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## Make-or-Buy Decisions: What Choice for an Accounting Services in a Developing Country?

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### Abstract

This article puts forward an explanatory model for the probability of a business having internal or external accounting at a specific moment. It is supported by three approaches: resource-based theory, contingency theory and transaction cost theory. A questionnaire was submitted to 79 business heads in Cameroon. The data gathered were subject to Pearson correlation tests, principal component analysis, logistic regression and Spearman rank tests. The study's results emphasise the influence of differentials in skills and costs on the probability of accounting being external or internal. It shows that a greater uncertainty in the external environment leads to outsourcing as it offers enterprises greater flexibility. The make-or-buy decision depends on contextual factors such as the size of the business, training systems and accounting referential.

**Keywords:** Transactional Costs Theory, Resource-Based Theory, Contingency Theory, Externalisation, Accounting

### Introduction

Thinking on outsourcing in business requires a precise demarcation of the processes concerned, as well as a clear analysis of the business' principal activity. Many authors (Brulhart, 2010; Merlot, 2009; Tort, 2003; Barthélémy, 2000; Poppo and Zenger, 1998; Mahoney, 1995; Williamson, 1985; Walker and Weber, 1984) have researched business organisation and choice of externalisation strategy. They have identified a large number of explanatory factors, the most significant being cost reduction and access to internally unavailable skills. (Po-Yen et al., 2011; Brulhart, 2010, Merlot, 2009, Barthélémy, 2000; Williamson, 1985). Other elements such as the influence of regulatory bodies and imitation behaviours in the face of uncertainty are often mentioned (Tondeur and Villarmois, 2003). Externalisation has been thought of as a vector for organisation change (Linder, 2004), as a lever in gaining competitive advantage (Welch and Nayak, 1992), a way of catching up on competitors (Matusik and Hill, 1998), and a source of strategic risk; due to loss of skills (Doig et al.,

2001). Despite the volume of managerial literature on the *make-or-buy question*, there is very little empirical research on accounting (Huynh, 2010; Tondeur and Villarmois, 2003). In addition, studies having accounting as their central objective (Degos, 1998) are rare, and when they exist; they follow an inter-temporal approach with case studies.

If the study of make-or-buy has a greater than ever topicality, it is even more relevant for accounting services. Accounting is seen as critically important in business information systems, and refers no longer just to a technique for economic data processing but to a functional logic. This theme is highly significant in the developed world but also in developing countries such as Cameroon with a difficult and opaque environment that makes it unfavourable to research.

The studies have not examined, at a specific moment, the activity characteristics, either for outsourcing or in-house businesses, even if they have the relevant resources and skills. This study's objective is to identify the determinants of outsourcing accounts at a specific moment in Cameroon. It is supported by literature on transaction cost theory, resource- and skill-based theory, contingency theory, and organisational modes of business activities. The first section will look at the accounting function and choice of organisational modes via three approaches. In the transactional approach, choice is driven by cost reduction (Ghertman, 2006) and efficiency (Tondeur and Villarmois, 2003). The resource- and skill-based approach sees choice as a result of surplus resources (Voss et al., 2008), firms' comparative advantages and the search for skills (Franzil, 2006). In the contingency approach, contextual factors arise such as business size (Mintzberg, 1982), existing training systems and accounting referential. The first section is concluded by the research model. The second part of the article is devoted to a review of variables and establishes the methodology. The measurement items put forward are inspired by previous research on the *make-or-buy issue* (Poppo and Zenger, 1998; Ang and Straub, 1998; Walker and Weber, 1984). Following a proactive approach questionnaires were distributed to seventy nine heads of accounting in Cameroon's businesses. The third part of the article is a presentation of results and their implications. Following principal component analysis on the variables linked to the first two approaches (transaction cost theory and resource- and skill-based theory), nine principal factors were revealed and used as manifest variables for logistic regression. The results showed that the factors linked to cost differential and external uncertainty are all significant, confirming works by Duhamel (2006), Poppo and Zenger (1998), and, Walker and Weber (1984). In contrast, the specificity of staff and the strategic contribution gave mixed results. Specialisation is only significant in the presence of factors connected to the resources and skills model, while strategic contribution is significant in the absence of specificity. Finally, Spearman Rank Correlations on the contextual variables show the influence of size of enterprise, type of training and accounting referential.

### **Organisational Implications of Externalisation of Accounting**

If there is no general theory on externalisation, several authors (Ghertman, 2006; Bullen, 2003; Barthélémy, 2000) show that this concept can be understood via a set of theories, up to a dozen according to Bullen (Franzil, 2006). Without going into a complete overview of all the theories quoted (which has already been the subject of several studies) we will summarise the most relevant details and outline the explanatory factors in the choice of organisational modes.

They can be seen as contributions of transactional cost theory, the resources and skills model, and the contingency approach.

### ***Outsourcing a Transactional Approach***

The transactional approach used to analyse business organisational problems may seem ideal to explain the phenomena of externalisation or business relations. For Williamson (1985) this approach is the coordination of economic activities on a continuum going from market to hierarchy passing via a mixed form. Outsourcing accounting activities started around ten years ago and has become more and more popular. It is based on a mixed governance structure (bureaucracy and market) linked to a hybrid contract form and consists of the production of accounting data by external agents. Compared to other organisation modes, does it have the lowest transaction costs? Is it the most efficient governance structure in terms of transactional specifics? Besides the client/supplier cost differential, replies come via the examination of transactional cost attributes that Williamson (1985) says are essential for choosing between governance modes and justifying outsourcing. It is related to the asset attributes, frequency of transactions<sup>1</sup> and uncertainty.

When an enterprise makes use of outside accounting professionals or acquires software programmes, this is non-specific asset investment. In contrast, when it is decided to have an internal accounts service, the firm makes investment in high cost specific physical assets (with a low adaptability) as they are adapted to in-house needs for accounts information..

There is little consensus on the impact of uncertainty on organisational mode choice. While some indicate the possibility of an independent effect (Gulati et al. 2005; Poppo and Zenger, 1998; Walker and Weber, 1984), others suggest that uncertainty and specificity should be considered in combination, as in the absence of specific assets the question of uncertainty is irrelevant (Lajili and Mahoney, 2005; David and Han, 2004; Leiblein and Miller, 2003). Numerous studies<sup>2</sup> mention the concept of measurability linked to the complexity of performance measures, resulting from agency relations between outsourcing stakeholders.

From these studies, the variables to retain for our research are the specific character of the assets, external uncertainty and the behavioural measurability and uncertainty.

### ***Outsourcing, the Skills Approach***

This theory is particularly interested in the skills to be mobilised in the objective of efficiency for stakeholders, and in contractual relations between them (Fulconis and Paché, 2005). It explains outsourcing as a way of optimising use of resources and of getting complementarity in the offer of external services, when they are judged to be more efficient than those in-house.

This approach views a company as a portfolio of specific skills (Penrose, 1959) and states that an enterprise may not have all the resources and skills needed to continue development. It assumes that performance differences amongst businesses of the same industry are explained by differences in resources and skills. Reducing utilisation costs of resources and maximising income potential determine the probability of a business putting itself in an organisational mode adapted to its activity.

The principal explanations of organisational modes for the resources and skills approach (or *Resource-based view*) are linked to the comparative advantage of the enterprise in its sector, and perceived skills differentials (De Clercq and Diminov, 2008; Barthélémy and Donada, 2007; Franzil, 2006). The *Resource-based view* (RBV) also explains the choice of organisational modes as taking

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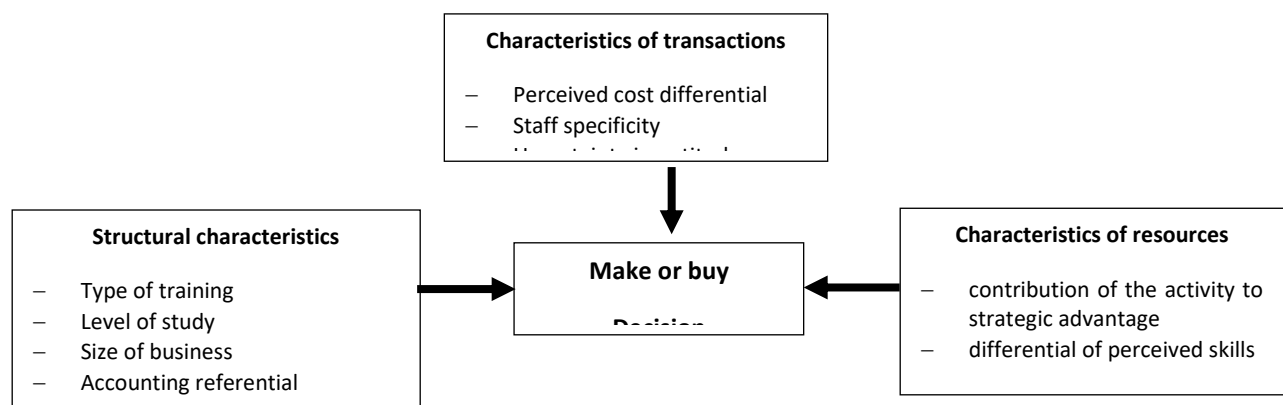
<sup>1</sup> In contrast to the other two, the frequency is not the most important attribute in making the choice of mode of governance, because it does not seem to have an autonomous effect.

<sup>2</sup> Those of Walker and Weber (1984), Aubert et al. (1996), Poppo and Zenger (1998), Zenger et al. (2001).

account of resources and skills that the business has at its disposal. For a specific accounting activity, this is whether or not a business has the necessary skills and resources. If there are deficiencies, the nature of absent resources must be identified in order to determine which ones have to be acquired. The value of skills, or their capacity to produce revenue by reducing utilisation costs, is assessed across a set of activities. The complementarities and similarities of these must be ascertained. This will decide whether these activities can produce strategic advantage. The complementarities and the degree of dependence between them can be evaluated along with the degree of specialisation of the activity in relation to other activities (Duhamel, 2006). This study limits itself to two factors: contribution to strategic advantage and skill differential between business and external suppliers.

**The Contingency Approach on Outsourcing**

Since the 1960's the contingency approach has been one of the most widely used analytical tools for understanding formal organisations and has been utilised in the field of control management (Berland, 1999). It has been, however, little used for outsourcing (Tondeur et al., 2003). The research gathered together under the heading of "contingency theory" explains organisational structures affected by a wide range of factors such as: technology, business size and cultural context or environment (Desreumaux, 1992)<sup>3</sup>. Theorists have identified contextual factors that can explain organisational modes. They have promoted theories that link organisational modes to internal variables (business size, age, technology, etc.) and those that link organisational modes and external variables (instability, uncertainty etc.) (Schreyögg, 1980). The most common determinants quoted are size, technical systems, environment, instability and uncertainty. Our study, which focuses on the elements that may facilitate understanding of strategic choices and organisation modes for Cameroonian businesses, pays specific attention to business size as internal contextual element likely to influence organisational modes (Chapellier, 1994; Dupuy, 1990; Mintzberg, 1982), and also to elements linked to the profiles of stakeholders, notably the level of studies and type of training (Lavigne, 2002; Germain, 2000; Lacombe-Saboly, 1994). The operative accounting referential is as at least as important as the previous elements (Lavault and Benyakhlef, 2005; Gueguen et al, 2003), as its implementation give rise to numerous problems, particularly within the business accounting services. These analyses lead to the following model.



<sup>3</sup> Financial accountings being legal requirement organisational modes were limited before the advent of modern technological tools. It should be noted that there is little research for management accounting, for which few legal constraints (Tondeur et al., 2003).

Figure 1. The model of Make or Buy Decision

This model offers an overview of the three groups of variables retained to explain the probability of outsourcing a given accounting activity.

### **Analytical Framework and Methodology**

To observe and describe the strategic choices of Cameroonian businesses for outsourcing accounts and to isolate the determinants, we will outline construct by construct, the study's different measure items and set out the methodology for our investigations. Several measure items were put forward for the different variables but not all are adapted to our study. Those retained are presented below.

### ***Choice of Variables***

Table 1 gives an overall summary of the variables retained for the study and their items of measurement. Transactional variables, as well as those arising from the skill-based approach were measured using a Likert scale to five points. Structural variables on the other hand were measured each with a question. Finally, the dependent variable, the dichotomous nature, is equal to 1 if the company opts for outsourcing (or internalization) and 0 if not.

Table 1. Summary of study variables

Theories	Variables	Measure items
Transaction cost theory	Cost differential Walker and Weber (1984) Ang and Straub (1998) Poppo and Zenger (1998)	External supplier can reduce costs better than your staff
		You have a competitive cost level in comparison with external supplier
		This activity is more expensive internally than externally
		You make significant savings due to the supplier
	Specificity Poppo and Zenger (1998)	Activity organisation well adapted to your business needs
		Information systems well adapted to your business
		Those that carry out these activities have a great deal of specific information on your business
	External uncertainty Tondeur et al (2003)	Confidentiality of data transferred
		Quality of information content
		Excessive dependence on a client
		Time delays in treating and transmitting information
	Internal uncertainty Tondeur et al (2003)	Development of turnover
		Fluctuations of information technology environment
		Uncertainty linked to legal/fiscal/regulatory constraints
	Behavioural uncertainty Aubert et al (1996a) Poppo and Zenger (1998)	Fluctuation in demand
Staff savoir-faire difficult to formalise		
Collective performance of those carrying out activity		
Formalisation of means used in specifications brief		
Resource-based theory	Strategic contribution Barthélmy (2000)	Reliability of performance indicators
		Quality of business service compared to competitors
		Reactivity of your business compared to competitors
	Skill Differential Walker and Weber (1984)	Strategic importance of investment in this activity
		Savoir of supplier in comparison to your business
Technological capacity of supplier in comparison to your business		
Contingency theory	Size Mintzberg (1982)	Organisational capacity of supplier in comparison to your business
		Service quality of supplier and your business
	Level of study Lavigne (1999)	Staff
Type of training Lavigne (1999)	What is your level of study?	
		What type of training have you had?

	Accounting referential	Is the accounting referential a constraint for your activities?
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Source: Literature review

### Methodology

The research was carried out in a positive approach with a hypothesis/deductive reasoning. The terrain of investigation is Cameroon. The towns of Douala and Yaoundé have been chosen as they are, according to the National Statistics Institute (INS), home to around 85% of Cameroonian businesses. To make up our sample the registers of the Chamber of Commerce and of the Statistics Bureau were used. The final list of companies we have worked has been arrested with the help of institute of certified public accountants (*ordre national des experts' comptables*) that have provided us with the file of their principals. No restriction was imposed concerning the size, sector, or legal form of the business polled. A questionnaire has been administered in each company, and accounting managers were asked to respond on their organizational modes of accounting activities. Of the 165 asked, 79 completed questionnaires. Their characteristics are summarised in the following table.

Table 2. Characteristics of businesses studied

Staff	Frequency %	Legal form	Frequency %	Sector of activity	Frequency %
[10-50[	27.3	SA	14.6	Service	32.9
[50-100[	39.5	SNC	18.8	Commerce	40.8
[100-500[	26.6	SARL	41.7	Manufacturing Industry	26.3
500 and over	6.6	EI	24.9		

Source: Our investigations

The sample is made up of small and medium-sized businesses, which on average have a work force of between fifty and a hundred (39.5 %). They are most typically limited liability companies operating in the commercial sector. This result confirms observed national trends over the last decade. Commerce is the most popular sector (40.8%). There is also a large presence in the industrial sector (26.3 %) which, according to the most recent estimates<sup>4</sup>, makes up more than 7.5% of the active population ; and the service sector (32.9%), that has a central place in the national economic structure and whose contribution to GDP has grown over the last five years (to around 41 %). Service activities include transport, tourism, postal services, telecommunications etc.

Even if Cameroon is not a country with a very developed educational strategy and training for accountancy, the study shows that the majority (62 %) of heads of accounts departments have received accountancy training.

<sup>4</sup> Information supplied by the National Institute of Statistics – (Institut Nationale de la Statistique - INS)



### Results and Discussion

Analyses were carried out in order to test the relations between the variables. The presentation of results is in three stages. Firstly, the ensemble of indicator measures of the explicative variables are analysed by PCA. The second stage tests the relations between the manifest variables (coming from transactional cost theory and from resource- and skill-based theory) and the variable to be explained, by an econometric approach based on the logic model. Finally, the third section presents the results of the correlation tests between the contingency variables and outsourcing decision.

### Results of the Study

After confirming<sup>5</sup>, that the multi-co linearity between the variables is non-problematic, we carry out PCA with the intention of establishing the principal factors to be used for the rest of the study. Nine principal components are revealed as shown in the next table.

Table 3. Summary of PCA results

Factors Variables	1	2	3	4	5	6	7	8	9
Organization adapted to enterprise	-0.581								
SI adapted	0.680								
Information's specific to enterprise	0.582								
Fluctuations in technological environment		0.736							
Uncertainties linked to legal, fiscal and regulation environment		-0.736							
Information confidentiality			0.767						
Information content and quality			0.669						
Excessive client dependence			0.871						
Development of business turn over			0.922						
Reactivity				-0.732					
Highly strategic investments				0.732					

<sup>5</sup> From Pearson correlation tests

Comparison savoir-faire					0.52 6				
Comparison in terms of technological capacity					0.70 0				
Comparison in terms of service					0.76 1				
Cost reduction						0.9 87			
Cost competitiveness							- 0.673		
Lower cost external activities							0.746		
Better economy of costs						0.9 87			
Savoir-faire to be formalised									0.83 3
Measure of collective performance								- 0.83 5	
Formalisation of means mobilised									0.72 0
Reliable performance indicators								0.73 3	
<b>Cronbach Alpha</b>	<b>0.65 26</b>	<b>0.57 88</b>	<b>0.65 49</b>	<b>0.64 58</b>	<b>0.68 27</b>	<b>0.6895</b>		<b>0.6615</b>	
<b>Kaiser-Meyer-Olkin Index</b>	<b>0.62 7</b>	<b>0.56 0</b>	<b>0.58 1</b>	<b>0.65 0</b>	<b>0.87 0</b>	<b>0.586</b>		<b>0.638</b>	
<b>Eigen values</b>	<b>1.93 8</b>	<b>1.08 3</b>	<b>2.32 7</b>	<b>1.07 0</b>	<b>1.95 6</b>	<b>1.9 44</b>	<b>1.009</b>	<b>1.50 5</b>	<b>1.15 2</b>
<b>% of cumulative variance</b>	<b>64.5 9</b>	<b>59.1 6</b>	<b>58.1 7</b>	<b>57.5 2</b>	<b>65.1 8</b>	<b>48. 52</b>	<b>73.81</b>	<b>33.6 1</b>	<b>66.4 4</b>

*Source: Our investigations*

The analyses show an excellent correlation between measure indicators for the variables and the factorial axes. They have variance loadings of between -0.835 and 0.987. The axes have a minimum of 55 % of total variance. In addition, conditions are satisfied for Cronbach's alpha and the Kaiser-Meyer-Olkin Index (KMO) and Bartlett's test, suggesting a good level of reliability for the analyses carried out. The factors can be used with confidence for the rest of this study. They are as follows: specialisation (SPE), external uncertainty (INCERE), internal uncertainty (INCERI), strategic contribution (CONSTRA), skill differential (DIFCOM). Behavioural uncertainty and cost differential each have two components (INCERC1 and INCERC2 for behavioral uncertainty, and DIFCOU1 DIFCOU2 for cost differential).

***Determinant factors in the externalisation of an accounting department***

Following the recommendations of numerous authors (Missonier-Piera, 2004; Raffournier, 1990; Gourieroux, 1984), the dependant variable was regressed on the manifest variables, in this case the principal factors cited above. The control variable was professional experience of accounting managers.

Four basic models were tested, the first being made up of all the explicative variables. The second has only variables linked to transactional costs theory, the third those from the RBV as well as the specificity of staff. The fourth model focuses uniquely on factors coming from RBV. In two complementary models, interactions between the specificity of staff and uncertainty were examined. The pertinence of these regressions was assessed via Nagelkerke R<sup>2</sup>, the likelihood ratio, classification ratio and the Wald test.

A synthesis of the different models shows a strong significance for factors linked to costs and skills. The variables have good regression coefficients and Wald values, all significant to 1%. Even if these variables have not emerged from the same areas of study, it should be remembered that an activity carried out externally is equivalent to a perceived costs differential advantageous to suppliers or possible access to skills. This may result in a better service or reactivity. In contrast a cost differential in favour of the business leads to keeping activities in-house.

These results correspond to previous studies (Brulhart et al., 2010; Merlot, 2009; Barthélémy, 2000; Chi, 1994; Walker and Weber, 1984). These make cost differential and skills the two key elements in improving service quality for outsourcing and confirm the transactional approach. It is a form of organisation particularly suited to the current crisis (François Pons, 2009) as, suppliers are committed to cost control and they guarantee compliance - conformity to relevant regulation – and access to specific skills.

Table 4. Summary of results of logistic regression

Elements	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
	Coef Wald	Coef Wald	Coef Wald	Coef Wald	Coef Wald	Coef Wald
DICOU1	<b>0.576</b> <b>9.835***</b>	<b>0.570</b> <b>.579***</b>			<b>0.495</b> <b>9.467***</b>	<b>0.473</b> <b>9.367***</b>
DICOU2	<b>0.452</b> <b>8.578***</b>	<b>0.448</b> <b>.375***</b>			<b>0.441</b> <b>8.291***</b>	<b>0.407</b> <b>8.198***</b>
TRANS	0.080 0.647	0.065 0.573				
INCERI	0.141 0.792	0.047 0.0437			0.041 0.040	
INCERE	<b>0.248</b> <b>4.469**</b>	<b>0.245</b> <b>4.418**</b>				<b>0.233</b> <b>4.291**</b>
INCERC1	0.061 0.355	0.065 0.400			0.071 0,460	0.073 0.487
INCERC2	0.051 0.237	0.083 0.296			0.183 0.298	0.191 0.311
SPE	0.300 2.553		<b>0.373</b> <b>3.058**</b>		0.298 1,473	0.276 1.351
CONSTR	0.353 0.131		0.258 0.227	<b>0.456</b> <b>5.866*</b>		
DIFCOM	0.328 2.038		<b>0.590</b> <b>11.182***</b>	<b>0.620</b> <b>12.737***</b>		
TRANS&INCERE					0.295 .1.113	
TRANS&INCERI						0.302 2.007
Constant	-0.850 10.228***	-0.805 9.486***	-0.846 8.782***	-0.832 8.217***	-0.832 9.556***	-0,877 8.842***
Experience	-0.389 4.040**	-0.416 4.624**	-0.450 5.236**	-0.493 5.612**	-0.317 3.579**	-0.340 4.325**
Constant	0.559 4.679**	0.544 4.538**	0.517 4.003**	0.487 3.781**	0.438 3.485**	0.531 4.113**
Nagelkerke R <sup>2</sup>	<b>0.395</b>	<b>0.276</b>	<b>0.247</b>	<b>0,205</b>	<b>0.255</b>	<b>0.241</b>
-2log-likelihood	<b>85.776</b>	<b>97.019</b>	<b>108.521</b>	<b>132,909</b>	<b>93.654</b>	<b>94.017</b>
X <sup>2</sup>	<b>64.181***</b>	<b>=58,964***</b>	<b>35.718***</b>	<b>31,319***</b>	<b>38.481***</b>	<b>26.189***</b>
	(> X <sup>2</sup> (8))	(> X <sup>2</sup> (6))	(> X <sup>2</sup> (3))	(> X <sup>2</sup> (2))	(> X <sup>2</sup> (6))	(> X <sup>2</sup> (6))
Ratio of classification	<b>69.6 %</b>	<b>68.4 %</b>	<b>60 %</b>	<b>60,3 %</b>	<b>64.8 0%</b>	<b>65.1 %</b>

\* Coefficient significant to a threshold of 10 % \*\* Coefficient significant to a threshold of 5 % \*\*\* Coefficient significant to a threshold of 1 %

Table 4 shows that the constructs of specialisation and strategic contribution have a particular character. Their joint presence in the same model does not explain the choice of organisational modes. However, taken individually, specialisation is significant in the third model whilst strategic contribution is present in model 4 (in the absence of specialisation), leading to the conclusion that these variables have a partial influence on organisational modes<sup>6</sup>. Transfer costs, internal uncertainty and behavioural uncertainty have no influence on the decision to outsource accounting, as shown by their regression coefficients.

### ***Contingency Elements***

In the previous section we have examined the relationship between variables coming from transactional cost theory and RBV, and the make-or-buy decision. Now we will look at the context elements resulting from the contingency approach. Their nature and measure items demand the use of non parametric tests, specifically the Spearman rank correlation. We analyse in succession if the size of business, level of studies of business manager, type of training and the OHADA<sup>7</sup> accounting referential influence the external/internal accounting decision at a specific moment. The analysis is carried out in two stages; first examination of the contingency tables data, and then, by Spearman ranks correlation indices.

### ***Business Size***

Business size exerts a considerable influence on the decision to externalise accounting. Out of the 63.3% of individuals outsourcing all or part of their activities 28% have a workforce of between ten and fifty, while 34% have between fifty and five hundred. Staff volume is correlated to the frequency of outsourcing, confirming Tort's conclusions (2003). He states that the problematic of administrative and accounting organisation is closely linked to business size. Outsourcing may be a viable solution as, "when business size increases the question of internalisation of administrative and accounting activities generally arises. »

The Spearman rank correlations give a coefficient of 0.410 and a significance probability of 0.021. These results, confirm a good association between the variables, and support those of Lacombe-Saboly (1994) who following on from Chapellier (1994), attempts to establish a link between business size and field of specialisation. Even if that study is not particularly interested in SMEs, the conclusions are identical to our research in that for businesses with over 500 staff, there is a tendency to concentrate on core competences, by outsourcing support services such as accounts. For Tort (2003), outsourcing is a solution for PME undergoing strong growth. High growth increases probability of accounting being dependant on outside suppliers, even if this may result in heavy costs.

In conclusion, it appears that development of the business is accompanied by the growth of the accounts service, and therefore accounting tasks. Outsourcing is a privileged solution for the majority of businesses in development.

### ***Level of Studies***

34.5% of those who internalise activities have a secondary school level of education, 51.7% have BAC+2 or BAC+3 (two or three years of post high-school graduation education), and only 13.8

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<sup>6</sup> They are respectively significant at 5 % and at 10 %.

<sup>7</sup> Organisation for the Harmonization in Africa of Business Law (Organisation pour l'Harmonisation en Afrique du Droit des Affaires)

% have the level BAC+4. Of those who externalise their accounting services, 10% are self taught, 42% have a secondary school level, 20% have BAC+2 or BAC+3 and 28% a level at least equal to BAC+4.

The correlation tests ( $p = 0.182$ ;  $p = 0.05$ ) do not completely reject the relation (at a threshold of 5%). This leads to the conclusion that the outsourcing decision is partly linked to education level. Outsourcing is shown to be a mode of activity organisation (Tondeur et al., 2003). The results accord with those of Nyengué's report (2006) on accounts information systems organisation in Cameroonian businesses. This links the organisation of accounting information systems to level of studies of the business chief.

### ***Type of Training***

If the level of studies is not completely shown to be of influence, type of training is seen as an important criterion in the outsourcing of the accounts departments. 38% of individuals from the sample have received management training, and 62% accountancy training. Across all categories it is clear that accounting training is the most widespread. Outsourcing is less when the type of training is in accounting rather than management training. This may appear contradictory as managers would seem to have greater need to outsource accounts.

The Spearman's rank correlation (0.590) and the p-value are very significant (0.01). These results suggest an association between type of training and outsourcing decision.

Our conclusions agree with Lavigne (2002) who showed that the type of training received by the manager impacts the organisation of the accounts department. It is possible to extrapolate that this type of training has significant influence on the organisation of accounting tasks, and on the outsource decision.

### ***OHADA Accounting Referential***

The mandatory rules, imposed by the new OHADA system (*Organisation pour l'Harmonisation en Afrique du Droit des Affaires* – Organisation for the Harmonisation of African Business Law) on signatory states, mean that accounting is no long a simple technique but an essential tool for economic growth and re-structuring. The accounts organisation within the business must satisfy demands of regularity and security to ensure authenticity of records. These can then be used in the evaluation of rights and obligations of business partners, as an instrument of proof and validation, and of information for third parties, and of management. Individuals in charge of accounts management must be competent. Very few accountants have the necessary skills for drawing up the DSF forms for statistics and taxation. In Cameroon, accounting training programmes, technical colleges and university syllabus, do not give a significant place to the DSF. This explains the strong presence of accounting consultants in the treatment of such documents. These conclusions are confirmed by the correlation value (0.609) and the probability of significance (nil). This suggests a strong association between the variables. The decision to outsource accounts depends on the demands imposed by the new system. This supports the observations of Tondeur et al. (2003), and Tort (2003), that legal, fiscal and reglementary uncertainty push businesses to outsource accounting services.

### **Conclusions**

Outsourcing appears as a specific form of activity organisation. It is a strategic choice as the business must decide between make or buy. It is an organisational mode in the sense that it is at one end of a continuum that has three other forms: decentralised services, centralised services and

shared service centres. Outsourcing is a major organisational form as around 64% of businesses state that they use outside professionals for accounting activities.

On the question of determinants for accounting outsourcing, this article shows that beyond the search for lower costs and access to skills that are unavailable internally, there are other motivations. Contextual elements have a great importance. Business size, level and type of training of accounting managers, the OHADA accounting referential are all factors that encourage a business to use external suppliers for their accounts services.

If this study has furthered the understanding of strategic choices to outsource accounting services, it is only one stage in a process. The results obtained from a satisfactorily large sample of 79 individuals, would be strengthened by the use of a larger one. This would facilitate the use of more robust and sophisticated analyses, such as second order structural equations. In the same manner, a study linking the points of view of business managers and external suppliers would be useful and produce interesting results.

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