

Accounting outsourcing as a modern effective tool of enterprise management

Natalia Potryvaieva*

Doctor of Economics, Professor
Mykolaiv National Agrarian University
54008, 9 Georgiy Gongadze Str., Mykolaiv, Ukraine
<https://orcid.org/0000-0002-9781-6529>

Artem Palieiev

Postgraduate Student
Mykolaiv National Agrarian University
54008, 9 Georgiy Gongadze Str., Mykolaiv, Ukraine
<https://orcid.org/0009-0005-2624-2504>

Abstract. The relevance of the following article is determined by the need to elaborate on the economic benefits of using accounting outsourcing for agro-industrial enterprises. The purpose of the study is to analyze the main advantages of delegating enterprise's accounting functions to a specialized company, as well as to prove the economic feasibility of outsourcing. The basis for the methodological approach includes: data analysis regarding the level of outsourcing, method of average values, comparison method, graphic method, generalization method. The article reveals the essence, types, main advantages and disadvantages of outsourcing, and compares the features of workplace organization and pay for full-time employees, freelance workers and outsourcing companies. Drawing from the previous experiences of the USA, Germany and Poland, the ways to apply accounting outsourcing in Ukraine were singled out, namely: enshrining in legislation the procedure for providing outsourcing services; transparency in regards of their clients from the outsourcing companies' side; determining the approximate amount of financial costs for maintaining a full-time employee performing the accountant duties. In the course of the research, the volumes of expenses for maintaining the accounting department of the enterprise and for payment for the services of an outsourcing company were compared, and the amount of economic benefit from the use of accounting outsourcing was determined, the dynamics of administrative costs of agricultural enterprises before and after the transfer of accounting functions to outsourcing were analyzed, and the expediency of using accounting outsourcing at agrarian enterprises as a way of reducing administrative costs and increasing the efficiency of accounting functions at the enterprise is substantiated. The results of the study provide recommendations on expanding the practice of using accounting outsourcing, in particular by increasing the trust of enterprises in outsourcing companies, and have a practical value for agricultural enterprises in regards of organizing the performance of accounting functions and outsourcing companies, for example, while developing a marketing policy for the promotion of services

Keywords: costs; economic benefits; effective management; full-time employee; agricultural sphere

Article's History:

Received: 15.04.2023

Revised: 27.07.2023

Accepted: 29.08.2023

Suggested Citation:

Potryvaieva, N., & Palieiev, A. (2023). Accounting outsourcing as a modern effective tool of enterprise management. *Ukrainian Black Sea Region Agrarian Science*, 27(3), 18-30. doi: 10.56407/bs.agrarian/3.2023.18.

*Corresponding author



INTRODUCTION

Outsourcing services are successfully used by companies all over the world as an effective management tool to optimize costs, increase efficiency and productivity, as it allows to transfer company's non-core functions to more experienced professionals in that area. The agricultural sector is the leading one in Ukraine's economy, and in the conditions of wartime and the dire state of the world economy, it is utterly important to maintain food security on both national and global levels. To increase the profitability of agricultural enterprises, it is necessary to use modern tools in the management system, in particular through the delegation of accounting functions to outsourcing companies. However, the use of outsourcing has not yet become widespread in Ukraine, which slows down the transformation of organizational processes of Ukrainian enterprises in line with global tendencies. Thus, the study of disadvantages and advantages, as well as the determination of the level of economic profitability of accounting outsourcing, which will contribute to increasing trust and persuading company managers to use these services, becomes relevant.

Ukrainian, Slovenian, and Croatian scientists were concerned with the study of issues related to the transfer of accounting functions of enterprises, in particular agro-industrial ones, to other specialized companies. Problems of organization and accounting at enterprises were studied by S. Yekimov *et al.* (2021), whose work substantiates the need to use accounting outsourcing in small agricultural enterprises both to strengthen control over production costs and to reduce the company's expenses for accountants' services. I. Yaremko & V. Huzandrova (2022) pointed out the insufficiency of clear legal provisions regulating the use of accounting outsourcing services, which indicated characteristic features and approaches to evaluating the effectiveness of transferring accounting and financial reporting functions to an outsourcing company. The authors argued that outsourcing is an effective means of minimizing the company's costs and noted the advantages of its use in the crisis economy.

Meanwhile, methodical approaches to evaluate the effectiveness of the use of accounting outsourcing were studied by I.K. Shushakova *et al.* (2021), who clarified the list of costs accompanying accounting by full-time employees of the enterprise, and also gave examples of calculating the economic effect of using accounting outsourcing. Analysis of the accounting outsourcing market in Ukraine was carried out by O. Romashko *et al.* (2021), who also identified groups of enterprises for which accounting outsourcing is a more effective form than the performance of functions by a full-time employee and characterized horizontal (American), pyramidal (Japanese) and mixed models of accounting outsourcing.

T. Sierikova *et al.* (2021), paid attention to the problem of determining the main advantages and disadvantages of various forms of organization of accounting at enterprises, concluding that outsourcing among other forms has the most advantages and justifying the feasibility of using accounting outsourcing as a progressive tool for business development and new areas of activity. The organization of accounting of agricultural enterprises in modern world from the point of view of the digitalization of all spheres of activity was studied by N. Potryvaieva *et al.* (2022). The authors considered innovations that can be used in the business environment for the digital transformation of business for the purpose of productive organization of accounting processes and noted outsourcing services among such innovations. When considering the benefits of outsourcing, scientists also consider to the factors that influence the decision of company management to transfer accounting management to an outsourcing company. I. Tomašević *et al.* (2023), using the transaction cost economy model, analyzed and determined the main factors that influence the high level of outsourcing of accounting tasks on the example of enterprises in Montenegro.

However, despite the significant contribution of scientists to the study of this topic, the issue of clarifying all aspects of the outsourcing of accounting functions requires a more thorough study. The main goal of the research was to analyze of the level of application and the list of services of individual outsourcing companies in Ukraine, Europe and other countries in order to articulate suggestions on applying the practices of other countries in Ukraine, to compare various ways of involving employees in the performance of accounting functions, and to prove the economic benefit from the application accounting outsourcing as a tool for increasing the efficiency of enterprises.

MATERIALS AND METHODS

The methodological approach in the article was based on a combination of data analysis methods on the range of services, prices and financial indicators of outsourcing companies and enterprises of the agrarian sector, the method of average values for calculating average costs, the comparative method for comparing information about costs and peculiarities of the organization of the accountant's workplace, as well as graphical and generalization methods. The theoretical basis of this research work is provided by the works of scientists from Ukraine, Slovenia, Croatia, Turkey, Germany and other countries, who considered the specifics of outsourcing services for production, accounting functions in various spheres of activity, in particular the agricultural sector. The numbers of

Ukrainian companies in The Best of the Global Outsourcing 100 (n.d.) rating were based on data from the International Association of Outsourcing Professionals (IAOP). The comparison of the performance of accounting functions by employees engaged under different conditions of cooperation was carried out on the basis of data obtained from the analytical material of the management of the Ukrainian accounting company "Agrooblik" (Kozubovych, 2023).

The application of the data analysis methods made it possible to research the list and cost of services of outsourcing companies in 2023 by using the Clutch research company's website, which analyzes the market of IT services and compiles the rating of companies in various areas, as well as by using the official websites of outsourcing companies such as Ante Consulting Group, Solvency and BDO Limited Liability Company (BDO LLC) (Top accountants and..., 2023). The average value of the enterprise's maintenance costs (organization of the workplace, provision of necessary materials and payment of wages) of one full-time employee performing accounting functions was determined by applying the average value method.

The comparison method was used to compare and analyse the areas of services provided by outsourcing companies in the USA, Poland, the UK, Germany and Ukraine, the annual cost of maintaining the accounting department and payment for outsourcing services of Farm "Organic Systems", PAE "AF "Rodnichok" and ALLC "AF "Korsun", whose cost data were obtained from their financial statements posted on the website of the Clarity Project Open Data Analytics System. With the help

of a graphic method, the data obtained in the research process on the dynamics of administrative costs of the specified enterprises for the years 2020-2022 are displayed in the form of a graph.

The generalization method made it possible to: firstly, summarize the results obtained in the research process regarding the level of application of accounting outsourcing services in Ukraine in comparison with the European countries, the USA and Israel, the advantages and disadvantages of outsourcing, the specifics of the area of activity at enterprises that are most suitable for the transfer of accounting functions to outsourcing; secondly, to reflect the results in form of a conclusion, namely: to justify the expediency and rationality of the application of accounting outsourcing for the enterprise of the agricultural sector of Ukraine and to condition further approaches to the study of the problems of the development of outsourcing services in Ukraine, in particular for the agrarian sphere of activity.

RESULTS

The concept of "outsourcing" means the transfer of certain functions of an enterprise (company) to another business entity that specializes in a specific field and contractually undertakes to perform these functions with high quality and at a high professional level. A common type of outsourcing is the transfer of the duties of the company's accounting service to another entity, i.e. accounting outsourcing. Analyzing the types of outsourcing services in the field of accounting, it is possible to provide a classification characteristic of accounting outsourcing (Table 1).

Table 1. Classification characteristics of types of accounting outsourcing

| Feature | Types |
|---|------------|
| Time period | Long-term |
| | Temporary |
| Cooperation order | Remote |
| | Stationary |
| Implementation mechanism | Direct |
| | Cross |
| Delegation of functions (List of works) | Full |
| | Partial |

Source: based on I. Yaremko & V. Huzandrova (2022)

The data of Table 1 shows that business entities can use different forms and types of outsourcing depending on their needs. The use of outsourcing services gives a business entity with a number of advantages, the main of which is the reduction of enterprise

costs. However, in order to more broadly assess all the advantages, a comparison of the performance of accounting functions by a full-time employee, a freelance accountant, and an outsourcing company should be provided (Table 2).

Table 2. Comparison of the performance of accounting functions by employees involved in different conditions of cooperation

| Feature | Staff accountant | Freelance specialist with occasional visits | Outsourcing company |
|--|--|---|---|
| Qualification level | Mostly low | Mostly sufficient, but the risk of low is still present | Highly professional with sufficient work experience |
| Official employment with a social package (sick leave, vacation) | Yes | No | No |
| Workplace and office equipment | Yes | No | No |
| Payment | A professional requires a high salary, with no guarantees of high results | Requires lower payment, but with no guarantees of the results | Fixed subscription fee with guaranteed high results |
| Keeping in touch with the company | Working hours only, but not always | Not always | All the time |
| Expediency in problem solving | Not always effectively, some tasks require the involvement of additional specialists | Not always effectively | Effective and quick solution |
| Need for constant management supervision | Direct supervision is required | Direct supervision is required | No. Liability is determined by the contract |

Source: based on A. Kozubovych (2023)

The data in Table 2 show that an accounting company that provides outsourcing services has significant advantages in organizing the performance of accounting functions compared to staff and freelance accountants. Global companies and specialists constantly analyze the use of outsourcing and highlight its main advantages (6 reasons to outsource..., n.d.):

- ➔ saving financial resources and optimizing costs (reducing up to 70% in personnel costs, wages and workplace organization in particular);

- ➔ diversification of the company's activities, which allows access to specialists from all over the world;

- ➔ enabling the company to get more focused on its main tasks, without being distracted by the non-core functions;

- ➔ creation of a core staff team or customer support groups, which increases the efficiency of the company's work;

- ➔ available external expertise. Outsourcing allows to gain experience (from sales, marketing, technical and management positions) to manage the business more effectively in a crisis period.

Other advantages worth mentioning:

- ➔ reducing the risk of making mistakes in accounting and reporting, as outsourcing companies have quality control systems that prevent errors and violations, which reduces the risk of financial losses and improves the financial stability of the enterprise;

- ➔ obtaining access to modern technologies and software, which allows to increase the efficiency and accuracy of accounting operations;

- ➔ easy access to financial statements: balance sheets, profit and loss statements and other financial documents useful for business management and commercial decision-making.

Alongside with the advantages of using outsourcing accounting services, it is also worth noting some risks which can negatively affect the performance of said services and the customer's work (Kozubovych, 2023): the threat to the confidentiality of the customer's data. Outsourcing companies cannot guarantee complete confidentiality of the processed information. In such companies, however, there is usually a provision on commercial secrecy of information about the customer's activities, which is transferred only in accordance with the current legislation; the threat of bankruptcy of the outsourcing company, which causes additional problems: violation of deadlines for solving accounting issues, prompt search for a new outsourcing company and transfer of necessary functions to it.

Utilizing outsourcing is much more common in other countries. Foreign companies prefer accounting outsourcing services more than Ukrainian ones: in the European Union (EU) countries 86% of small and medium-sized businesses, in the USA – 92%, in Israel – 96%. Meanwhile, in Ukraine, only about 30% of companies use outsourcing services. This field began to develop since early 2000s. However, today most companies have full-time accountants. The total market volume of outsourcing services reaches 10 million dollars (Rybalchenko, 2021).

The success of accounting outsourcing is evident if looking at the examples of other foreign companies around the world. Outsourcing is always a crucial element in the business organization of such companies as Amazon, Google, Facebook, and Ford. The successful organization of business processes in these companies, including the outsourcing of most functions, is evidenced by their leadership in the world and their high profits. The Ford Motor Company was one of the first to use outsourcing services, with H. Ford introducing the outsourcing of accounting and other business processes in the late 1990s. Today, about 70% of typical Ford vehicles are manufactured with parts, components and services purchased from external suppliers. Also, the work of the accounting service and designers has been outsourced. The company's management substantiates this by reducing production and administrative costs (Farrugia, 2020).

The web giant Amazon is building an outsourcing business with clients such as Virgin Megastores, America Online and Target. Company management claims that remote workers are more cost-efficient for companies than full-time ones. Accounting and reporting analysis are among the 10 tasks that contractors can perform for Amazon. From the practical application of accounting outsourcing in European companies, the following should be emphasized. In Germany, large business entities use the services of external accountants. The general professional duties of an accountant are set out in the Accountant Act and include the following: act accordingly, independently and honestly; have proper professional behavior; prevent conflicts of interest; not to offer assistance in matters of unauthorized taxation (Accountant in Germany..., 2023).

In the Ukrainian legislation, it is also appropriate to define restrictions for the employees of the accounting service on providing assistance in the preparation of unreliable financial statements, unauthorized taxation and other illegal transactions. In Poland, more than 65% of entrepreneurs do not hire accountants as a full-time staff, but delegate bookkeeping to a special accounting office or use the services of freelance accountants. In total, there are more than 40,000 accounting offices in which independent accountants work. Accounting outsourcing is mainly used by small and medium-sized enterprises, because it is expensive for them to keep an accountant on staff, because the average salary of a qualified specialist is 1000-3000 euros and more (Nesterenko, 2023).

The high rate of outsourcing in Poland is facilitated by the establishment of this concept and employment standards for both national and foreign workers in the legislation. In the Labor Code of Poland, the outsourcing

of employees is called leasing, and it can be implemented on the basis of a written contract between the employee and the employer. At the same time, the legislation does not regulate the form of an agreement that involves hiring a person (Outsourcing of workers and..., 2022). In addition, in Poland, the division of responsibility between the manager and the employee performing accounting duties is defined by law. The manager is responsible for the organization and maintenance of accounting records and economic operations at the enterprise, and the accountant is responsible for the correctness of the display of transactions in accounting and the calculation of taxes. Therefore, the Polish accountant does not bear criminal responsibility, but only administrative and financial ones.

Transparency plays an important role in increasing trust in any company. Websites of many European outsourcing companies contain information about their clients, many of them are widely known. For example, Polish outsourcing company Dudkowiak Kopeć Putyra provides services to Airfrance KLM, AIR Liquide, Ambianta environmental investments (Dudkowiak Kopeć Putyra Law..., n.d.). According to the information posted on the official website of the German outsourcing company ICS adminservice, its clients are: Deutsche Wohnen SE, InterContinental Hotels Group, Storengy Deutschland GmbH, InfraLeuna GmbH (Official website of ICS adminservice, n.d.).

By analyzing the foreign experience of using accounting outsourcing, it is possible to formulate recommendations for Ukraine as well. For instance, to put the procedure for applying outsourcing into national legislation, which will contribute to increasing the state protection of outsourcing companies and their customers, as well as to increase transparency in regards of the actions of outsourcing companies, in particular by posting information about their clients, which will bolster the trust of enterprises in search for outsourcing companies to cooperate with. The implementation of these proposals will increase the trust of Ukrainian enterprises, organizations and other business entities and will contribute to the development of outsourcing activities.

Annually, the IAOP conducts comprehensive research in the field of outsourcing, which helps global companies to choose IT service providers (The Best of the..., 2023). The rating of companies is formed on the basis of the following criteria: innovative approach to work and service provision; certificates and awards for successful projects; positive dynamics of activity; customer feedback and corporate social responsibility projects. The Best of the Global Outsourcing 100 (2023) rating includes 17 companies with offices in Ukraine (either based in Ukraine or have a representative

office there). In 2020, for comparison, this rating included over 20 outsourcing Ukrainian companies. That is, in the course of three years, the number of Ukrainian companies in the IAOP rating has decreased, indicating a slowdown in the activity of Ukrainian outsourcing

companies. Outsourcing companies all over the world have a wide range of services to offer and they set a different price range for their services, considering the specifics and organizational structure of their customers (Table 3).

Table 3. Analysis of the list of outsourcing services and their cost in the USA, Polish, British, German and Ukrainian in companies in 2023

| Feature | The Accountpreneur LLC | Business Process InnovatiON | Salient Accounting & Finance | Invensis Inc | Solvensy | Ante Consulting Group | Finevolution |
|---|------------------------|-----------------------------|------------------------------|---------------------|---------------|-----------------------|---------------|
| City, country | Chicago, USA | Warsaw, Poland | Basildon, Great Britain | Wilmington, Germany | Kyiv, Ukraine | Kyiv, Ukraine | Kyiv, Ukraine |
| Cost of services, per hour, in US dollars | 100-149 | 50-99 | 50-99 | from 25 | from 25 | 25-49 | 50-99 |
| List of services | | | | | | | |
| Accounting of operations (in particular, accrual and payment of wages, vacation and sick leave) | + | + | + | + | + | + | + |
| Financial reporting | + | + | + | + | + | + | + |
| Payable and receivable management | + | | + | + | | | |
| Balance reconciliations | + | | | | + | + | |
| Audit support | + | + | | | | | |
| Order and contract management | | + | | | | + | + |
| Accounting and cash management | | + | | + | + | + | |
| Financial controlling and interim financial director services | | + | + | + | + | + | + |
| Tax payment control | | + | + | + | + | + | + |
| Assistance in voluntary dissolution and liquidation | | + | | | | | + |

Source: based on Top accountants and accounting firms (2023)

From the data in Table 3, it can be seen that the outsourcing companies of the USA, Poland, Great Britain, Germany and Ukraine set quite different price ranges for their services. For example, in European countries and the USA, said range can be 2-3 times larger than in Ukraine. Regarding the list of services, it is almost similar for all companies. Also, by agreement with clients, outsourcing companies can provide any services related to accounting and financial management. It should be noted that, despite the great advantage of outsourced accounting in comparison to a full-time service, outsourcing, depending on the specifics of the activity, may be recommended to some enterprises more than to others. Outsourcing would be an optimal variant if the business entity is:

- a startup, since the managers of such companies focus their efforts almost entirely on business processes and try to get less distracted by non-core functions;
- a foreign enterprise, the owners of which do not deem it necessary to deepen their knowledge of the legislation of the country where the activity is conducted;
- a small enterprise, where it is impractical to create an accounting service, and the services of freelancers are dubious;
- a holding, where both accounting matters and individual tasks can be outsourced;
- a company with a very specific activity, where accounting requires a very niche area of knowledge;
- a seasonal company (hotel and tourism business, food enterprise, agricultural company), for which

there is no point in keeping an accountant on the job all year long.

One of the spheres of activity in which outsourcing services are advised is the agricultural sector, which is the basis of Ukrainian economy. A full-scale invasion by the Russian army in early 2022 has left many areas unfit for growing crops and raising animals. However, the need to restore and develop the country prompts the search for innovative solutions and new opportunities in this area (Bexolli *et al.*, 2023). Many foreign companies are interested in investing in the development of the agricultural sector, however, during the war period, like other areas of the economy, this sector has experienced difficulties in development and needs to reduce costs and improve the efficiency of operations. The use of accounting outsourcing services can ensure optimization of costs and improvement of management of financial activities of agricultural enterprises. Among the outsourcing companies specializing in the

agricultural sector, such companies as “Agrooblik”, “Mazars”, Ante Consulting Group, Solvency, are well-experienced in providing accounting outsourcing, tax and financial consulting services to agricultural companies taking into account their specific needs.

Taking into account the cost for the set of accounting services of individual companies, it is possible to analyze how much profitable it would be for the company to use outsourcing services in comparison with the cost of maintaining full-time accountants. The average cost for a set of accounting services from the company Ante Consulting Group per month is 15,000 UAH, and from Solvency the standard set of services for legal entities paying VAT (value added tax) costs 11,800 UAH (Top accountants and..., 2023). The economic benefit of using outsourcing accounting services is evident, when assessing the costs that may be incurred by the enterprise if accounting functions are performed by full-time employees of the enterprise (Table 4).

Table 4. An approximate list of the company's current expenses for maintaining one full-time accountant

| Expenditure | Amount per year, UAH |
|--|------------------------|
| Workplace maintenance costs: | |
| Organization of the workplace for the accountant (devices for work and communication: mobile phone, computer, printer, laptop; refilling cartridges, paper for printing documents, stationery) | 5,000-50,000 |
| Software (support, license updates) | 2,000-5,000 |
| Equipment and workplace maintenance (system administrator services, costs for electricity supply, water supply, room cleaning and security) | 20,000-50,000 |
| Provision of current professional periodicals, detergents, drinking water | 4,000-20,000 |
| Salary (estimated 9,000-12,000 UAH per month) | 108,000-144,000 |
| Total | 139,000-269,000 |
| Average value | 204,000 |

Source: compiled by authors

The data in Table 4 shows that for one full-time employee who performs accounting operations at the enterprise, the average annual costs can amount to more than 200,000 UAH, and if there are two or three employees, then, according to the data given in Table 4, the amount of costs may reach 400-600 thousand UAH. Moreover, the full-time employee of the company's accounting service does not necessarily have a higher qualification level and a responsible attitude to their duties, thus is likely to make mistakes, which can lead to the imposition of fines on the company, adding to the costs. With the example of agricultural

enterprises using accounting outsourcing services, it is possible to evaluate their economic profitability. According to the information of “BDO” LLC, which offers a wide range of services, for agricultural enterprises of Ukraine as well, their accounting outsourcing services are used, in particular, by Farm “Organic Systems”, PAE “AF “Rodnichok” and ALLC “AF “Korsun” (BDO, 2022). According to the data of the indicated agricultural enterprises, it is possible to compare the annual amount of expenses for accounting tasks performed by full-time employees and expenses for accounting outsourcing (Table 5).

Table 5. Comparison of the annual amount of the company's expenses for maintaining the full-time accounting service and paying for outsourcing services

| Name of the enterprise | Expenses for the accounting service, thousands UAH | Outsourcing costs, thousands UAH | Saved with outsourcing |
|------------------------|--|----------------------------------|------------------------|
| Farm "Organic Systems" | 1,600.5 | 240.3 | 1,360.2 |
| PAE "AF "Rodnichok" | 1,350.8 | 215.3 | 1,135.5 |
| ALLC "AF "Korsun" | 1,760.4 | 265.1 | 1,495.3 |

Source: based on BDO (2022)

In Table 5, the amount of savings from the application of accounting outsourcing is estimated as the difference between the costs of maintaining the full-time accounting service and the costs of keeping records by the outsourcing company. As can be seen from the data of Table 5, the amount of savings

due to switching from full-time accounting to outsourcing services is significant for each enterprise. The way those cost savings affect the volume of administrative expenses for the years 2020-2022 of agricultural enterprises can be demonstrated graphically (Fig. 1).

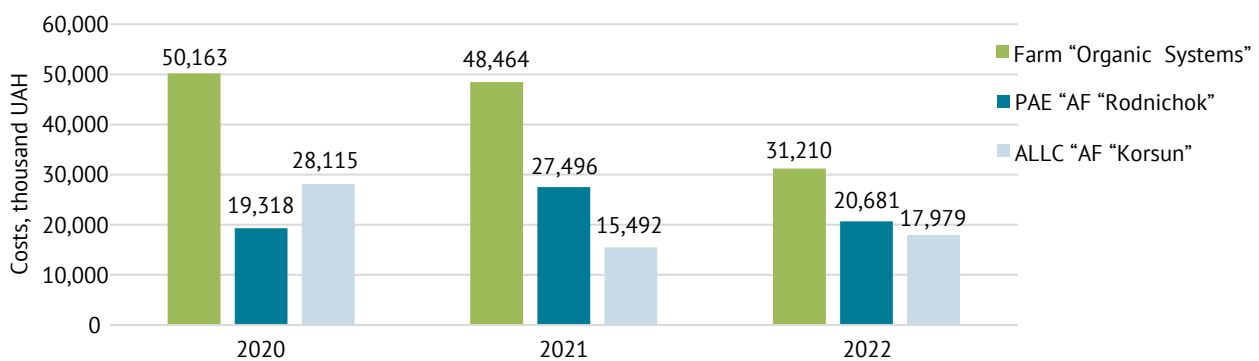


Figure 1. Dynamics of administrative costs of individual agricultural enterprises for 2020-2022

Source: compiled by authors

The data in Figure 1 shows that the administrative expenses (expenses for maintenance of management personnel, fixed assets that are in their use) of agricultural enterprises during 2020-2022 have been in flux precisely during the period using accounting outsourcing services more actively. Thus, in 2022, Farm "Organic Systems" began to more actively apply accounting outsourcing by transferring its full-time employees to outsourcing, which contributed to a reduction of administrative costs by 35.6%. PAE "AF "Rodnichok" has been using outsourcing for 6 years, so a sharp decrease in administrative costs has not been noticed. ALLC "AF "Korsun" began to move more actively to outsourcing in 2021, which, along with other factors, led to a decrease in administrative costs by almost 45%. Since accounting outsourcing is an effective tool for improving work efficiency, managers of agricultural enterprises should expand the practice of using outsourcing services, evaluating all its advantages and disadvantages. At the same time, managers of outsourcing companies should spread more information about their services and prove

the economic feasibility of cooperating with them, as well as work on increasing trust in outsourcing companies of enterprises of various areas and forms of activity.

Therefore, the results of analyzing the use of accounting outsourcing services showed that giving preference to such a form of cooperation with specialists who conduct accounting at the enterprise is more profitable and effective for the enterprise, which is manifested mainly in reducing costs and increasing the responsibility of employees. The analysis of foreign experience made it possible to formulate valuable proposals for Ukraine. Despite the fact that the cost of services of outsourcing companies in Ukraine is 2-3 times lower than in the CIS, European countries and others, Ukrainian enterprises are not actively enough switching to cooperation with outsourcing companies. The use of accounting outsourcing for agricultural enterprises is appropriate given the specifics of their activities. The economic profitability and efficiency of the use of outsourcing services, demonstrated in the form of a comparison of the costs of a full-time accountant and

an outsourcing employee, gives grounds for asserting the feasibility of further expanding the cooperation of agricultural enterprises with outsourcing companies.

DISCUSSION

Analysis of the use of accounting outsourcing services proves it to be more economically beneficial for the enterprise than conducting accounting operations by a full-time employee. Modern trends in the world economy development and requirements for reducing the costs of enterprises for higher profitability cause the need to review the approaches to the work process organization, especially in regards to agricultural enterprises. The results obtained during the research show that the use of outsourcing for accounting operations would optimize of the company's costs and increase the responsibility and efficiency of employees' performance. The study emphasizes on the positive impact of using accounting outsourcing by the enterprise, which consists in focusing the solely on the core functions, which bolsters the future development. Meanwhile, S.J. Anderson & D. McKenzie (2021) studied how to improve business practices in small companies and emphasized that many small companies lack the financial and marketing skills essential for growth, a reasonable solution to which can be outsourcing employees with the required qualifications.

The analysis of the study shows that the company's choice of whether to use accounting outsourcing services should depend on the specifics of said company's activities, as not all business entities are suitable for transferring functions to other specialists. The outsourcing of accounting functions is mainly suggested for enterprises operating in the area of small and medium-sized businesses, as well as in the public sector. The practice of outsourcing in the public sector as a strategy to save costs, to focus on the institution's core functions and to improve the quality of public services was studied by E.F. Mabonesho (2022) on the example of Tanzania and A. Dadzie *et al.* (2022) on the example of African institutions. However, it should be noted that outsourcing for budget institutions and organizations allows them to focus on their core, to reduce the costs of maintaining the institution and to improve their work productivity. As it was emphasized, the application of accounting outsourcing is quite effective for small and medium-sized enterprises. Confirming this point of view, F. Cahyaningtyas & M.N. Ningtyas (2020) studied the factors which influence the decision of small and medium-sized business managers to use accounting outsourcing, as well as the impact of their use on business performance. A similar study was conducted by D. Mohammed & R. Adamu (2020) who studied how the

use of accounting outsourcing effects the financial performance overall and the performance of small and medium enterprises in the Nigerian manufacturing sector.

Fully supporting the point of view of A. Rogosic (2019), it should be noted that accounting is a management information system, with the purpose to provide relevant information for enterprise managers. Most small and medium-sized enterprises outsource accounting because of their full-time managers' lack of professionalism in this area and small need for accounting information in everyday business. However, it is worth mentioning that even when accounting operations are outsourced, the professionalism of the company's management in accounting and reporting information should be sufficient for timely management decisions. The application of accounting outsourcing was analyzed by scientists on the example of individual spheres of activity, taking into account their specifics, which deserves its own and more detailed study of the advantages and disadvantages of outsourcing. The relationship between outsourcing and organizational performance in a gas company was studied by Y. Nikkhah (2022), who aptly noted that the use of outsourcing services has an impact on the company's organizational performance, emphasizing the mediating role of organizational flexibility.

The use of outsourcing in the agricultural area is a fairly common problem that is considered in the scientific world. Thus, an overview of the phenomenon of outsourcing in agriculture, which has been developing since the beginning of the 2000s, was considered by G. Nguyen *et al.* (2022) who highlighted different aspects of this phenomenon, starting from the outsourcing a few tasks to full delegation of functions, which is a non-traditional practice. Analyzing the development of outsourcing in agriculture, S. Chen *et al.* (2022) emphasized on the evident impact of outsourcing of production services on non-point pollution of agricultural production in China, namely: on the reduction of excess nitrogen and the bolstering the implementation of ecological technologies of agricultural production. In support of the opinion on the need to encourage small farmers to transfer agricultural production activities to service organizations, one should emphasize the feasibility of transferring not only production, but also management functions, accounting in particular.

Though most of the studies point out the positive impact of outsourcing on various aspects of enterprises and companies, some scientists note negative impacts. R.M. Mahboub (2021) noted that outsourcing has become an essential aspect of a reasonable careful strategy. However, this area is understudied in developing countries such as Lebanon, particularly in the industrial sector. The analysis showed that the specificity of industry

assets and behavioral uncertainty have a significant negative impact. At the same time, accounting competence has a positive effect on the outsourcing of accounting functions. Attitudes towards the outsourcing of accounting functions among farms of various sizes were studied by R. Rieg *et al.* (2022), who also highlighted that large firms are less likely to outsource financial and managerial accounting, but smaller firms with greater stakeholder influence are less likely to outsource.

A more in-depth study from the point of view of the customers' psychological attitude towards outsourcing services was studied by J. Juntunen *et al.* (2022), who divided outsourcing users into three latent classes: thrivers (have a positive attitude toward accounting outsourcing and associate competitiveness with mediating the relationship from outsourcing benefits to firm performance); dissatisfied (not satisfied with the accounting service, but see the advantages of outsourcing in competitive opportunities); contempt (satisfied with the accounting service and do not associate the benefits of outsourcing with the company's capabilities or performance). In support of this point of view, it is worth mentioning that reasoning the decisions of users opens up the possibility of studying and expanding the market of outsourcing services.

Considering different opinions on the use of accounting outsourcing, some scientists also highlight the negative attitude amongst clients. Thus, C. Hurl (2022) pointed out the issue of opposition to outsourcing in the London district (Great Britain) during the period when the city council transferred the main part of its services to an outsourcing service, which led to a series of complex contractual management mechanisms. The scholar demonstrated how local residents developed strategies to confirm the claims about efficiency and identify institutional problems in service performance. It is reasonable to agree that the outsourcing of accounting functions should satisfy not only the management of the enterprise, but also its employees, who should, for example, feel no problems with salaries or delayed accrual for vacations. Factors affecting the quality of accounting services and the search for possible solutions for its improvement were studied by R. Sneidere *et al.* (2013). Moreover, the risks of accounting outsourcing were investigated by E.M. Amaka & F. Alio (2020), who emphasized that companies engaging in accounting outsourcing should avoid problems that can spoil relationships with service providers and reduce the return on investment in acquiring these services.

Therefore, the analysis of the scientific research results in regards of outsourcing services, in particular for the organization of accounting functions at an enterprise (either company or small business) shows that

in theory this issue is handled in a way of highlighting the main advantages of outsourcing, the attitude of business entity's representatives towards transferring of functions to others companies and its application in various areas of activity. The main conclusions of this work are similar and correspond to those expressed in the works of other authors.

CONCLUSIONS

The research shows that the transfer of the accounting functions of an enterprise to the company, which specializes in this particular area, is a reasonable solution if the specifics of the enterprise's core functions are not related to accounting, which enables it to focus their resources on the main development. The goal set in this work and the analysis of the main factors that influence the application of outsourcing of accounting functions made it possible to formulate the following proposals.

It was found that accounting outsourcing services are used in Ukraine by a third less than in European countries (86%) and the USA (92%). The experience of the USA, Germany and Poland in outsourcing accounting functions is analyzed and approaches that can be applied in Ukraine are proposed, in particular: enshrining in national legislation the procedure for applying outsourcing; increasing the transparency of outsourcing companies' activities by publishing the information about their clients. During a comparative analysis of the performance of accounting functions by employees involved in different conditions of cooperation (full-time, freelance and outsourced), it was determined that outsourcing services have the most advantages, such as lower costs for maintaining workplace, a greater degree of responsibility and a more effective solution to urgent issues. It is concluded that companies in Ukraine, the USA, Poland, Great Britain, and Germany have a different price range for their services, while the list of said services is mostly the same, and consists of performing the main accounting functions and reporting. It was emphasized that accounting outsourcing is quite suitable for enterprises of the agricultural sector, considering whether their activity is seasonal and the fact that a large number of them are holdings. The economic profitability of accounting outsourcing for agricultural enterprises is substantiated on the basis of comparing the potential annual payment for full-time employees of the accounting service and the for outsourcing. It was proven that accounting outsourcing in the agricultural sector is an effective tool for optimizing enterprise costs, improving the quality of accounting and reporting, focusing efforts on expanding the main areas of activity, which is extremely important for the development of the agricultural sector of Ukraine during

the war and in a post-war period. In this case, the main course of further research would be an in-depth analysis of accounting outsourcing from the perspective of the possible risks in order to minimize them, while increasing the trust of company managers in outsourcing.

None.

None.

ACKNOWLEDGMENTS

CONFLICT OF INTEREST

REFERENCES

- [1] 6 reasons to outsource finance & accounting. (n.d.). <https://www.outsourceaccelerator.com/business/finance-accounting/>.
- [2] Accountant in Germany - solutions for businesses. (2023). <https://www.lawyersgermany.com/accountant-in-germany>.
- [3] Amaka, E.M., & Alio, F. (2020). Outsourcing accounting functions: Risks and benefits. *International Journal of Academic Management Science Research*, 4(10), 3-7. Retrieved from <http://ijeais.org/wp-content/uploads/2020/10/IJAMSR201002.pdf>.
- [4] Anderson, S.J., & McKenzie, D. (2021). *Improving business practices and the boundary of the entrepreneur: A randomized experiment comparing training, consulting, insourcing, and outsourcing*. Chicago: University of Chicago Press. doi: 10.1596/1813-9450-9502.
- [5] BDO. (2022). *Transparency report*. Retrieved from <https://www.bdo.ua/getmedia/a631375c-47b0-4fc6-bc56-2578803430b4/Global-Transparency-Report-2022.pdf.aspx>.
- [6] Bexolli, A., Potryvaieva, N., Dovgal, O., Kuzoma, V., & Pavliuk, S. (2023). Innovation in Ukrainian agriculture to mitigate the impact of invasion. *International Journal of Environmental Studies*, 80(2), 307-313. doi: 10.1080/00207233.2022.2160080.
- [7] Cahyaningtyas, F., & Ningtyas, M.N. (2020). The use of outsourced accounting service and its impact on SMEs performance. *Journal of Accounting and Business Education*, 4(2), 79-97. doi: 10.26675/jabe.v4i2.8641.
- [8] Chen, S., Zhong, Z., & Lu, H. (2022). Impact of agricultural production outsourcing service and land fragmentation on agricultural non-point source pollution in China: Evidence from Jiangxi Province. *Frontiers in Environmental Science*, 10. doi: 10.3389/fenvs.2022.1079709.
- [9] Dadzie, A., Aboagye-Otchere, C., & Twum, K.K. (2022). The new public management (NPM) and outsourcing: An African perspective. In *New public management in Africa* (pp. 181-204). Cham: Palgrave Macmillan Cham. doi: 10.1007/978-3-030-77181-2_8.
- [10] Dudkowiak Kopeć Putyra Law Firm was established in 1992 as a response to the thorough economical transformation which Poland was undergoing at that time. (n.d.). Retrieved from <https://www.dudkowiak.com/about-us/>.
- [11] Farrugia, T. (2020). *10 leading companies who outsource*. Retrieved from <https://www.linkedin.com/pulse/10-leading-companies-who-outsource-thomas-farrugia>.
- [12] Hurl, C. (2022). Accounting from below: Activists confront outsourcing in a London borough. *Critical Policy Studies*, 16(3), 325-370. doi: 10.1080/19460171.2021.1989006.
- [13] Juntunen, J., Lepistö, S., & Juntunen, M. (2022). Latent classes of accounting outsourcing firms. *Journal of Global Operations and Strategic Sourcing*, 15(1), 115-141. doi: 10.1108/JGOSS-02-2021-0019.
- [14] Kozubovych, A. (2023). What is outsourcing and outsourcing of accounting services? *AgroPortal*. Retrieved from <https://agroportal.ua/blogs/shcho-take-outsorsing-ta-outsorsing-buhgalterskih-poslug>.
- [15] Mabonesho, E.F. (2022). Accounting for outsourcing of NonCore services in Tanzania public sector: The perception of managers. *Journal of Service Science and Management*, 15(6), 613-640. doi: 10.4236/jssm.2022.156035.
- [16] Mahboub, R.M. (2021). Factors influencing outsourcing of accounting functions in Lebanese small medium-sized enterprises. *BAU Journal - Creative Sustainable Development*, 2(2), 10. doi: 10.54729/2789-8334.1049.
- [17] Mohammed, D., & Adamu, R. (2020). Impact of accounting function outsourcing on SMEs financial performance and efficiency: Evidences from some selected manufacturing subsectors in Nigeria. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 10(3), 204-225. doi: 10.6007/IJARAFMS/v10-i3/7921.
- [18] Nesterenko, K. (2023). Who is an independent accountant in Poland and how to become one: Requirements, salary and career. *Financial Academy Aktiv*. Retrieved from <https://finacademy.net/materials/article/samostijnij-buhgalter-ua>.

- [19] Nguyen, G., Purseigle, F., Brailly, J., & Marre, M. (2022). Agricultural outsourcing in France: A statistical perspective on an emerging phenomenon. *Economics and Statistics*, 532-33, 89-110. doi: [10.24187/ecostat.2022.532.2073](https://doi.org/10.24187/ecostat.2022.532.2073).
- [20] Nikkha, Y. (2022). The mediating role of organizational agility in the relationship between outsourcing and organizational productivity in gas company. *Journal of Value Creating in Business Management*, 2(2), 16-33. doi: [10.22034/jbme.2022.335002.1017](https://doi.org/10.22034/jbme.2022.335002.1017).
- [21] Official website of ICS adminservice. (n.d.). Retrieved from <https://www.ics-adminservice.de/>.
- [22] Outsourcing of workers and the Polish Labor Code - legal aspects. (2022). <https://blagoda.ua/index.php/blog/article/50>.
- [23] Potryvaieva, N., Kozachenko, L., Nedbaylo, I., & Nesterchuk, I. (2022). Digitization of accounting in the management of business processes of enterprises of the agro-industrial complex. *Ukrainian Black Sea Region Agrarian Science*, 26(1), 79-88. doi: [10.56407/2313-092X/2022-26\(1\)-8](https://doi.org/10.56407/2313-092X/2022-26(1)-8).
- [24] Rieg, R., Zarzycka, E., & Dobroszek, J. (2022). Outsourcing of financial and management accounting: Do familiness as a social capital and company size as an organizational capital affect the decision to make such a transfer? *Corporate Ownership & Control*, 19(2), 109-120. doi: [10.22495/cocv19i2art9](https://doi.org/10.22495/cocv19i2art9).
- [25] Rogosic, A. (2019). Accounting outsourcing issues. *Eurasian Journal of Business and Management*, 7(3), 44-53. doi: [10.15604/ejbm.2019.07.03.005](https://doi.org/10.15604/ejbm.2019.07.03.005).
- [26] Romashko, O., Shushakova, I., & Slobodianyk, A. (2021). Organization of accounting outsourcing at the enterprise. *Economy and Society*, 32. doi: [10.32782/2524-0072/2021-32-110](https://doi.org/10.32782/2524-0072/2021-32-110).
- [27] Rybalchenko, D. (2021). How we will count: When it is possible to transfer accounting into someone else's hands. *Mind*. Retrieved from <https://mind.ua/openmind/20227621-yak-rahuvatimemo-koli-mozhna-peredati-buhgalteriyu-v-chuzhi-ruki>.
- [28] Shushakova, I.K., Hryn, A.Yu., & Kolomiiets, D.V. (2021). Evaluation of the effectiveness of accounting outsourcing. *Business Inform*, 11, 327-334. doi: [10.32983/2222-4459-2021-11-327-334](https://doi.org/10.32983/2222-4459-2021-11-327-334).
- [29] Sierikova, T., Lagodiienko, N., & Sierikov, D. (2021). Current state and prospects of accounting outsourcing development in Ukraine. *Bulletin of the Khmelnytskyi National University*, 1, 308-312. Retrieved from <http://journals.khnu.km.ua/vestnik/?p=6937>.
- [30] Sneider, R., Bumane, I., & Lascenko, J. (2013). Accounting outsourcing services in Latvia: Problems and possible solutions. *Economics and Management*, 18(1). doi: [10.5755/j01.em.18.1.3634](https://doi.org/10.5755/j01.em.18.1.3634).
- [31] The Best of the Global Outsourcing 100. (2023). Retrieved from <https://www.iaop.org/Content/19/165/5037>.
- [32] Tomašević, I., Đurović, S., Abramović, N., Weis, L., & Koval, V. (2023). Factors influencing accounting outsourcing using the transaction cost economics model. *International Journal of Financial Studies*, 11(2), 61. doi: [10.3390/ijfs11020061](https://doi.org/10.3390/ijfs11020061).
- [33] Top accountants and accounting firms. (2023). Retrieved from https://clutch.co/accounting?related_services=field_pp_sl_finance_accounting.
- [34] Yaremko, I., & Huzandrova, V. (2022). Outsourcing as an accounting tool and its actualization in modern conditions. *Economy and Society*, 37. doi: [10.32782/2524-0072/2022-37-6](https://doi.org/10.32782/2524-0072/2022-37-6).
- [35] Yekimov, S., Nianko, V., Harkusha, S., Burlitska, O., & Gavrilko, T. (2021). The use of accounting outsourcing in small agricultural enterprises. *E3S Web of Conferences*, 285, 01002. doi: [10.1051/e3sconf/202128501002](https://doi.org/10.1051/e3sconf/202128501002).

Бухгалтерський аутсорсинг як ефективний інструмент управління підприємством в сучасних умовах

Наталія Володимирівна Потриваєва

Доктор економічних наук, професор

Миколаївський національний аграрний університет

54008, вул. Георгія Гонґадзе, 9, м. Миколаїв, Україна

<https://orcid.org/0000-0002-9781-6529>

Артем Андрійович Палєєв

Аспірант

Миколаївський національний аграрний університет

54008, вул. Георгія Гонґадзе, 9, м. Миколаїв, Україна

<https://orcid.org/0009-0005-2624-2504>

Анотація. Актуальність дослідження зумовлена необхідністю обґрунтування економічної вигідності для агропромислових підприємств застосування бухгалтерського аутсорсингу. Метою роботи є аналіз основних переваг делегування бухгалтерських функцій підприємства спеціалізованій компанії та доведення економічної доцільності аутсорсингу. Основу методологічного підходу складає: аналіз даних щодо рівня застосування аутсорсингу, метод середніх величин, метод порівняння, графічний метод, метод узагальнення. В межах статті було розкрито сутність, види, основні переваги та недоліки аутсорсингу та порівняно особливості організації робочого місця та оплати праці для штатного, позаштатного працівника та аутсорсингової компанії. Також було вивчено досвід США, Німеччини й Польщі та виокремлено підходи, які можна застосувати в Україні, а саме: закріплення у законодавстві порядку надання аутсорсингових послуг; оприлюднення аутсорсинговими компаніями інформації про клієнтів; визначення орієнтовного розміру фінансових витрат на утримання штатного працівника, що виконує обов'язки бухгалтера. У ході роботи було співставлено обсяги витрат на утримання бухгалтерської служби підприємства і на оплату за послуги аутсорсингової компанії та визначено розмір економічної вигідності від застосування бухгалтерського аутсорсингу, проаналізовано динаміки адміністративних витрат аграрних підприємств до та після передачі бухгалтерських функцій на аутсорсинг та обґрунтовано доцільність використання бухгалтерського аутсорсингу на підприємствах аграрної сфери як інструменту для зменшення адміністративних витрат і підвищення ефективності виконання бухгалтерських функцій на підприємстві. Результати дослідження надають пропозиції щодо розширення практики використання бухгалтерського аутсорсингу, зокрема шляхом підвищення довіри підприємств до аутсорсингових компаній, а також мають практичну значимість для аграрних підприємств при організації виконання бухгалтерських функцій та аутсорсингових компаній, наприклад, при розробці маркетингової політики просування послуг

Ключові слова: витрати; економічна вигідність; ефективне управління; штатний працівник; аграрна сфера