possibly compile the financial reports requested and file the relevant documents needed e.g., VAT upon the enterprises request.

The research area may also be extended to more than one province.

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APPENDIX/APPENDICES

Appendix A: Permission Letters



PERMISSION LETTER

The effects of outsourcing accounting strategy on the performance of small and medium retail and service enterprises in Cape Town.

Dear Respondent,

I, Tania Tshibangu-Mutonji, am doing research towards a master's degree in management accounting at the Cape Peninsula University of Technology in Cape Town. You are invited to partake in the study entitled: The effects of outsourcing accounting strategy on the performance of small and medium retail and service enterprises in Cape Town. This study is solely for academic purposes. The aim of the study is to investigate the value that outsourcing accounting strategy brings to the organisation and how it affects the business performance. Your company has been selected as I will be able to receive insightful information that will assist several organisations across South Africa that are outsourcing. Your participation to the study is voluntary and you are free to withdraw your participation at any stage without obligation. The information received will be kept in strict professional confidence. You as a respondent, are not required to reveal your identification as all responses will be recorded anonymously. For more details please contact Tania via the email address provided below

Taniamutonji@gmail.com

Thank you for your participation.

Signature

Date:.....

makebetter

Date: 14 December 2020

To Whom it May Concern,

I hereby confirm that Make Better Consulting (Pty) Ltd, a digital consulting company, gives consent to Tania Tshibangu Mutonji to collect data from us for her Academic Research Project.

If any further information is required from the company, please do not hesitate to contact me.

Yours faithfully



LETITIA MANEVELD

People & Operations Manager

letitia@makebetter.co.za

Cell:0824739004

LISA KING
VAT No.; 4620237620

17TH DECEMBER 2020

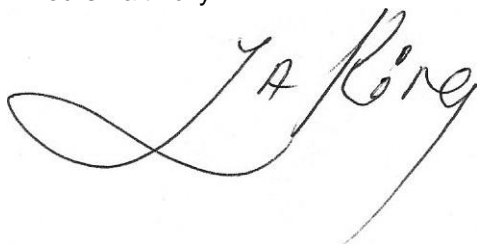
RE: CONSENT LETTER

I hereby confirm that this letter gives consent to Tania Tshibangu-Mutonji to collect data for her Academic Research Project for our retail store called "The Lisa King Collection"

Should you require more information please contact me anytime between 9am to 5pm Monday to Friday.

Thank you.

Yours Faithfully

A handwritten signature in black ink that reads "Lisa King". The signature is written in a cursive style with a large, looping initial "L".

Lisa King

11/01/2021

Re: Consent Letter



3rd Floor
125 Buitengracht Street
Cape Town
South Africa
8001

To whom it concerns

I hereby confirm that this letter gives consent to Tania Tshibangu-Mutonji to collect data for her academic research project via a questionnaire, however confidential financial figures or plans that are unique to the company will not be available for the research project.

Should you require more information please contact me between 09:00-04:00pm weekdays.

Kind regards



K Tucker
Director



3rd Floor
125 Buitengracht Street
Cape Town
South Africa
8001

12/01/2021

Re: Consent Letter

To whom it concerns

I hereby confirm that this letter gives consent to Tania Tshibangu-Mutonji to collect data for her academic research project via a questionnaire, however confidential financial figures or plans that are unique to the company will not be available for the research project.

Should you require more information please contact me between 09:00-04:00pm weekdays.

Kind regards

A handwritten signature in blue ink, appearing to read 'K Tucker', is written over a horizontal line.

K Tucker
Director

Appendix B: Ethical Clearance



P.O. Box
1906 |
Bellville
7535
Symphony
Road
Bellville
7535 South
Africa

Tel: +27 21 4603291

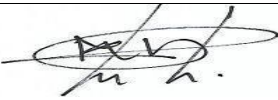
Email: fbmsethics@cput.ac.za

Office of the Chairperson Research Ethics Committee	FACULTY: BUSINESS AND MANAGEMENT SCIENCES
--	--

The Faculty's Research Ethics Committee (FREC) on **02 March 2021**, ethics **APPROVAL** was granted to **Tania Tshibangu-Mutonji (215271882)** for a research activity for **Master of Management Accounting** at Cape Peninsula University of Technology.

Title of dissertation / thesis / project:	The effect of outsourcing accounting strategy on the performance of small and medium retail service enterprises in Cape Town Lead Supervisor (s): Prof. L. Obokoh and Dr I. Johnson
--	---

Decision: **APPROVED**

	14 MARCH 2021
Signed: Chairperson: Research Ethics Committee	Date

The proposed research may now commence with the provisions that:

1. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the CPUT Policy on Research Ethics.
2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study requires that the researcher stops the study and immediately informs the chairperson of the relevant Faculty Ethics Committee.
3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing accompanied by a progress report.
5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes

of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, notably compliance with the Bill of Rights as provided for in the Constitution of the Republic of South Africa, 1996 (the Constitution) and where applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003 and/or other legislations that is relevant.

6. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data requires additional ethics clearance.
7. No field work activities may continue after two (2) years for Masters and Doctorate research project from the date of issue of the Ethics Certificate. Submission of a completed research ethics progress report (REC 6) will constitute an application for renewal of Ethics Research Committee approval.

Clearance Certificate No |
2021_FBMSREC_011

Appendix C: Questionnaire

Questionnaire

Name of company:

Question 1: Demographic Information

Please tick the most appropriate to below questions

1. Male Female LGBTIQ Rather not say

2. What position do you hold in your business?
Owner Manager Supervisor Other
If other, please specify:

3. How long have you occupied the above selected position?
0-1 year 2-5 years 6-10 years More than 10 years

4. What is your highest level of education?
Grade 12/Matric Undergraduate degree/diploma Postgraduate degree/diploma

5. Which of the following best describes your business?
Food retailer Grocery retailer Convenience retailer Clothing E-tailor
Boutique Consulting services
If other, please specify:

6. What is the location of your business?
Cape Town Woodstock Salt River Other
If other, please specify:

7. How long has the business been in existence?
0-1 year 2-5 years 6-10 years More than 10

8. How many employees does your organisation have?
0-10 10-20 21-51 51-100 101-250
More than 250

Question 2: Which accounting functions does your business outsource?

Bookkeeping	
Payroll	
Financial Statements	
Tax: Income Tax, VAT, PAYE	
Management Reports	
Financial Advice	

Question 3: What are your reasons for outsourcing?

Lack of resources	
Lack of qualified personal	
Lack of time	
Lack of senior management commitment	
Lack of Knowledge	
Lack of experience	
Other please specify:	

Question 4: What are the advantages of outsourcing to your business?

Makes job easier		Increased efficiency	
Cost advantages		Faster and better services	
Access to skilled resources		Time zone advantage	

Question 5: What is your perception of outsourcing accounting strategy?

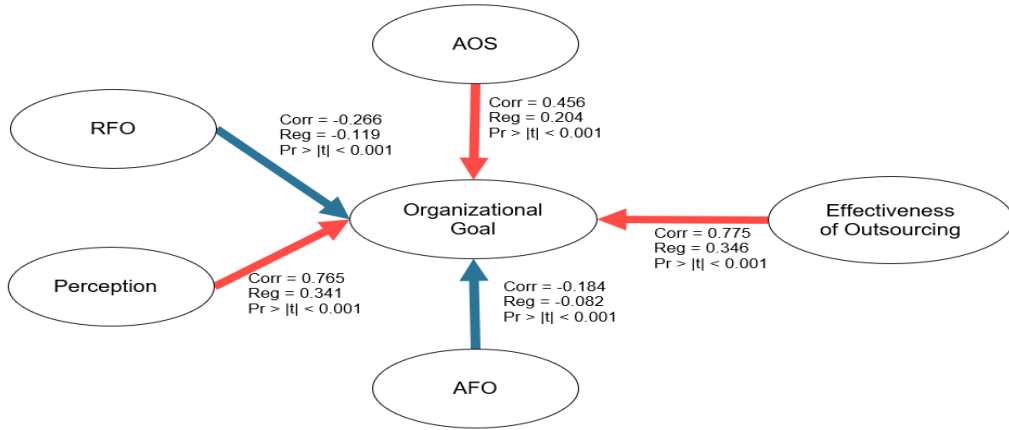
Please tick with an X the appropriate box	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Outsourcing the accounting strategy assists with attaining organisational goals					
Outsourcing accounting strategy minimizes costs					
Outsourcing accounting strategy gives owners and managers more time for strategic planning of the business.					
Outsourcing has improved effectiveness of businesses					
Financial reports received are of good standard.					
Information is confidentially displayed.					
Outsourcing surpasses insourcing					
Outsourcing accounting strategy has been effective in decreasing operational costs					
Experienced personal hired have a reasonable service fee					

Outsourcing accounting and advisory services has been helpful to SMMEs during the Covid-19 pandemic.					
Outsourcing ensures our financial reports are correct					
Outsourcing ensures our financial reports are complete					
Outsourcing ensures our financial reports are accurate					
Outsourcing ensures our confidentiality is prioritised					
Outsourcing financial reports give a clear indication of the company's financial position					
Outsourcing ensures our short- and long-term organisational goals are met?					
Outsourcing accounting and advisory services enhance the attainment of our organisational goals					
I would you recommend outsourcing accounting strategy to businesses similar to mine					

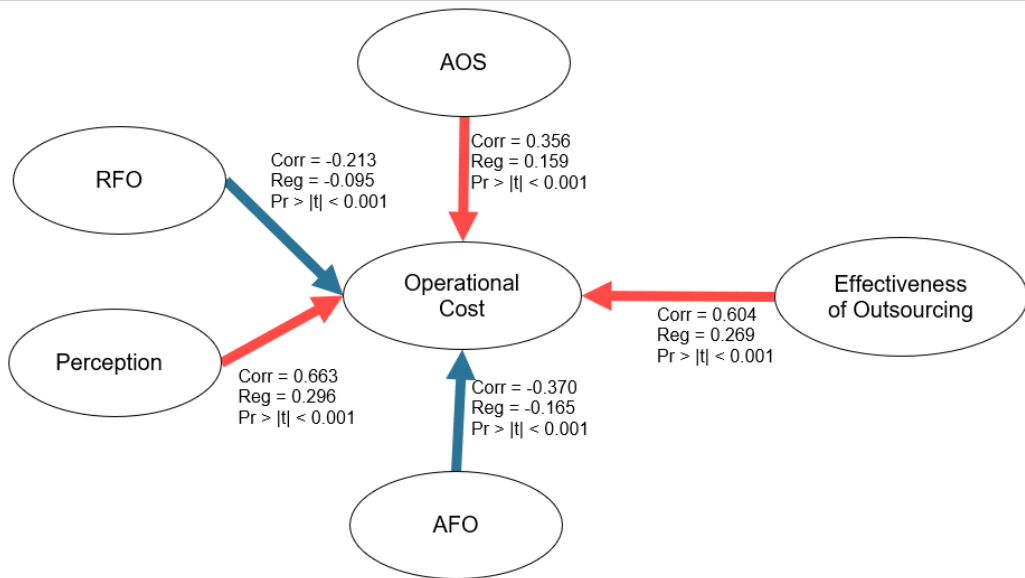
Thank you for your participation!

Appendix D: Figures, Tables and graphs

Effect of Outsourcing Accounting Function on SME Performance 1 Model PLS



Effect of Outsourcing Accounting Function on SME Performance 2 Model PLS



Frequency Table

I give consent (Yes = 1, No = 2)

	Frequency	Percent	Valid Percent	Cumulative Percent
(Yes	102	100.0	100.0	100.0

1. Gender (Male = 1, Female = 2)

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	46	45.1	45.1	45.1
Female	56	54.9	54.9	100.0
Total	102	100.0	100.0	

2. Which position do you hold in your business? (Director = 1, Employee = 2, Manager = 3, Owner = 4, Partner of a law firm = 5, Supervisor = 6)

	Frequency	Percent	Valid Percent	Cumulative Percent
Director	6	5.9	5.9	5.9
Employee	11	10.8	10.8	16.7
Manager	56	54.9	54.9	71.6
Owner	21	20.6	20.6	92.2
Partner of a law firm	1	1.0	1.0	93.1
Supervisor	7	6.9	6.9	100.0
Total	102	100.0	100.0	

3. How long have you occupied the above selected position? (0-1 Year = 1, 2-5 Years = 2, 6-10 Years = 3, More than 10 Years = 4)

	Frequency	Percent	Valid Percent	Cumulative Percent
0-1 Year	12	11.8	11.8	11.8
2-5 Years	38	37.3	37.3	49.0
6-10 Years	29	28.4	28.4	77.5
More than 10 Years	23	22.5	22.5	100.0
Total	102	100.0	100.0	

4. What is your highest level of education? (Certificate/Matric = 1, Grade 12/Senior = 2, Postgraduate = 3, Undergraduate = 4)

	Frequency	Percent	Valid Percent	Cumulative Percent
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Certificate/Matric	6	5.9	5.9	5.9
Grade 12/Senior	18	17.6	17.6	23.5
Postgraduate	43	42.2	42.2	65.7
Undergraduate	35	34.3	34.3	100.0
Total	102	100.0	100.0	

7. How long has the business been in existence? (1 Year = 1, 2-5 Years = 2, 6-10 Years = 3, More than 10 Years = 4)

	Frequency	Percent	Valid Percent	Cumulative Percent
1 Year	26	25.5	25.5	25.5
2-5 Years	32	31.4	31.4	56.9
6-10 Years	21	20.6	20.6	77.5
More than 10 Years	23	22.5	22.5	100.0
Total	102	100.0	100.0	

8. How many employees does your organisation have? (1-10 = 1, 11-20 = 2, 21-50 = 3, 51-100 = 4, More than 250 = 5)

	Frequency	Percent	Valid Percent	Cumulative Percent
1-10	16	15.7	15.7	15.7
11-20	60	58.8	58.8	74.5
21-50	18	17.6	17.6	92.2
51-100	7	6.9	6.9	99.0
More than 250	1	1.0	1.0	100.0
Total	102	100.0	100.0	

Tax

	Frequency	Percent	Valid Percent	Cumulative Percent
No	23	22.5	22.5	22.5
Yes	79	77.5	77.5	100.0
Total	102	100.0	100.0	

Financial Statement/Financial Advice

	Frequency	Percent	Valid Percent	Cumulative Percent
No	29	28.4	28.4	28.4
Yes	73	71.6	71.6	100.0
Total	102	100.0	100.0	

Management Reports

	Frequency	Percent Valid	Percent	Cumulative Percent
No	50	49.0	49.0	49.0
Yes	52	51.0	51.0	100.0
Total	102	100.0	100.0	

Bookkeeping/Payroll

	Frequency	Percent Valid	Percent	Cumulative Percent
No	19	18.6	18.6	18.6
Yes	83	81.4	81.4	100.0
Total	102	100.0	100.0	

Access to skilled resources

	Frequency	Percent Valid	Percent	Cumulative Percent
No	58	56.9	56.9	56.9
Yes	44	43.1	43.1	100.0
Total	102	100.0	100.0	

Cost Advantage

	Frequency	Percent Valid	Percent	Cumulative Percent
No	67	65.7	65.7	65.7
Yes	35	34.3	34.3	100.0
Total	102	100.0	100.0	

Faster and better services

	Frequency	Percent Valid	Percent	Cumulative Percent
No	67	65.7	65.7	65.7
Yes	35	34.3	34.3	100.0
Total	102	100.0	100.0	

Increased Efficiency

	Frequency	Percent Valid	Percent	Cumulative Percent
No	57	55.9	55.9	55.9
Yes	45	44.1	44.1	100.0
Total	102	100.0	100.0	

Makes job easier

	Frequency	Percent	Valid Percent	Cumulative Percent
No	37	36.3	36.3	36.3
Yes	65	63.7	63.7	100.0
Total	102	100.0	100.0	

Time zone advantage

	Frequency	Percent	Valid Percent	Cumulative Percent
No	100	98.0	98.0	98.0
Yes	2	2.0	2.0	100.0
Total	102	100.0	100.0	

Outsourcing the accounting strategy assists with attaining organisational goals

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	1	1.0	1.0	1.0
Disagree	2	2.0	2.0	2.9
Neutral	14	13.7	13.7	16.7
Agree	43	42.2	42.2	58.8
Strongly Agree	42	41.2	41.2	100.0
Total	102	100.0	100.0	

Outsourcing accounting strategy minimizes costs

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	3	2.9	2.9	2.9
Disagree	7	6.9	6.9	9.8
Neutral	29	28.4	28.4	38.2
Agree	32	31.4	31.4	69.6
Strongly Agree	31	30.4	30.4	100.0
Total	102	100.0	100.0	

Outsourcing accounting strategy gives owners and managers more time for strategic planning of the business.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	1	1.0	1.0	1.0
Disagree	2	2.0	2.0	2.9
Neutral	5	4.9	4.9	7.8
Agree	38	37.3	37.3	45.1
Strongly Agree	56	54.9	54.9	100.0
Total	102	100.0	100.0	

Outsourcing has improved effectiveness of businesses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.0	1.0	1.0
	Disagree	3	2.9	2.9	3.9
	Neutral	12	11.8	11.8	15.7
	Agree	36	35.3	35.3	51.0
	Strongly Agree	50	49.0	49.0	100.0
	Total	102	100.0	100.0	

Financial reports received are of good standard.

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	1	1.0	1.0	1.0
Neutral	8	7.8	7.8	8.8
Agree	39	38.2	38.2	47.1
Strongly Agree	54	52.9	52.9	100.0
Total	102	100.0	100.0	

Information is confidentially displayed.

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	2	2.0	2.0	2.0
Neutral	8	7.8	7.8	9.8
Agree	31	30.4	30.4	40.2
Strongly Agree	61	59.8	59.8	100.0
Total	102	100.0	100.0	

Outsourcing surpasses insourcing

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	4	3.9	3.9	3.9
Neutral	25	24.5	24.5	28.4
Agree	30	29.4	29.4	57.8
Strongly Agree	43	42.2	42.2	100.0
Total	102	100.0	100.0	

Outsourcing accounting strategy has been effective in decreasing operational costs

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	3	2.9	2.9	2.9

Disagree	9	8.8	8.8	11.8
Neutral	22	21.6	21.6	33.3
Agree	38	37.3	37.3	70.6
Strongly Agree	30	29.4	29.4	100.0
Total	102	100.0	100.0	

Experienced personal hired have a reasonable service fee

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	3	2.9	2.9	2.9
Neutral	20	19.6	19.6	22.5
Agree	44	43.1	43.1	65.7
Strongly Agree	35	34.3	34.3	100.0
Total	102	100.0	100.0	

Outsourcing accounting and advisory services has been helpful to SMEs during the Covid-19 pandemic.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	1	1.0	1.0	1.0
Disagree	4	3.9	3.9	4.9
Neutral	21	20.6	20.6	25.5
Agree	35	34.3	34.3	59.8
Strongly Agree	41	40.2	40.2	100.0
Total	102	100.0	100.0	

Outsourcing ensures our financial reports are complete

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	3	2.9	2.9	2.9
Neutral	11	10.8	10.8	13.7
Agree	27	26.5	26.5	40.2
Strongly Agree	61	59.8	59.8	100.0
Total	102	100.0	100.0	

Outsourcing ensures our financial reports are accurate

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	2	2.0	2.0	2.0
Neutral	8	7.8	7.8	9.8
Agree	37	36.3	36.3	46.1
Strongly Agree	55	53.9	53.9	100.0
Total	102	100.0	100.0	

Outsourcing ensures our confidentiality is prioritised

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	1	1.0	1.0	1.0
Neutral	16	15.7	15.7	16.7
Agree	35	34.3	34.3	51.0
Strongly Agree	50	49.0	49.0	100.0
Total	102	100.0	100.0	

Outsourcing financial reports give a clear indication of the company financial position

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	1	1.0	1.0	1.0
Disagree	1	1.0	1.0	2.0
Neutral	8	7.8	7.8	9.8
Agree	43	42.2	42.2	52.0
Strongly Agree	49	48.0	48.0	100.0
Total	102	100.0	100.0	

Outsourcing ensures our short- and long-term organisational goals are met?

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	2	2.0	2.0	2.0
Neutral	25	24.5	24.5	26.5
Agree	35	34.3	34.3	60.8
Strongly Agree	40	39.2	39.2	100.0
Total	102	100.0	100.0	

Outsourcing accounting and advisory services enhance the attainment of our organisational goals

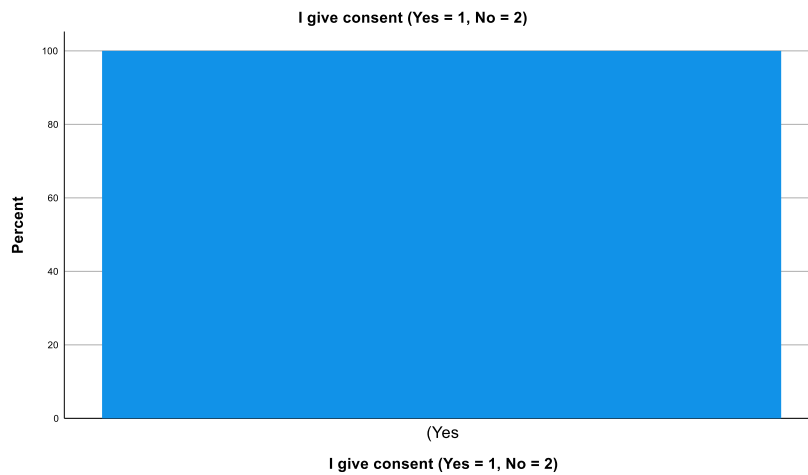
	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	4	3.9	3.9	3.9
Neutral	17	16.7	16.7	20.6
Agree	42	41.2	41.2	61.8
Strongly Agree	39	38.2	38.2	100.0
Total	102	100.0	100.0	

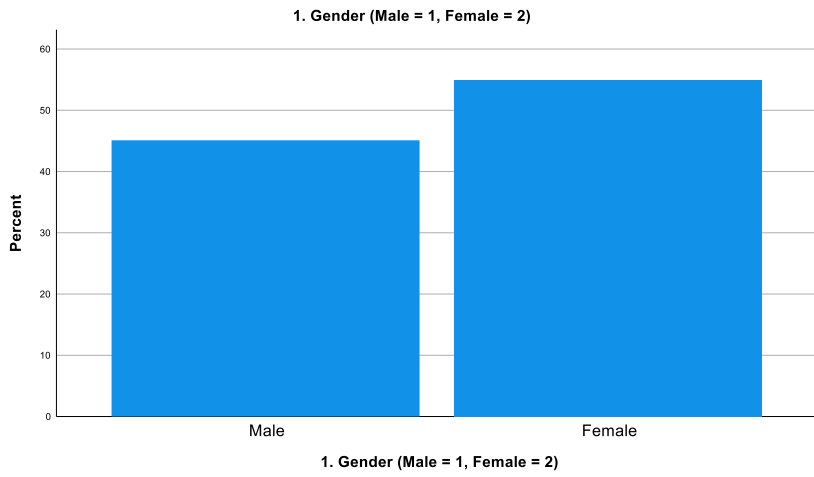
Would you recommend outsourcing accounting strategy to businesses similar to mine

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	1	1.0	1.0	1.0

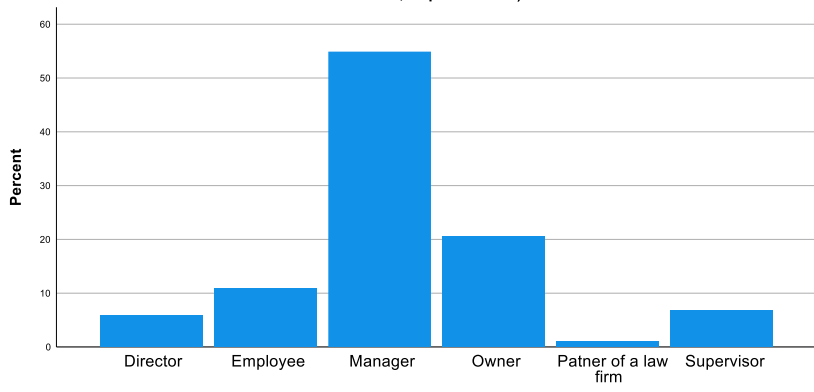
Disagree	1	1.0	1.0	2.0
Neutral	5	4.9	4.9	6.9
Agree	37	36.3	36.3	43.1
Strongly Agree	58	56.9	56.9	100.0
Total	102	100.0	100.0	

Bar Chart



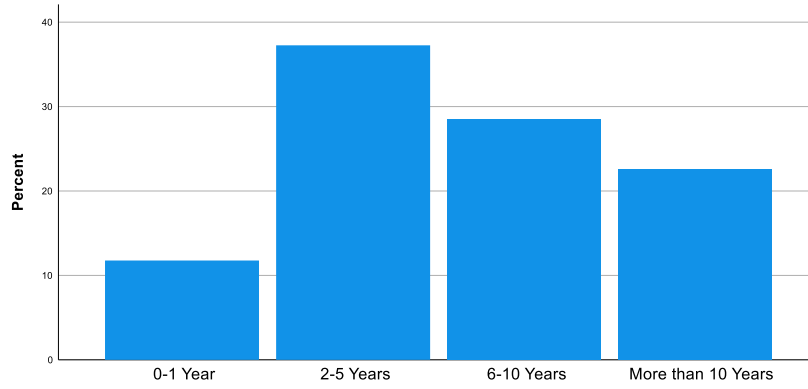


2. Which position do you hold in your business? (Director = 1, Employee = 2, Manager = 3, Owner = 4, Patner of a law firm = 5, Supervisor = 6)



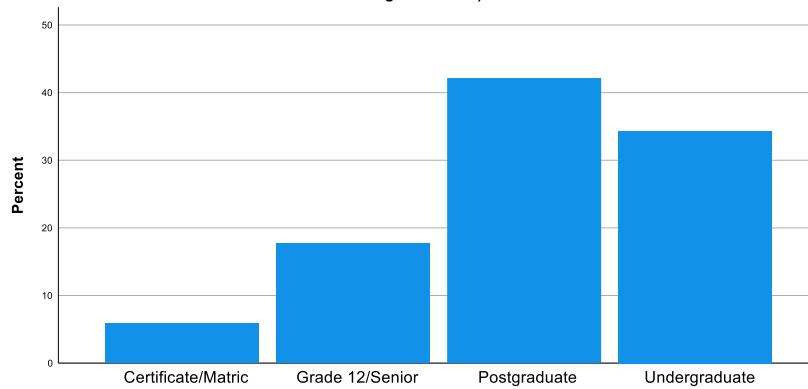
2. Which position do you hold in your business? (Director = 1, Employee = 2, Manager = 3, Owner = 4, Patner of a law firm = 5, Supervisor = 6)

3. How long have you occupied the above selected position? (0-1 Year = 1, 2-5 Years = 2, 6-10 Years = 3, More than 10 Years = 4)



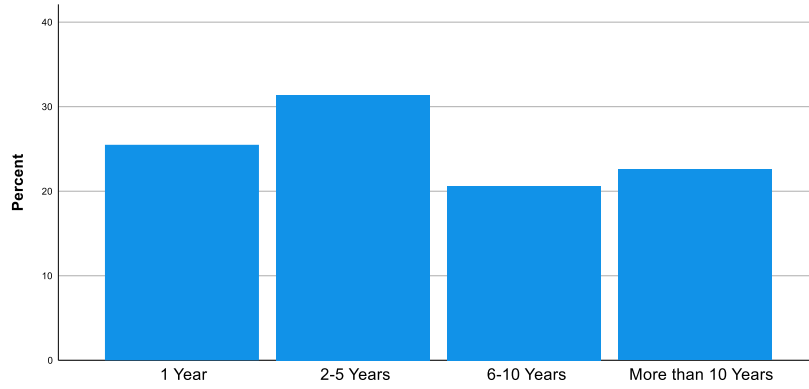
3. How long have you occupied the above selected position? (0-1 Year = 1, 2-5 Years = 2, 6-10 Years = 3, More than 10 Years = 4)

4. What is your highest level of education? (Certificate/Matric = 1, Grade 12/Senior = 2, Postgraduate = 3, Undergraduate = 4)



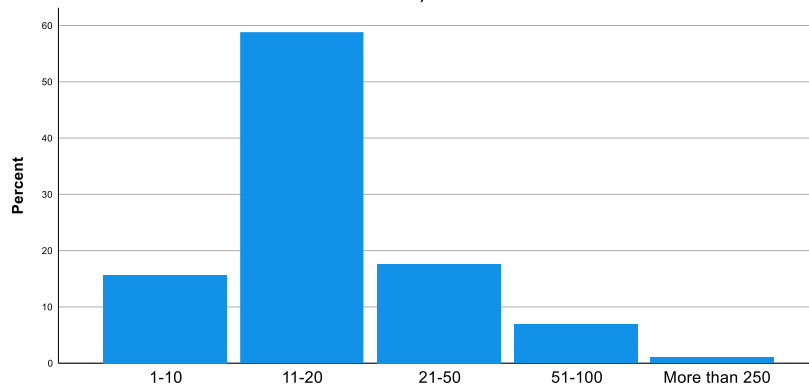
4. What is your highest level of education? (Certificate/Matric = 1, Grade 12/Senior = 2, Postgraduate = 3, Undergraduate = 4)

7. How long has the business been in existence? (1 Year = 1, 2-5 Years = 2, 6-10 Years = 3, More than 10 Years = 4)

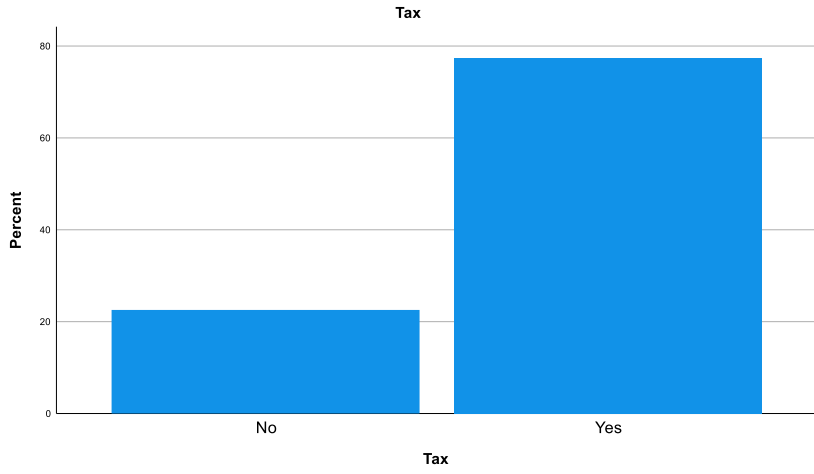


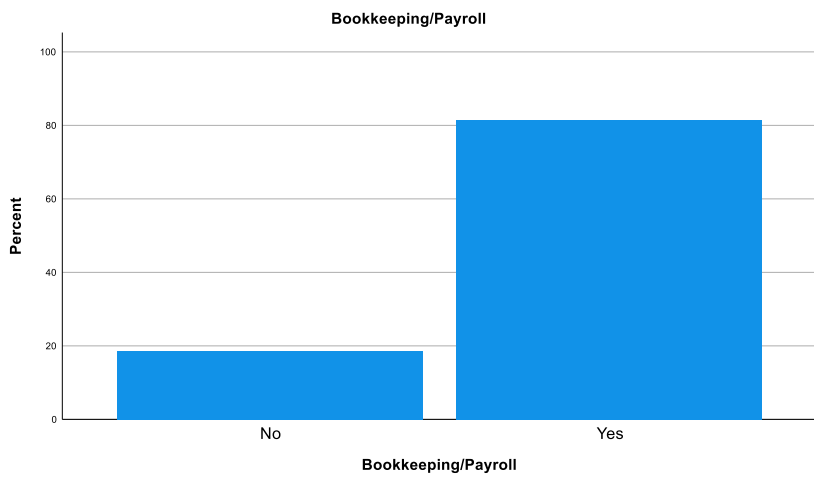
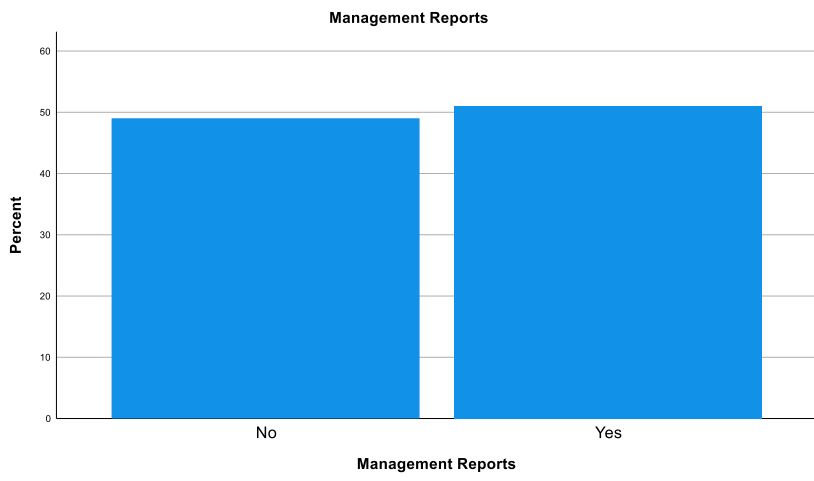
7. How long has the business been in existence? (1 Year = 1, 2-5 Years = 2, 6-10 Years = 3, More than 10 Years = 4)

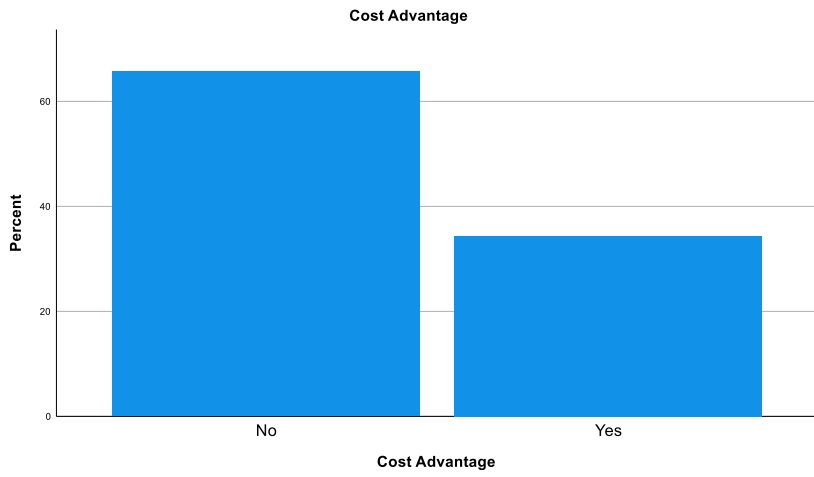
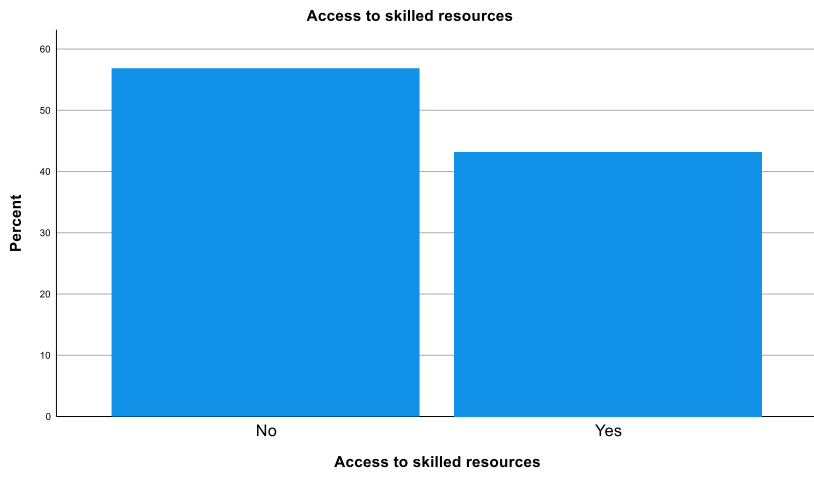
8. How many employees does your organisation have? (1-10 = 1, 11-20 = 2, 21-50 = 3, 51-100 = 4, More than 250 = 5)

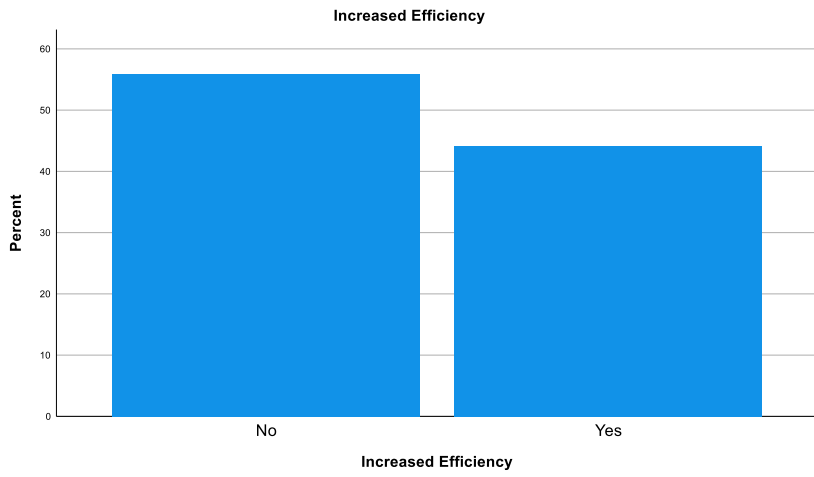
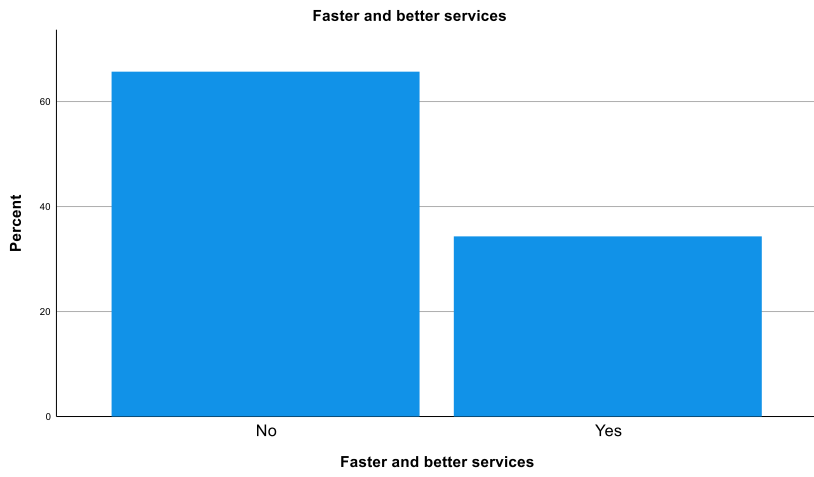


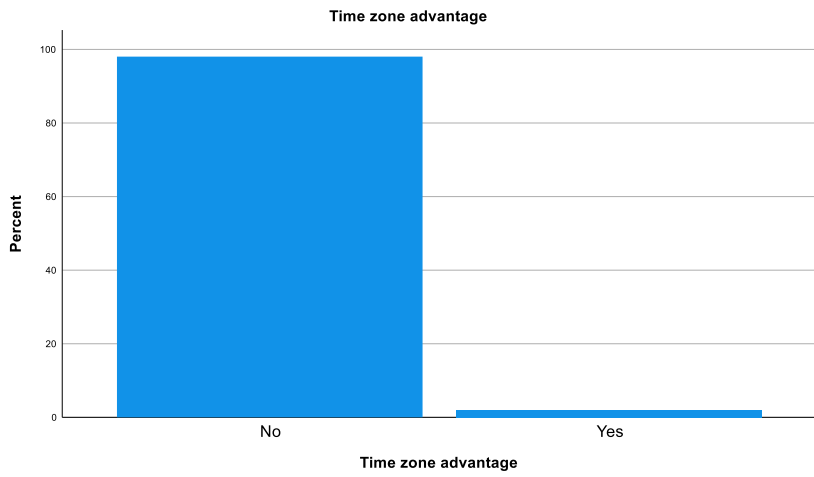
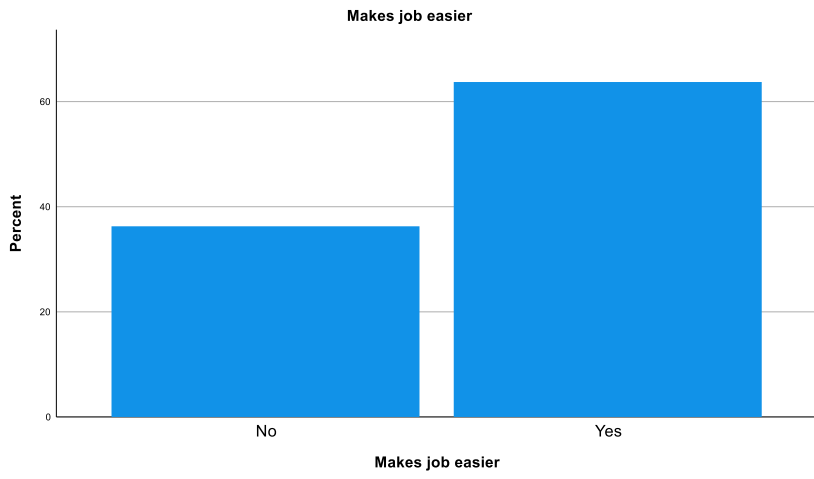
8. How many employees does your organisation have? (1-10 = 1, 11-20 = 2, 21-50 = 3, 51-100 = 4, More than 250 = 5)

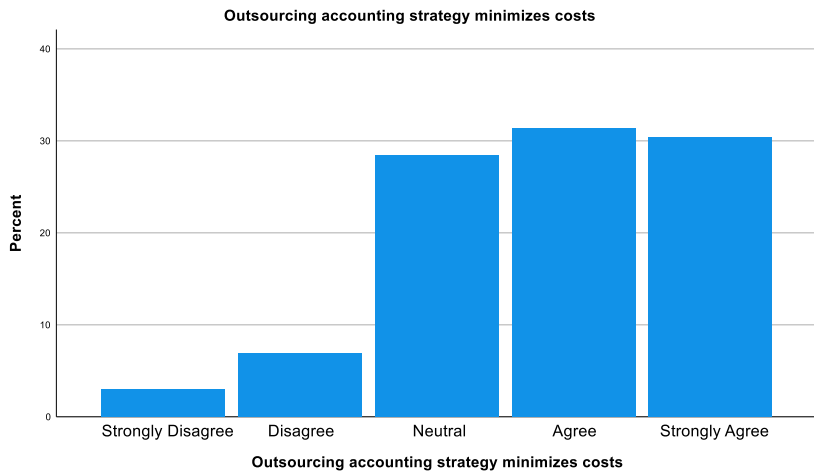




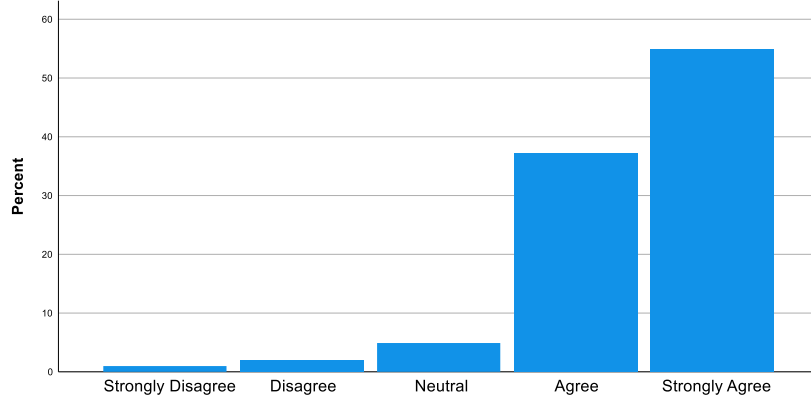






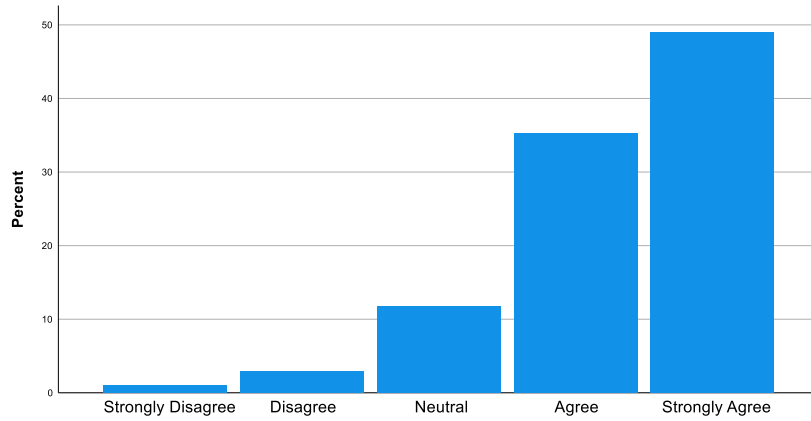


Outsourcing accounting strategy gives owners and managers more time for strategic planning of the business.



Outsourcing accounting strategy gives owners and managers more time for strategic planning of the business.

Outsourcing has improved effectiveness of businesses



Outsourcing has improved effectiveness of businesses

