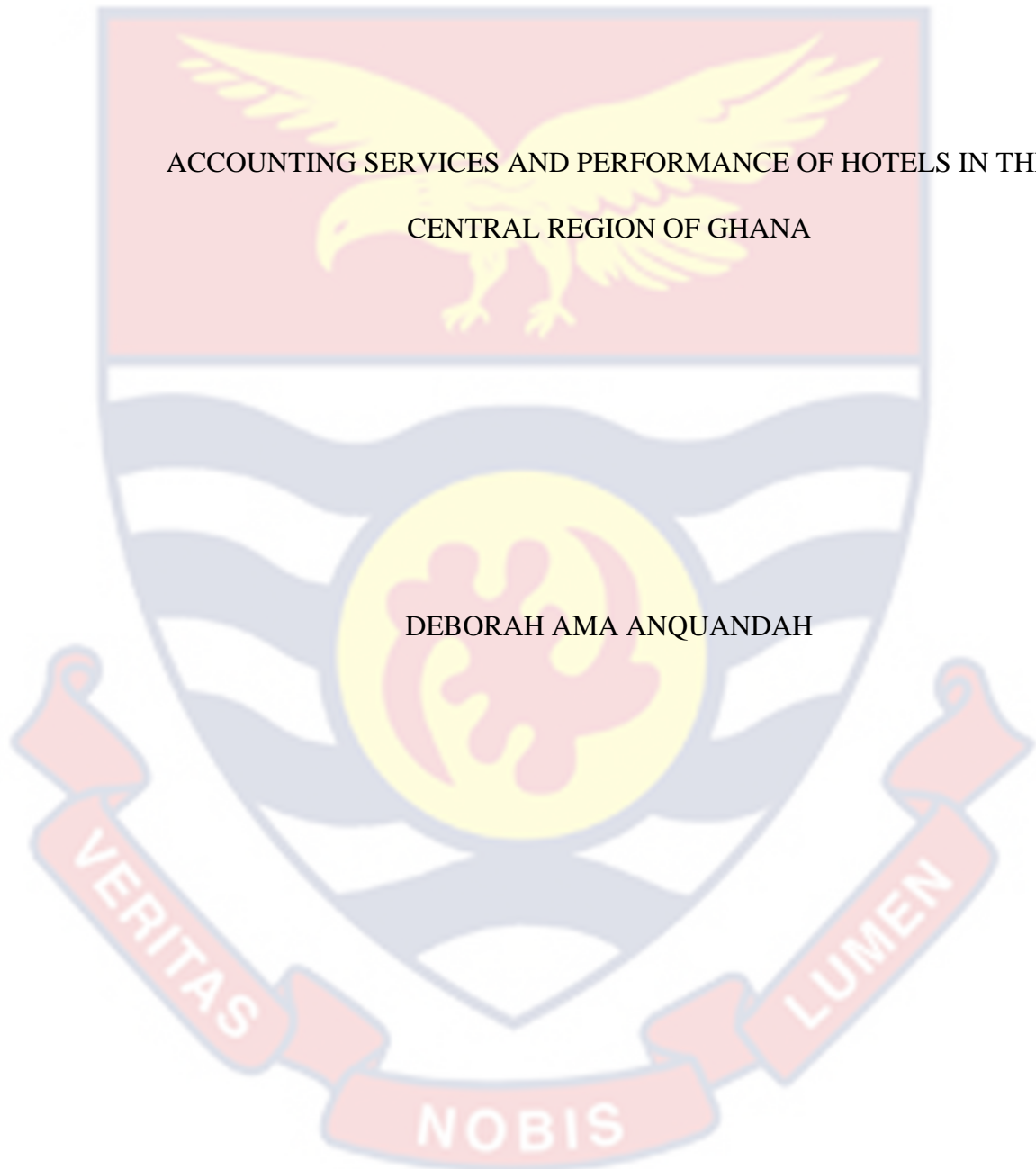


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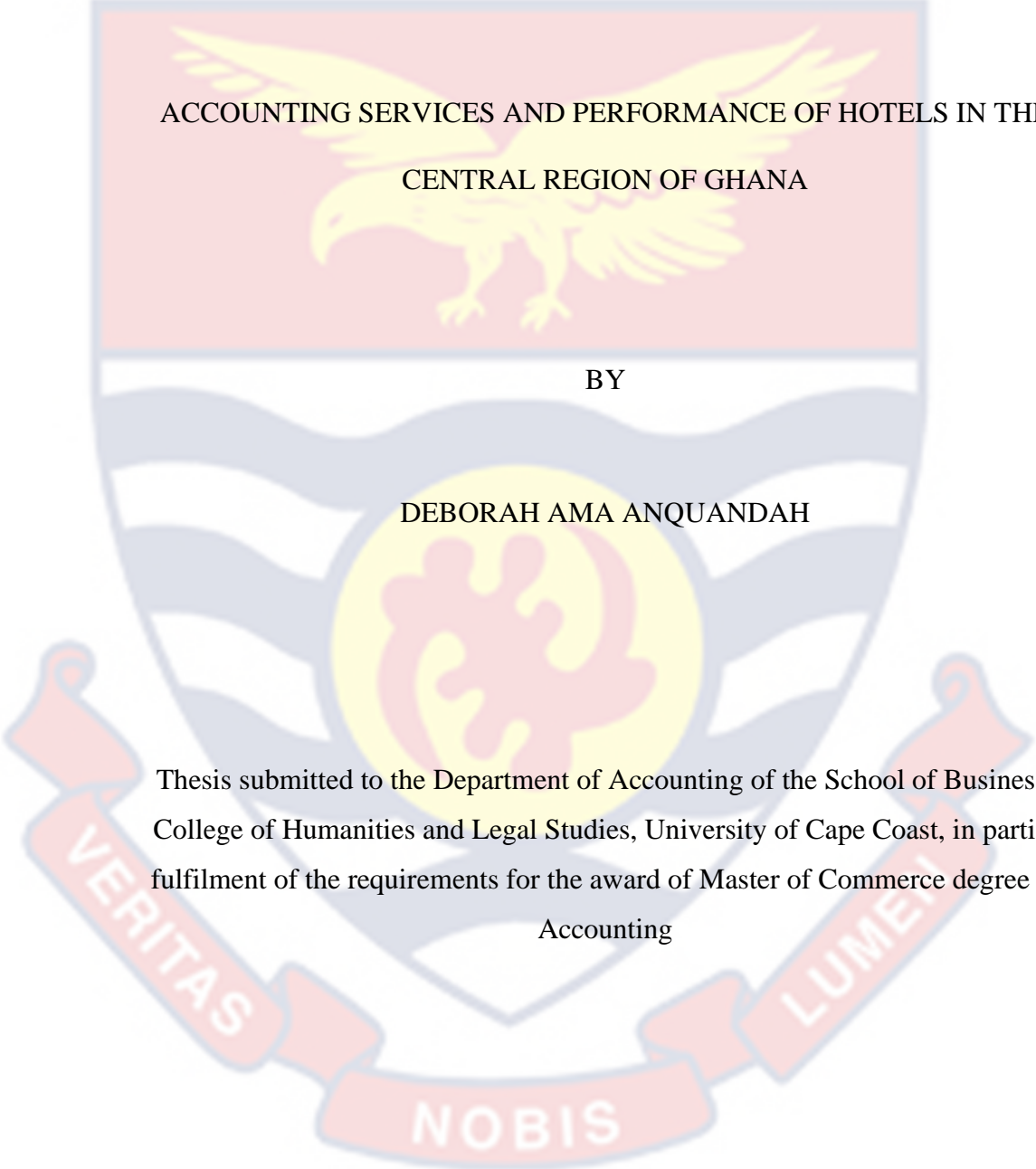


ACCOUNTING SERVICES AND PERFORMANCE OF HOTELS IN THE
CENTRAL REGION OF GHANA

DEBORAH AMA ANQUANDAH

2023

UNIVERSITY OF CAPE COAST



ACCOUNTING SERVICES AND PERFORMANCE OF HOTELS IN THE
CENTRAL REGION OF GHANA

BY

DEBORAH AMA ANQUANDAH

Thesis submitted to the Department of Accounting of the School of Business,
College of Humanities and Legal Studies, University of Cape Coast, in partial
fulfilment of the requirements for the award of Master of Commerce degree in
Accounting

MARCH 2023

DECLARATION

Candidate's Declaration

I hereby declare that this thesis is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature..... Date

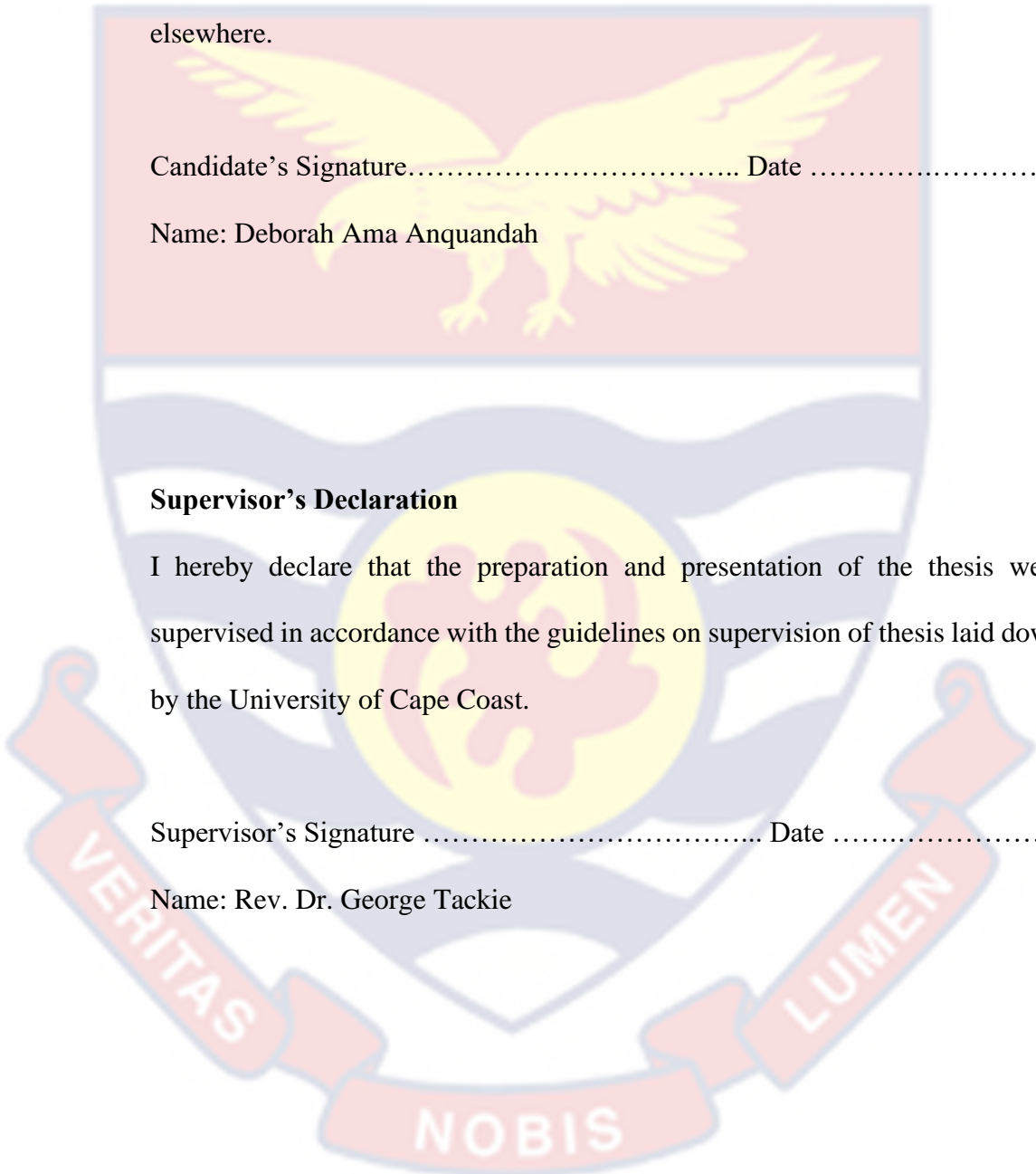
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Supervisor's Declaration

I hereby declare that the preparation and presentation of the thesis were supervised in accordance with the guidelines on supervision of thesis laid down by the University of Cape Coast.

Supervisor's Signature Date

Name: Rev. Dr. George Tackie



ABSTRACT

The present study examined perception of accounting services relevance, factors that influence accounting services outsourcing and the effect of outsourced accounting services on firm performance in the hospitality industry in the Central Region of Ghana. Two research questions and six hypotheses were developed to guide the study. It employed the quantitative method using a cross-sectional survey. One hundred and six (106) managers, owners, and supervisors who influence decision-making participated in the study. The study used structural equation modelling and descriptive statistics for analysis. The study pointed that the hospitality industry perceived accounting services as having positive outcomes on the operations of the industry. Several factors encouraged the industry to outsource various accounting services, which included service quality, cost implications, and asset specificity. However, resources and IFRS adoption surprisingly had negative effects on the accounting services outsourcing decision. Appreciating the inherent challenges of engaging in accounting services outsourcing, respondents agreed that inappropriate management of accounting services greatly affects the perceived benefits obtained from accounting services outsourcing. The study also found that accounting services outsourcing had a significant positive effect on firm performance. As a result, it is recommended that management of hospitality facilities should outsource more accounting services including non-traditional accounting services such as business advisory to enjoy the benefits of outsourcing accounting services even when traditional accounting tasks can be performed in-house. Continuous monitoring of outsourcing services must be made to reduce the effects of inherent outsourcing challenges.

KEYWORDS

Accounting services outsourcing

Asset specificity

Firm performance

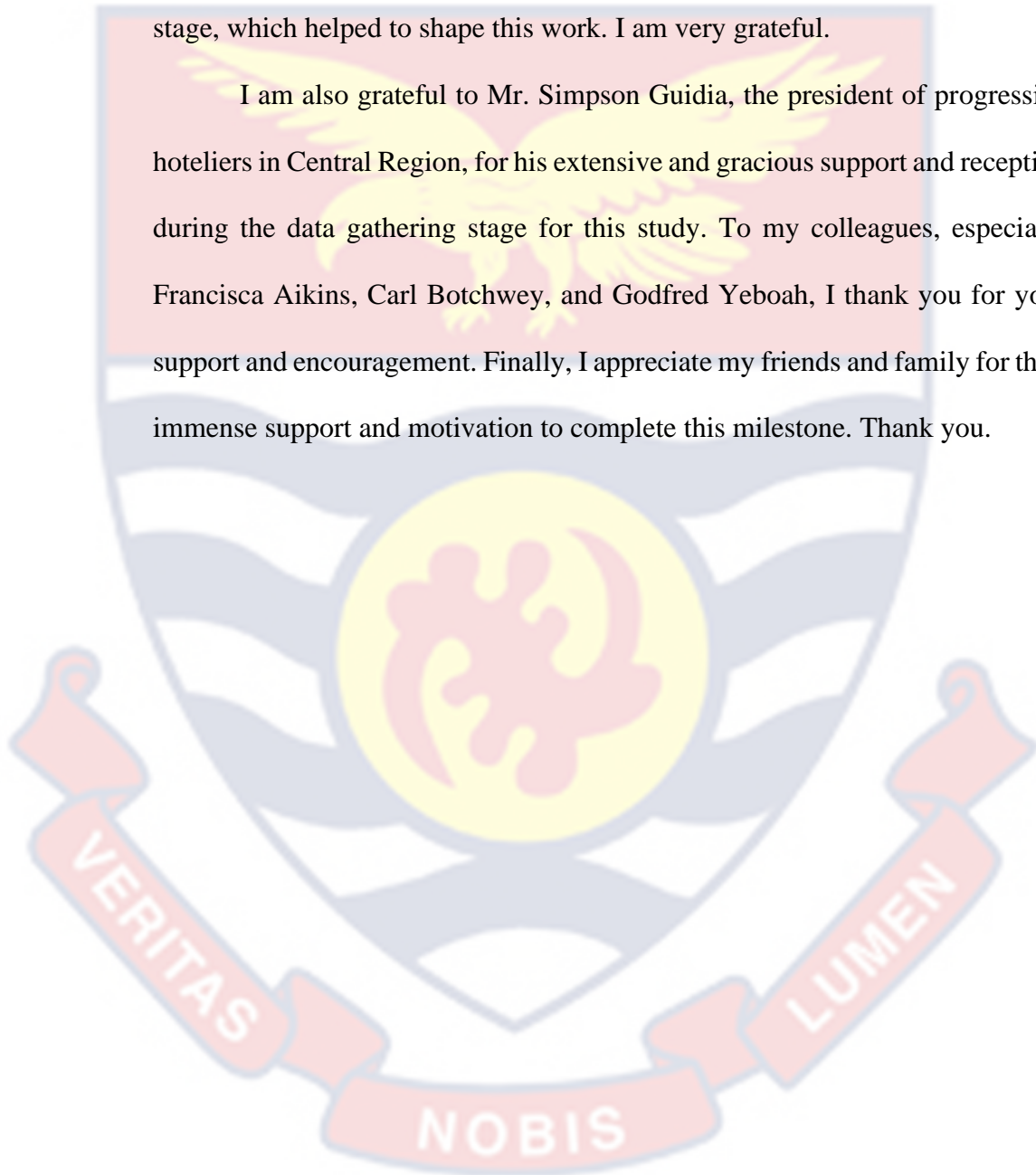
Hospitality industry



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DEDICATION

To my family



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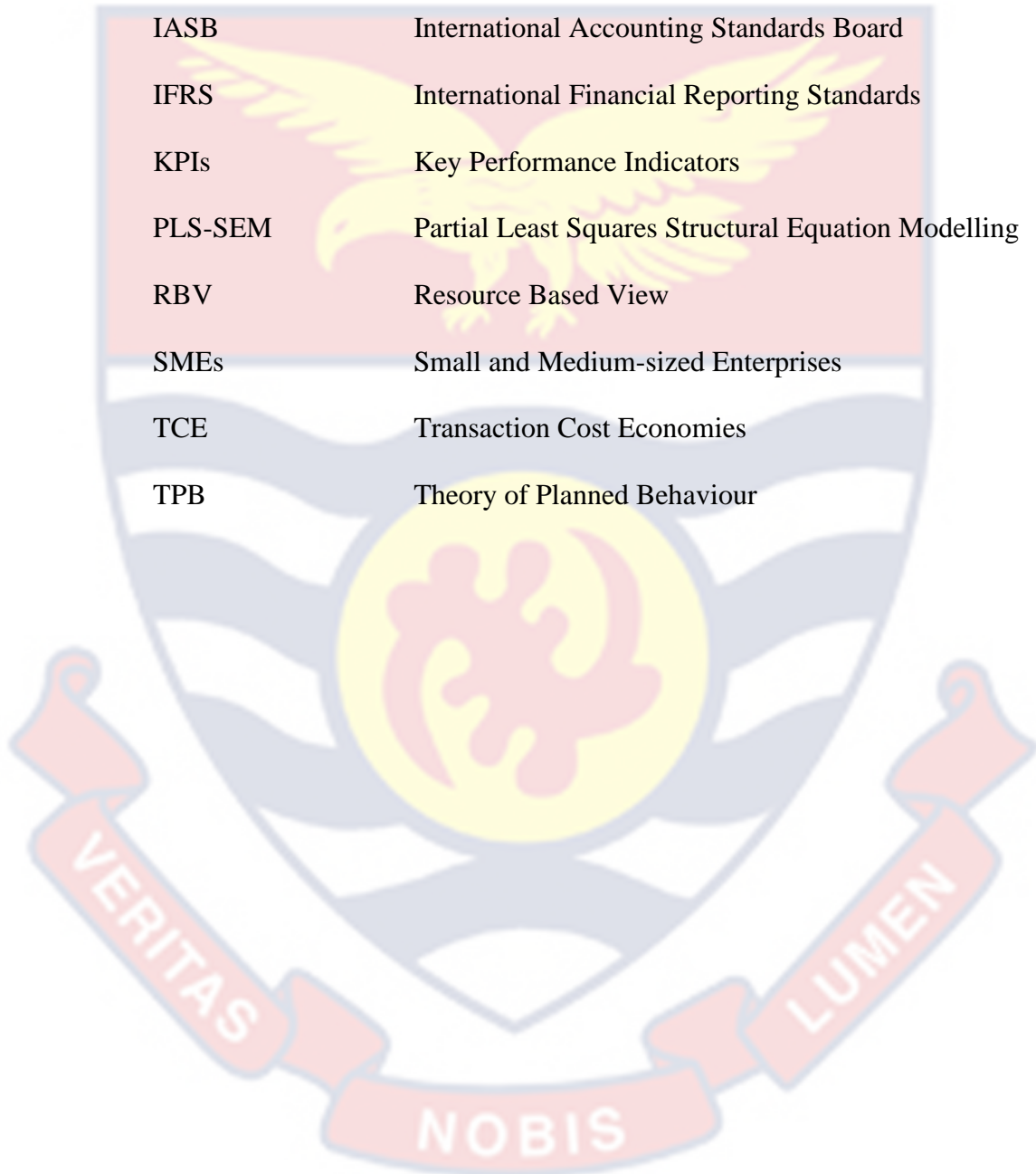
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LIST OF ABBREVIATIONS

CSFs	Critical Success Factors
GRA	Ghana Revenue Authority
GTA	Ghana Tourism Authority
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
KPIs	Key Performance Indicators
PLS-SEM	Partial Least Squares Structural Equation Modelling
RBV	Resource Based View
SMEs	Small and Medium-sized Enterprises
TCE	Transaction Cost Economies
TPB	Theory of Planned Behaviour



CHAPTER ONE

INTRODUCTION

For several firms, there is a challenge when it comes to maintaining their competitive advantage in an ever-changing and competitive business environment. Organizational managers are thus devising strategies by which they can remain effective, efficient, and sustainable to ensure business (Kamyabi & Devi, 2011a). Accounting is an essential management tool for all businesses who seek to continue operations in the long-term. Historically, this business process had focused specifically on the provision of truthful and accurate financial records (Carnegie, Parker & Tsahuridu, 2021). This function is gaining prominence in firms as managers rely on the expert financial information to make informed economic decisions (Remeneric, Kenfelija, & Mijoc, 2018). Beyond the financials, decision-making processes embrace accounting as a highly placed component in several businesses globally.

Background to the Study

The hospitality industry is a significant contributor to economic growth and development in most countries (Aggarwal & Padhan, 2017; Safaeva, Alieva, Abdukhailova, Alimkhodjaeva & Konovalova, 2020). The industry is categorized mainly into three main sub-sectors: accommodation, food and beverage, and entertainment. According to Ampofo (2020), the potential economic impact of the industry has prompted several actions necessary to develop it. In most countries, the hospitality industry creates employment opportunities and serves as a revenue stream for developmental projects globally (Dogru, McGinley, Line & Szende, 2019; Phuong & Tran, 2020). Tax revenues are accrued to the government as the industry expands. Local

industries in food production, transportation, and catering services are stimulated while investment opportunities are unearthed.

In Ghana, the hospitality industry is a major market where specific developmental policies and programmes are being channelled to the industry in a bid to develop its operations (Preko, 2021). Statistics on the contribution of hotels and restaurants to the Gross Domestic Product (GDP) reveal that the industry contributed an average of 5.7% to GDP between 2013 and 2020 (Ghana Tourism Authority, 2021). A form of accounting is necessary for effectively conducting any activity (Bagieńska, 2016). Nurmagambetova et al. (2020) suggest that appropriate harnessing of accounting knowledge and skill in the hotel industry is imperative in identifying possible risks that impede firm performance. It is in the light of this appreciable contribution of the hospitality industry to both developed and developing economies thus overlooking the accounting function as an essential arm of the industry's operations can make a once successful industry unable to produce desired results.

Stewards are appreciated and assessed by way of financial statement preparation, internal audits, tax planning, budgeting, tax audits, accounting system design, and business advisory services, among many others. Accounting provides the right footing on which businesses thrive and affords stakeholders the end-product of accounting: financial reports useful for making decisions. Financial reports are generally the primary accounting information source (Höglund & Sundvik, 2016). Financial statement analysis provides insights for predicting future successes. Thus, it is imperative that these statements be error-free to be relevant.

Everaert, Sarens, and Rommel (2006) reveal that SMEs fail to keep proper accounting records or appreciate the accounting function largely because they are not sufficiently convinced of its relevance to their operations. In contrast, other firms are adopting innovative ways to improve their operations and create value despite the increasing dynamism and competition in the business world (Ahmed, 2018). Strategic decisions are now being made to deliver significant improvements in cost, productivity, and process efficiency, among others. Of these strategic engagements, outsourcing has caught global attention and is growing in popularity o in traditional in-house management and administrative functions.

Accounting helps firms to make a variety of decisions which includes the decision to engage external vendors to perform certain functions or the decision to perform them internally. Such decisions are strategic in nature and border on the outlook of top management. Increasing competitive pressures and the desire to quickly adapt to changes in the business environment have had firms making choices that reduce costs while optimizing the use of resources in creating and accepting new opportunities (Mahmoodzadeh, Jalalinia, & Yazdi, 2009). To overcome the challenge of resource constraint, Kamyabi and Devi (2011b) suggest that firms transfer what they have traditionally performed in-house, specifically their accounting function, to external providers.

Outsourcing is when organizations and firms hand over work to an external service provider (Garg & Jain, 2019). Generally, businesses outsource non-core functions such as payroll, internal audit, cleaning, data management and processing, and information technology with the main aim of allowing their firms to focus resources on core functions with value-adding capabilities

(Ahmed, 2018). Accounting outsourcing entails external accountants and professional accounting firms (Cahyaningtyas & Ningtyas, 2020). Not all firms can afford having an accounting department that adds value to their performance and meets their everchanging needs. Considering the costs involved in setting up an accounting department, it is more prudent for such firms to outsource the accounting function for increased efficiency (Carey & Tanewski, 2016).

Accounting services outsourcing has gained popularity in recent years (Faituša, Subačienė, Mačerinskienė, & Aida, 2020; Isaksson & Lantz, 2015; Kamyabi & Devi, 2011b). Among the many motivations for outsourcing accounting services are the lack of accounting expertise (Everaert, Sarens, & Rommel, 2010), cost savings, and a lack of world-class capabilities (Raman et al., 2009). Isaksson and Lantz (2015) also mention that the desire to achieve best practice by acquiring external competencies or a tool to adapt rapidly to changing environments are other reasons managers of businesses resort to outsourcing. An increased focus on core competencies is usually linked to improvements in performance and increased market value for firms (Ng, Kee & Ramayah, 2020).

When it comes to outsourcing, research reveals a number of factors that determine whether or not a firm will outsource a particular function. Asset specificity, cost implications, service quality, resources and adoption of IFRS have been identified from literature as determinants of accounting services outsourcing (Hafeez, 2013; Yang et al., 2018; Cahyaningtyas & Ningtyas, 2020; Ahmed, 2018).

Asset specificity can be defined as the accounting function's skills, knowledge, competency, and capabilities (Hafeez, 2013). This means that the

firm will allocate resources for the accounting function to be performed in-house provided there are assets can specifically be used for the function. Cost implications refers to the fact that firms want to reduce their transactions costs as much as possible (Gilley et al., 2004). This means that, when it cost lesser for the firm to outsource the accounting functions than performing it in-house, they would prefer the former as opposed to the latter. Service quality looks at the competencies of external providers as compared to internal providers of the accounting function. When management of the firm believe in the skills and competencies of an external service provider it reinforces the decision to outsource or not outsource accounting services (Cahyaningtyas & Ningtyas, 2020; Ahmed, 2018).

Resources are assets that give a firm a competitive advantage when strategically utilized (Kamyabi & Devi, 2011a). When firms do not have the requisite resources to perform the accounting function in-house, the most prudent way will be to outsource the function to access the benefits provided by the function. In Ghana, financial reporting has to be in a form that complies with the IFRS to meet statutory requirements. Thus, firms can choose to outsource the accounting service in order to get external expertise to produce financial reports that meet statutory standards. All these factors as identified in literature will be examined to assess their relevance to the accounting services outsourcing decision.

As a phenomenon, accounting services outsourcing is a very important area of study as it is one of the core functions of the firm. Thus, if this key function of the firm is being outsourced instead of being performed in-house, then what are the implications to the firm? It is important to understand how

outsourcing this major function can affect the organization. Will there be a significantly positive or negative influence on firm performance or it will not make a difference? This study will therefore be very helpful in answering these all-important queries to keep firms informed how they can continuously improve upon their efficiency and overall performance.

The industry in which the study is based is a very key one when it comes to economic development for any nation. However, the nature of business in this industry is such that focus is mostly on food and beverages, lodging, recreation, travel and tourism as well as meetings and events. This translates to little being said on accounting in the sector and thus the importance of this study to provide these firms with other alternatives to perform the accounting function in order to optimize their operations as a firm. It will also inform the management of hospitality facilities on how some of the key considerations when it comes to outsourcing the accounting function. This will help them in determining whether to make or buy the accounting function for enhanced productivity and performance.

The phenomenon of outsourcing has greatly impressed on businesses globally (Jipa-Muşat, Prevezer & Campling, 2023) as beyond increasing speed, reliability, relevance and accuracy, it also affects the efficiency of the firm's resources. To obtain contracts and attract investors, businesses have embraced the outsourcing of accounting services to meet the requirements of investors (Garg & Jain, 2019). The best results are achieved when the expertise of several professionals in the various accounting fields is employed (Maelah, Aman, Amirruddin, Auzair, & Hamzah, 2012).

A number of studies have been conducted globally on outsourcing and performance (Giustiniano & Clarioni, 2013; Jiang, Frazier, & Prater, 2006; Hafeez, 2013; Awe et al., 2018; Kotabe & Mol, 2009; Lahiri, 2016; Rogosic, 2019; Isaksson & Lantz, 2015; Kamyabi & Devi, 2011b; Liu & Jayaraman, 2019; Cahyaningtyas & Ningtyas, 2020; Khan, 2021; Cahyaningtyas & Ningtyas, 2020; Tazilah, Majid & Suffari, 2019; Lee, Lee, Malatesta & Fernandez, 2019; Palesheva, Zonova, & Grin, 2019). However, in these studies, we find conflicting results, focus in other industries and mostly being conducted in developed economies. Thus, none of these studies have really considered how outsourcing the accounting function will affect hospitality firms in an emerging economy. Thus, the question in the global debate on outsourcing still remains: Does accounting services outsourcing really benefit all firm where in this case we examine firms in the hospitality industry, and if not, what impact then does accounting have on firm performance?

Statement of the Problem

Today, businesses are under pressure to embrace operational transparency, and instituting a well-structured accounting function accomplishes this.. Krell (2006) explains that a rise in accounting services outsourcing has been observed since 2000. It is predicted that this phenomenon will continue to grow in the future (Krell, 2006) with predictions for continued growth. This rise in popularity stems from increased competition, which is making firms in both emerging and developed economies to focus on cost reduction strategies while allocating resources to their core competences, product innovation and quality, among others (Gilley, Greer, & Rasheed, 2004).

For many hospitality enterprises, the concept of outsourcing has been embraced in various departments such as information systems, cleaning, security, accounting, etc. to reinforce firm strategies for improving overall performance (Hiamey, 2012). Outsourcing as a management strategy has evolved in the hospitality industry as a result of the high-level competition and dynamism that require activities that enhance competitive advantage for future success (Espino-Rodríguez & Ramírez-Fierro, 2018). The need for transparency, compliance with statutory laws and provision of representative financial information has also seen hospitality facilities outsourcing all or an aspect of their accounting function due to lack of expert personnel to perform the function in-house which makes it important to study how this activity influences the performance of firms.

The growing rate of engaging external vendors among businesses has gained academic interest on various tangents (Bagieńska, 2016; Everaert, Sarens, & Rommel, 2007; Faituša et al., 2020; Giustiniano & Clarioni, 2013; Lahiri, 2016). Within the hospitality industry, several services are outsourced (Hamza, Hamad, Qader, Gardi & Anwar, 2021). Despite the growing interest in accounting outsourcing decision strategies, the expected impact on performance of firms have been diverse (Yang, Goodarzi, Jabbarzadeh & Fahimnia, 2022). In theory, outsourcing is generally expected to yield positive benefits for the firm. However, results from numerous empirical studies on the effect of outsourcing accounting services and performance of firms have been inconclusive leaving no established connection between outsourcing and firm performance (Lahiri, 2016). A review of studies on accounting services outsourcing pointed that very few researches have particularly addressed the

effect of accounting services outsourcing on the performance of firms in the hospitality industry (Giustiniano & Clarioni, 2013; Kamyabi & Devi, 2011b; Palesheva, Zonova, & Grin, 2019).

Some research outcomes concluded a positive correlation between outsourcing and performance (Jiang, Frazier, & Prater, 2006; Hafeez, 2013; Awe et al., 2018), while others opposed this assertion (Kotabe & Mol, 2009; Lahiri, 2016; Rogosic, 2019) or failed to establish a significant effect of accounting on firm performance (Isaksson & Lantz, 2015). Munjal, Requejo, and Kundu (2019) suggest that firms from emerging economies may have motives for outsourcing that are different from firms outsourcing in advanced countries. This is most likely as a result of a lack of the requisite resources to perform the function in-house. Most of the empirical evidence on accounting services outsourcing were conducted in developed economies like the United States and Europe (Liu & Jayaraman, 2019; Cahyaningtyas & Ningtyas, 2020; Khan, 2021; Tazilah, Majid & Suffari, 2019; Lee, Lee, Malatesta & Fernandez, 2019), thus making the relevance and applicability of the results tentative for developing economies like Ghana.

For instance, Rogosic (2019) focused his study on the impact of accounting outsourcing on how conversant the managers of micro companies in Croatia will be with accounting and taxation. Cahyaningtyas and Ningtyas, (2020) also examined the factors affecting the decision to outsource accounting services among major SMEs in Indonesia. All these studies have varying conclusion on accounting services outsourcing. Consequently, the adaptability and applicability of these research outcomes conducted in highly industrialized nations will be unsuitable for emerging economies such as Ghana. Differences

in legal structure, culture, organizational behaviour and environmental uncertainties in these developed and industrialized countries account for the unsuitability of a likely comparison in the Ghanaian context.

It is evident from studies done in Ghana that accounting services outsourcing effectiveness has not been extensively studied yet, especially in Central Region which is a major tourism hub with several hospitality facilities. In Ghana, similar studies on outsourcing have primarily focused on tax compliance and the demand for accounting services for record-keeping purposes (Arhin, 2018), outsourcing in the services sector (Yeboah, 2013), outsourcing and performance in the oil and gas industry (Nyameboame & Haddud, 2017) and the banking sector (Pomegbe, Li, Dogbe & Otoo, 2019). Although all these studies were on outsourcing, they were not focused on the hospitality industry which is an important contributor to economic growth. This study therefore seeks to bridge the gaps in the literature by extending the study on make or buy decisions to accounting services in the hospitality industry in Central Region of Ghana and examining accounting services outsourcing and performance.

Purpose of the Study

The primary purpose of the study is to examine accounting services outsourcing practices in the hospitality industry in Central Region and their effect on firm performance.

Research Objectives

Specifically, this study sought to:

1. Examine management's perception of accounting services' relevance to the operations of the hospitality industry in Central Region;

2. Assess the factors that determine the outsourcing of accounting services undertaken by firms in the hospitality industry in Central Region;
3. Examine the challenges associated with outsourcing accounting services in the hospitality industry in Central Region; and
4. Analyse the effect of accounting services outsourcing on the performance of firms in the hospitality industry.

Research Hypotheses

From objectives two and four, the following research hypotheses are formulated to guide the study and aid in meeting the objectives of the study:

H₁: Asset Specificity has a statistically significant negative effect on accounting services outsourcing.

H₂: Cost Implication has a statistically significant positive effect on accounting services outsourcing.

H₃: Service Quality has a statistically significant positive effect on accounting services outsourcing.

H₄: Resources have a statistically significant positive effect on accounting services outsourcing.

H₅: Adoption of IFRS has a statistically significant positive effect on accounting services outsourcing.

H₆: Accounting services outsourcing has a statistically significant positive effect on firm performance in the hospitality industry in Central Region.

Significance of the Study

This study will show how the hospitality industry can harness available professional accounting skills and knowledge to improve firm performance through value creation, growth, and sustainability, which are significant to

developing Ghana. The study will also contribute to efforts aimed at improving accounting education within the hospitality industry in Ghana, which will provide managers, owners and supervisors with financial tools for making informed and informed decisions. Service providers (accounting outsourcing providers) will also benefit from the close examination of factors that may encourage potential clients to outsource their accounting duties and make efforts to improve and satisfy such needs.

The study will contribute to the body of knowledge and literature on accounting services, outsourcing, and firm performance. The study also adds to the body of knowledge on accounting services as a specialized knowledge in the hospitality industry of Ghana. Researchers, academicians, and students of finance and accounting will have empirically tested information as a useful basis for further research on accounting services outsourcing in the hospitality industry and other related industries. Furthermore, the results of this study will aid firms within the industry in their efforts to strategically examine imbedded challenges and risks in outsourcing contracts, before outsourcing accounting duties to third parties to ensure optimal efficiency of the business.

Delimitation of the Study

The study examined accounting services outsourcing on firm performance. Although there are many functions of the firm that can be outsourced, this study only focuses on accounting services. No other function is considered for analysis in this study. In terms of firm performance, the firm only assesses financial performance. The other forms of performance were not assessed. The study also focuses on only the Central Region of Ghana which is a major tourism hub in Ghana with several hospitality facilities. This was

important to achieve the study objectives and test the formulated hypotheses for making justifiable conclusions and recommendations.

Limitation of the Study

Inherent in the study is the limitation associated with relying on primary data to measure firm performance which other jurisdictions employed secondary data. There is the possibility of bias in the responses. However, the objective nature of the quantitative research approach used will help in addressing this limitation. The non-probability sampling methods also poses a limitation because of the use of purposive sampling techniques to identify licensed hospitality facilities. However, the sample used in the study was well saturated for the purpose of data analysis. Also, the scope of the study is Central Region and thus findings may not be generalised for all the regions of Ghana and for all industries. However, it is noteworthy that the Central region is a major tourism hub in Ghana which means the study results can be easily be replicated for other regions with a lower tourism count.

Organisation of the Study

This study is structured into five distinctive chapters. Chapter One introduces the study by establishing its context and problem statement. It provides the background of the study, the research issue to be addressed, the specific limitations of the entire research work, and the organization of the study. Chapter Two presents the theoretical and conceptual contexts within which the study was conducted, reviews related literature, and provides the framework by which the study is conducted.

Chapter Three outlines how the research was undertaken. It describes the research design, variables under study, target population, sample and

sampling methods, data collection instruments, statistical tools for data analysis, and procedures classified as research methods. Chapter Four highlights the findings from the analysis of the data as well as the interpretation and discussion of the results. The final chapter summarizes the study and key findings and their implications and concludes with recommendations and some suggestions for further research.



CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter provides a review of literature along the following themes: the theoretical framework, which provides a foundation on which the research was developed; a discussion of literature on accounting services outsourcing in the hospitality industry and its effect on firm performance; and an in-depth address of the different concepts in the study namely, management's perception of accounting services relevance, factors that determine accounting services outsourcing, and the impact accounting services outsourcing has on the performance of firms in the hospitality industry. This in-depth review of literature on accounting services outsourcing and firm performance provided information on gaps, inconsistencies, and consistencies existing in previous studies.

Theoretical Review

Three main theories underpin this study. The Transaction Cost Economics Theory, Resource Based View and the Theory of Planned Behaviour are the theoretical frameworks that underlie this research.

Transaction cost economics theory

Williamson's (1991) Transaction Cost Economy (TCE) has been found to be a yardstick for efficient and effective analysis of service utility maximization costs (Danjuma & Teru, 2017). The primary notion of the transaction cost theory is a choice of governance that will incur lower transaction costs (contracting costs, price negotiation costs, costs associated with the search for a supplier or service provider, coordinating costs, etc.) (Hafeez, 2013). This is in tandem with the original thought of transaction costs

economy. As the foundation of efficiency of organisations TCE highlights empirical predictions of vertical integration, “the make-or-buy decision” (Ketokivi & Mahoney, 2017). In accordance with the Transaction Cost Economy (TCE), sourcing decisions on accounting services are largely affected by asset specificity (the level of customization of transaction), uncertainty and frequency, which is in line with the findings of Bagińska, (2016), Cahyaningtyas and Ningtyas, (2020) and Zhang, Ma and Qu, (2018).

At a general level, Williamson’s Transaction Cost Economies theory reveals how firms structure transactions in complex environments. Proponents of the theory seem to suggest that lower transaction costs are associated with specialized assets, and thus, the high control in measuring and rewarding behaviour encourages in-sourcing of the function (Everaert, Sarens & Rommel, 2006). Thus, it is expected that as these specialized assets become more customized to a particular firm and its specific activities such as company-specific accounting software, their specificity increases and, thus, outsourcing will become costlier and more difficult. However, Kamyabi and Devi's (2011) discussion on TCE concluded that the higher the asset specificity of the accounting function, the more likely firms are to in-source the function to cut down cost, while a low asset specificity motivates outsourcing of the accounting function.

Zhang, Ma, and Qu (2018) add that relatively frequent transactions reduce asset specificity, and thus, firms will outsource the accounting function. A study by Evereat, Sarens and Rommel (2010) also presents the outsourcing intention of routine (book-keeping) and non-routine (year-end preparation of financial statements) as significantly influenced by their frequency. The TCE

theory posits that it is most probable for firms to internalize recurrent accounting services as economies of scale will be enjoyed and the cost of setting up the accounting function internally can be recovered.

However, studies from Ketokivi and Mahoney (2017) seem to imply that, beyond transactions, the theory may apply to all contractual agreements involving several other stakeholders and thus, the theory qualifies as a theory of governance. Ketokivi and Mahoney (2017) further highlights an important detail of TCE that not many writers have pointed at. He posits that, transaction cost economics begins with an attempt to establish differences in transactions. Implying from the theory, three main transaction categories may be derived: frequency, uncertainty and specificity (Cahyaningtyas & Ningtyas, 2020). The properties of individual transactions will define the governance structure, outsourcing, insourcing or an alliance (outsourcing and insourcing), Adeniji (2021) explains. When a firm chooses to outsource a function, it seems to admit that the cost of the external transaction is relatively lower than the in-house transaction costs (Jiang et al., 2006).

The theory has gained popularity in all attempts to explain the outsourcing practice for years (Adeniji, 2021). According to Everaert, Sarens, and Rommel (2010), whether or not to internalize or outsource the accounting service is dependent on the comparative costs of running the service. They contend that, where a higher cost is involved in maintaining high-quality service through negotiations and supervision of contractual relationships with the external providers to prevent them from being opportunists, firms may opt to replace them with their own employees, who can be controlled and monitored more effectively and efficiently (Everaert et al., 2007) and vice versa. Thus, in

determining why several firms perform or make their accounting services in-house while several others rely on specialized accounting vendors or agents, TCE is applied.

Resource-based view

The resource based view theory (RBV) is traced back to Penrose's (1959) study and has contributed in explaining several concepts and predicting diverse strategic choices. Mahoney (2005) provides a strategic logic that is heavily influenced by previous works on the subject and emphasises that, the transaction cost theory is complementary to the resource-based theory. While the transaction theory focuses on firm governance, the resource-based view highlights capabilities that helps in achieving competitive performance. Kamyabi and Devi (2011b) adds to the study on competitive resources and submits that, TCE makes the choice whether outsourcing or providing the accounting function in-house is appropriate. Gilley et al (2004) provides an empirical support that, TCE suggests that non-firm specific tasks should be outsourced yet, the RBV theory requires functions that do not enhance core competencies to be outsourced.

It is believed that resources assist firms in achieving competitive advantage through high performance, enhanced efficiency and effectiveness (Hafeez, 2013). These resources are classified as unique when they have value, rarity, and imitability. Proponents of the theory regard organizations as having unique resources and assets that can create a sustainable competitive advantage (Zhang, Ma & Qu, 2018). Thus, beyond being an administrative unit, firms are bundles of productive resources, whose usage is determined by administrative decisions (Mahoney, 2005).

Specifically, the services rendered by these resources are those that serve as inputs to the firm. Toms and Bowman (2010) observe that human resources may be the source of abnormal returns because competitors can easily acquire most physical inputs, easily wiping out advantages obtained from buying better inputs. However, the inadequacy of necessary resources for growth and survival is a key factor for all growing firms, requiring them to hone and make effective use of external resources to enhance cost effective sustainable performance (Everaert et al., 2007).

RBV demonstrates that resources may be created or purchased. Thus, attempts to create resources are seen as managerial activities better described as dynamic capabilities (Toms & Bowman, 2010). Where they lack the requisite capabilities to perform activities internally, firms usually outsource so as to channel available resources toward their core competencies to attain competitiveness (Bagieńska, 2016). Zhang, Ma, and Qu (2018) argue that the Resource-Based View (RBV) allows organizations such as hotels to outsource resources to gain mutual advantage. In a comparative study in Taiwan and Scotland, Espino-Rodriguez, Lai, and Baum (2012) concluded that activities in the hotel industry that did not involve direct contact with guests were suitable to be outsourced so as to channel available resources towards the key operations of the firm.

Drawing on the Research Based View, Oosthuizen, Van Vuuren and Botha (2020) suggest that, as skilled professionals, accountants are positioned to help firms overcome their inadequate internal financial management skills. The RBV theory thus highlights that the lack of certain expertise internally will necessitate the procurement of such services from an external provider to

enhance productivity and competitive growth in the hospitality industry in Ghana.

Theory of planned behaviour

The study is also guided by the Theory of Planned Behaviour (TPB) as propounded by Ajzen (1985) which says that the performance of an actual behaviour is borne out of the intention to perform the behaviour, which in this study is to outsource the accounting function. Thus a strong intention on the part of the firm to engage in a certain behaviour will lead to a high probability of favourable attitudes toward the behaviour (Fraser, Ajzen, Johnson, Hebert, & Chan, 2011). Behavioural intention is determined by attitude, perceived behavioural control, and subjective norms (Ajzen, 2020). This study seeks to examine management perception of accounting services outsourcing in the hospitality industry.

The TPB suggests that the desire to use an accounting service and to access it either in-house, externally, or both should increase such that favourable attitudes are birthed, referents are believed to support the behaviour and control over its performance is perceived as high (Fraser et al., 2011). According to the theory, attitude toward behaviour explains the extent to which a person exudes positive or negative feelings about performing a behaviour, usually assessed by one's personal beliefs whereas the subjective norm explains an individual as influenced by his socializations (Azman & Vaicondam, 2020).

When owners or those involved in the decision to use an accounting service (management) believe that using the accounting function will produce positive results for the firm, they will express a positive attitude towards this behaviour. Similarly, the belief that outsourcing the function instead of doing it in-house will yield much more positive outcomes will produce a favourable attitude towards this decision. Conversely, if they perceive negative outcomes from outsourcing accounting services, should they decide to use one, attitudes towards outsourcing will not be favourable.

The perceived behavioural control component of behavioural intentions of the TPB refers to the ability to carry out the intended behaviour. This is dependent on control beliefs such as the availability of appropriate resources to run the accounting function in-house, available suppliers to purchase certain aspects of the function from at a reasonable cost, and other important factors influencing the inclusion of the accounting function and its related services to the operations of the hotel (Fraser, Ajzen, Johnson, Hebert, & Chan, 2011).

Subjective norm refers to beliefs about what significant others (referents) think about the performance of the behaviour, and the motivation to comply with the expectations of the referents (Yasseen, 2019). Hence, the perception that referents such as the tax authorities, investors, CEOs, among others, either support or do not support adopting the accounting function and therefore assent to either doing the function in-house, outsourcing it or employing both sourcing options influences the sourcing decision.

Theory of comparative advantage

The theory of comparative advantage is a useful framework in explaining and predicting why firms may choose to buy certain set of goods from external vendors who can produce such goods or service at cheaper costs rather than them (Goldin, 1990). Typically, the idea of comparative cost advantage has been related to international trade and the different costs of producing similar goods in different countries (Ricardo, 1817). Ricardo highlights that in entering trades with some other countries, countries are more likely to import products they have high comparative advantages in and export those that comes with less comparative costs to them.

Shen, Long, Lee, & Zhang (2022) add to the argument that an economy that has the ability to produce certain goods and services at lower opportunity costs than any other economy is urged to specialize in producing such products or service that it has low-cost advantage to increase their net economic welfare (Rao & Dai, 2016). Thus, firms with comparative advantage in their core competencies are more likely to outsource auxiliary services such as accounting services, which they may have no advantage on in order to enjoy. Penrose (2007) also argued that it is laudable for firms to perform activities they have comparative advantage in-house and rather outsource activities they do not have competitive advantage in.

According to this theory, firms should outsource accounting services if opportunity cost of purchasing from an external vendor is less than cost of performing accounting function in-house. Rao and Dai (2016) found that outsourcing IT correlates positively with the comparative advantage of cost of production, which largely influences the decision to outsource. As a strategic

tool, outsourcing of goods and services is necessary even where firms can perform the function in-house. The theory of comparative advantage seems to suggest that inherent in the performance of any function in-house is a hidden opportunity cost that could be focused on its core competencies and why they are in business in the first place. And so, in making sourcing decisions, several guest houses and hotels resort to outsourcing if the opportunity cost of outsourcing is lesser than the opportunity cost of performing the function in-house even if the firm has absolute advantage in performing the function in-house. This will encourage efficiency of operations and influence performance of firms in the long run.

Conceptual Review

This section presents an overview of the various constructs being studied in this research and conceptualizes the variables in line with the objectives the study seeks to achieve.

Overview of the hospitality industry in Ghana

According to Hiamey and Hiamey (2020), the hotel industry in Ghana was predominantly owned by families and thus had little or no management structure until the early 2000s. Consequently, the services of external providers were not engaged in the sector until the emergence of multinationals into the industry forced competition and, hence, specialist firms were engaged. The Bank of Ghana (2017) lists the tourism sector as the fourth-highest foreign currency earner, as it contributed about 6.2 percent to Ghana's GDP in 2017. Statistics reveal that hotels and restaurants largely contribute to the GDP of Ghana at an increasing rate, save for the year 2020, when the sector suffered a

significant decrease in revenue, probably largely due to the COVID-19 pandemic.

The Ghana Tourism Authority (GTA) generally categorizes hospitality facilities into three categories accommodation, food and beverages, and entertainment. Hospitality facility refers to transportation, catering, accommodation, and tourist-related entities in the hospitality industry (Preko, 2021). The hospitality industry comprises several firms performing various tasks which may take the form of entertainment, accommodation houses, food and beverages, and transportation (Ghana Tourism Authority, 2019); Amissah et al., 2016). These firms are the core framework of the hospitality industry.

The expansion of tourism and businesses has significantly increased demand for hotels in the Ghanaian economy (Ashitey & Archibald, 2018). The 2020 Tourism Report by the Ghana Tourism Authority reveals that 33.7% of the total tourists received came to Ghana for business, followed by 12.5% who came for visitation, and 12.3% for holidays/vacation (Ghana Tourism Authority, 2021).

In 2018, the Ghana Tourism Authority certified and licensed several guest houses, restaurants, and hotels to provide catering, accommodation, and other tourism enterprises in Ghana. According to the GTA, certified accommodation facilities are broadly categorized as either homestays, hostels, budget, guest houses, star-rated or service apartments according to hotel size, level of service, number of rooms, facilities provided, etc. For the food and beverage sector, GTA classifies into restaurants, fast foods, coffee and tea shop snack bars, airline and offshore contract catering, and highway rest shops.

Conversely, entertainment enterprises are classified as movie houses, pubs, etc (GTA Directory, 2022).

Overview of accounting services and outsourcing

Accounting, as Raman, Jayabalan, Dorasamy and Ching (2009) define it, may be described as the processes of recording financial activities, analysing and interpreting the results thereof. According to Oosthuizen, Van Vuuren and Botha (2020), literature broadly categorizes accounting services as either advisory or traditional. Traditional accounting services are the types of service that involve the preparation of accounting information necessary for proper business management or obligatory for the purposes of compliance (Everaert, Sarens, & Rommel, 2007), whereas advisory services may refer to services offered to provide counsel or support to management on the profitability of their businesses (Carey & Tanewski, 2016).

This classification was further modified by Everaert et al. (2010) as routine and non-routine. According to them, routine accounting services are relatively standardized and more frequent, such as bookkeeping whereas non-routine accounting services are more complex, requiring valuable judgments. Industry-relevant accounting services include bookkeeping, monthly and year-end reporting, accounting record audit, budget development, tax return preparation and planning, financial statement preparation and analysis, designing accounting systems, submission of tax return and advisory services (Patel, 2019).

Outsourcing, the contract between external service providers and firms to provide services that could otherwise be provided internally, has become a growing phenomenon in recent times (Kamyabi & Devi, 2011b). Businesses

have had to undertake make or buy decisions to meet specific organisational needs. Krell (2006) describes outsourcing as third parties managing a specific process, a service centre or a specific process, irrespective of location. As an influential vehicle for cost reduction, this strategy allows firms to engage expert and efficient service suppliers to perform non-core functions. On the other hand, Maelah et al. (2012) define outsourcing as a strategic means by which tasks that are usually provided in-house are subcontracted outside the company to increase profits.

Outsourcing can also be referred to as the decision to purchase goods and services that would otherwise be provided internally (Elmuti & Kathawala, 2018). It is seen as a major decision-making strategy in the global market. These definitions assume that outsourcing only occurs when a function that was previously performed internally is now given to an external vendor. However, other writers suggest that outsourcing may occur as a result of a decision not to perform even some new functions or activities in-house (Munjal et al., 2019).

Gilley et al. (2004) suggest that outsourcing, may be described in two forms: a) letting an external party perform an activity that would otherwise be performed in-house and b) engaging an external vendor for services that have not been performed in-house in the past. In both cases, outsourcing involves the decision not to perform a function in-house, but to engage the services of an external vendor. Companies for which the accounting function is not core mostly transfer the accounting function to external professionals. For several others the decision to buy is born out of cost effectiveness. Owing to the operational and strategic benefits associated with outsourcing as well as the nature of the operations of the hotel industry, Everaert et al. (2006) argued that

firms with less accounting resources may fall on this strategy as it requires a lower level of investment in capacity.

Accounting services outsourcing specifically refers to the decision to transfer part or all of the accounting function to third-party vendors (providers) to reduce costs, access scarce skills, or as a competitive advantage strategy (Maelah et al., 2012). Bagińska (2016) observes that the economic inefficiencies of creating one's own accounting department and the lack of qualified accounting personnel have accounted for the rise in demand for accounting services outsourcing. Accounting tasks usually outsourced to external vendors include manual record keeping, data processing, tax preparation and other statutory documents, advisory and consulting services, insurance and business brokerage, and internal and external audits, among others.

According to Krell (2006), for any outsourcing strategy to be effective and yield the expected results, an appropriate level of resources to ensure proper outsourcing project management, governance, and change programme management is required. He emphasizes that, outsourcing has inherent risks, such as loss of control, that should be properly managed to yield the best results on expected firm performance.

Accounting in the hospitality industry

The accounting services industry has seen an upward spiral, sustained by the general growth in the economy specifically the increasing number of businesses and private investments, those in the hospitality industry included (Patel, 2019). The increase in businesses has translated into a rise in demand for traditional accounting services primarily financial statement preparation,

auditing, and taxation as the positive effects of the accounting function are evident in performing enterprises in the industry. Accounting in the hotel industry may be seen as the recording of hotel financial transactions, analysing these transactions, classifying these transactions in such a way as to make more meaning to those who will need it, and preparing financial reports that help them determine their profitability (Amissah et al., 2016).

Accounting services in the form of management accounting help the industry in pricing their stock and products, making optimal make or buy decisions, as well as in planning and determining the cost of operating their businesses. Arhin (2018) indicates that, the decision involving tax liability determination to the Ghana Revenue Authority is one of the major firm decisions requiring objectivity and thus, firms in the hospitality industry need appropriate record-keeping in order to file their returns and do so on time. Nurmagambetova et al. (2020) highlight that the main purpose of accounting in the hospitality sector is to provide managers and other stakeholders of the enterprise with economic information necessary for future planning and decision making. They add that the automation of the accounting system increases the potential for efficiency and effectiveness of the main activities of the hospitality industry and the successful development of firms.

Financial information that is provided by accountants helps management identify inherent business risks. This helps firms prepare for emerging challenges. Functions such as budgeting, cost management, and analysis of business transactions will help control cashflows and even do some tax planning, which also helps maintain competitiveness in the industry as intelligent and better-informed decisions are made. Almost all the economic

activities of the hospitality industry are reflected in accounting. As an important function in the industry, all firms are encouraged to embrace the various forms of accounting services (Nurmagambetova et al., 2020).

Relevance of accounting services to the hospitality industry

Accounting services are one of the key tenets of every successful organization and largely contribute in diverse ways to the overall performance of businesses. As a means of measuring and analysing financial information, accounting functions play a critical role in sustaining competitive advantages (Adeyemi, Udofia & Obah, 2015). Kamyabi and Devi (2011b) emphasize that accounting functions strongly influence firm growth and survival just like the effect other managerial factors have on firm performance. Literature suggests that, how important accounting services are thought to be to the operations of the hospitality largely influences the decision to perform accounting functions in-house or to obtain the services from an external vendor. Furthermore, the challenges, perceived advantages, and attitudes towards accounting services are pre-requisites for accounting services outsourcing: how players in the hospitality industry, especially at the management level, appreciate and view accounting services as relevant to the operations in the industry is essential for the decision to engage external providers. Oosthuizen (2018) in his study analysed the perceptions of 422 small business owners with the help of structural equation modelling and concluded that, the frequency of accounting services demanded and the quality of the service provided largely influenced the perception of benefits obtained.

Other authors relay the significance of accounting services in the hospitality industry as those that give real-time insights into the financial state

of the organization and help in making better informed decisions (Nair & Choudhary, 2022). The research conducted by Ogbonna and Briggs (2018) employed time series data from 2000–2015 of annual reports and financial statements of listed commercial banks to examine the relationship between accounting information and value relevance. The study concludes with a significant relationship established between accounting information and value relevance.

Catto (2016) submits that the competency of the accounting professional complements the tactic knowledge of business owners or management by appropriately aligning key performance indicators and operational statistics with staff obligations to enhance the efficient accomplishment of strategic goals. Al-nimer et al. (2021) provide a strategic logic that discusses enterprise risk management and business model innovation as advanced accounting functions with significant influence on the financial performance of sampled firms in Jordan. This seems to confirm findings from Bento, Mertins, and White (2018), who indicate that management accountants help businesses effectively manage risks through the proper allocation of resources in environmental risk management activities. They also add that the presence of a management accountant in any firm designs internal controls that not only reduce risky incidents but also continuously evaluate existing products and practices, make appropriate corrections, and reduce the occurrence of unfavourable events while managing the overall performance of the business.

In the Buenos Aires province of Italy, Alvarez, Sensini, Bello, and Vazquez (2021) found that most management accounting techniques had a statistically significant relationship with firm performance, encouraging non-

users to adapt management accounting practices to improve performance. Hodari (2021) provides a strategic logic that indicates a statistically significant relationship between investment decisions and accounting information. According to the study, many individuals of respondents relied on accounting information to make investment decisions. Results from Mohammad et al. (2019) indicate that the financial statements of sampled hotels in Jordan are validated by auditors, enhancing their reliability and reducing the effects of creative accounting. Mueller and Sensini (2021) analysed the determinants of hotel industry financial decisions and stress the importance of accurate accounting information.

Kliestik et al. (2020) consider the role financial ratios play in the prediction of financial distress and reviewed about 400 models. They found that accounting information and appropriate analysis may reveal financial problems that can prompt an enterprise in making appropriate financial decisions that will help firms maintain or even improve their competitiveness despite prevailing economic distresses and instabilities. This follows previously published studies by Cepel et al. (2018) that seem to suggest that financial information is the appropriate indicator of a firm's problems, since reducing profits and losses can easily be identified as a reduced level of competitiveness in comparison with other industry indicators.

Outsourcing

For business purposes, Sharpe (1997) defined outsourcing as "the practise of contracting with a third party to perform traditionally in-house functions." Hamzah et al. (2010) defined outsourcing as "contracting out" facilities management services to an external supplier for a charge over a certain

length of time to improve organisational efficacy and efficiency. Companies may have access to specialised knowledge and cutting-edge tools via outsourcing instead of having to fund such resources themselves (Pomegbe et al., 2019). Every outsourcing choice involves an analysis of the aim from both a tactical and a strategic vantage point. Tactical choices focus on how well an organisation can accomplish its strategic goals, such as cutting manufacturing costs, increasing operational flexibility, boosting efficiency, and bolstering product and service quality. On the other side, outsourcing often has the strategic goal of honing core capabilities, which makes it harder for new entrants to break in (Pomegbe et al., 2019).

Accounting services outsourcing in the hospitality industry

Despite the established necessity of accounting services for conducting activities in almost all industries, not all firms have the skilled personnel who have the competencies and knowledge to perform the accounting function adequately and efficiently (Bagieńska, 2016). An underlying factor may be the economic inefficiency of firms in establishing such offices in their organizations. Lamminmaki (2008), collecting interview and survey data on the antecedents and nature of accounting systems used in outsourcing decision-making in hotels, identified strategic plans, hotel quality, and performance as factors that affect the degree of accounting sophistication in hotel outsourcing.

Firm performance in the hospitality industry

The concept of firm performance in the hospitality industry is seen as a subset of operational effectiveness bordering on both financial and operational outcomes (Selvam, Gayathri, Vasanth, Lingaraja, & Marxiaoli, 2016). In the hospitality industry, firm performance measurement is said to be the quantification of actions that lead to performance (Ivankovič, Jankovič, &

Peršič, 2010). Studies have revealed that measuring firm performance enables management to make well informed decisions considering the special characteristics of the hospitality industry. By equating success with goal achievement, Critical Success Factors (CSFs) necessary for the attainment of goals may be certified as CSFs and key performance indicators (KPIs).

Several studies handled the concept with different indicators. Selvam et al. (2016) broadly grouped indicators of firm performance into two categories: financial performance (profitability performance, growth performance, and market value performance) and strategic performance (employee satisfaction, customer satisfaction, environmental performance, social performance, and corporate governance performance). Most studies largely use financial performance, specifically accounting profitability measures, as firm performance indicators, while others use customer satisfaction, growth, market value performance, among others as outcomes of firm performance. Lahiri (2016) noted that firm performance could either be hard-direct measure (profit margin, sales, return on assets (ROA), return on investment (ROI)) or a soft-indirect (product and process innovation, performance rating by customers, incremental innovation) or a mixture of both (organizational quality, employee welfare, financial performance).

This study measures firm performance in financial terms as classified by Selvam et al. (2016) by assessing profitability, market share, returns and revenue of the facility. These measures were used due to the nature of the operations carried out by hospitality facilities in the course of doing business. It was important to know their profitability and market success as these measures are a reflection of their customer satisfaction, employee satisfaction and other

strategic operations carried out by the firm. The specific indicators are: our firm makes significant profits consistently each year; our facility makes remarkable returns on investments; there is a consistent growth in our facility's share of the market; there is an increase in company assets consistently and there is a consistent growth in sales.

Empirical Review

This section presents a review of prior literature relevant to the current study to identify contrasting and corroborating views to serve as empirical evidence for the study.

Management perception of accounting services relevance

Referencing the social perception theory, Dobroszek et al. (2019) define management perception as a managerial understanding of the relevance of accounting services to the operations of the hospitality industry. It relates to the varying importance of accounting services that management is aware of and to the knowledge base of management in the hospitality industry. Dobroszek et al. (2019) further argue that management perception of the relevance of accounting services will depend on their knowledge, the extent of their influence on firm decisions, interpersonal conditioning, and their individual education and experience.

Management perception of management accounting information systems translates into its value and how they are used (Sadik, Puskak, & Beganovic, 2016). Strictly speaking, whether or not management appreciates an accounting service or information is highly dependent on the ability of such information or an accounting service to meet management expectations. Dobroszek et al. (2019) further submit that the economies of specific countries

and the state of accounting practice development may all affect management perception of the benefits associated with the use of accounting services.

At a basic level, accounting information is expected to meet some basic characteristics, as specified by the International Accounting Standard Board, to qualify as useful for decision-making. The Conceptual Framework (2010) suggests that useful accounting information must be relevant and faithfully represent what it purports to represent. Such usefulness is enhanced when the financial information is comparable, timely, understandable, and verifiable. Accounting information is said to be relevant when it can make a difference in decision-making which can influence management perception of it (Buys & Schutte, 2011).

Determinants of accounting services outsourcing

Everaert et al. (2007) attempted to examine sourcing strategies for accounting services and concluded that the desire for external expertise is the central reason for the prevalence of accounting services outsourcing. Using about 1200 Belgian SME managers, the study observed that about 53% preferred to combine the outsourcing of some accounting functions with performing some others in-house. A further 35% and 12% of the managers employed absolute insourcing and total outsourcing, respectively. Surprisingly, Everaert et al. (2007) suggest that, among Belgian SMEs cost reduction is not the main reason for outsourcing, though several other surveys and research works gave some weight to the reduction of costs as a major determinant of outsourcing.

Hafeez (2013) adopted a convenience sampling technique to investigate the determinants of management accounting outsourcing practices among

SMEs in Pakistan. The results of the survey revealed that factors such as asset specificity, behavioural uncertainty, frequency of non-routine and routine tasks, competition, opportunism, trust in the accountant, and environmental uncertainty had statistically significant impacts on management accounting outsourcing. The study by Yang et al. (2018) carried out on management and supervisory level employees in China revealed that hotels outsource to enjoy financial efficiency because the expertise and capabilities of an external professional accountant exhibit lower operational costs, increasing cost efficiency. The study further revealed that the quality of the outsourced service as relevant to the decision to outsource.

Asset specificity

According to the TCE theory asset specificity is one of the major determinants of the intention to outsource the accounting function (Everaert et al., 2010). Asset specificity may be defined as the skills, knowledge, competence, and capabilities of the accounting function (Hafeez, 2013). A review by Lamminmaki (2008) classified asset specificity as the extent of importance of an asset, either physical (machinery and equipment) or human assets (skills, knowledge, and experience of human capital), in obtaining and sustaining competitive advantage by appropriately allocating assets to specific transactions.

Kuada and Hinson (2015) described asset specificity as the limitation in the transferability of a given asset. This implies that, assets that have been allocated to specific transactions are sunk costs with little or no value outside the confines of a specific transaction. Furthermore, such transactions are connoted by high investments, specific to the exchange relationship (Raman et

al., 2009). From a TCE perspective, firms are more likely to perform transactions in-house where assets are more specific to the transaction (Adeniji, 2021). This is because such specified assets have high transaction costs, and thus, as assets become more specific to transactions, firms are more likely to internalize the accounting function. Conversely, non-specific assets have low transaction costs which encourage outsourcing functions to external providers.

Services such as accounting services are usually more people-intensive than capital-intensive, and as such, investments in the training of staff may be classified as a valuable asset to the company (Kuada & Hinson, 2015). Additional value is also derived from assets like company-specific software, professional skills of staff and sometimes specialized knowledge of the specific characteristics of the company (Kotabe & Mol, 2009; Kotabe & Murray, 2018; Krell, 2006). As accounting services become more specialized due to high investments, asset specificity increases, making the transfer of these functions to external providers more costly and risky for the firm (Kotabe & Murray, 2018; Raman et al., 2009). Based on the direction of the empirical literature, the study hypothesizes that:

H₁: Asset specificity has a significant negative effect on accounting services outsourcing.

Cost implications

Cost reduction may be referred to as a means of cutting down costs associated with a function or the overall business (Gilley et al., 2004). Thus, firms will usually engage in outsourcing ventures that will reduce their costs. This becomes evident when the cost of engaging in any function in-house is higher than contracting to external providers (Everaert et al., 2007). As an

important driver in the decision to outsource, several reasons are likely to account for the expected cost reduction (Lacity & Willcocks, 1998). Barrar et al. (2002) suggest that accounting services demanded in-house are likely to be too low yet requiring large capital, thus reducing the probability of having a cost-efficient service. However, external providers are in the right position to purchase resources to be allocated to several customers.

Edvardsson and Teitsdóttir (2015) points out that costs such as labour costs, raw materials, capital expenditure, transport, etc. incurred as a result of in-house provision of the accounting service are likely to be reduced if the service is purchased from an external service provider. For other firms, the strategy might be to reduce indirect costs by reducing staff and applying stricter controls; thus, such firms are likely to outsource for such a motive (Lacity & Willcocks, 1998). However, estimation of transaction costs is not limited to obtaining services, but also extends to the cost of staff supervision, contract management, performance monitoring, and other hidden costs (redundancy costs, outsourcing implementation transition phase) (Giertl, Potkany, & Gejdos, 2015). Barrar et al. (2002) build on the concept by emphasizing that cost-efficient solutions are provided by service providers because internal demand for a service is low. As a result, outsourcing provides an alternative at a reduced cost. Thus, the direction of the literature reviewed above led to the formulation of the hypothesis that:

H₂: Cost implications have a positive and significant effect on accounting services outsourcing.

Service quality

The Nordic school of thought suggests a customer-based approach to conceptualizing service quality. Walker, Fleischmann, and Johnson (2012) define service quality in terms of functional and technical quality, where the product and service are seen as inseparable. However, the American school of thought defined service quality in terms of responsiveness, reliability, assurance, and empathy (Cronin & Taylor, 1992). According to Isaksson and Lantz (2015), client satisfaction as a result of high service quality is increasingly becoming an essential aspect of professional services, especially in the area of advisory and accounting services. A study by Bagieńska (2016) observed that service quality is an important factor if business owners engage with their accountants frequently emphasizing the importance of accounting services cannot be underestimated.

Relying on the works of Cronin and Taylor (1992), service quality may be measured by attitude, credibility, assurance, reliability, and professional skills. The current study will thus conceptualize service quality as an opinion formed by hospitality firms regarding services delivered that is measured as the difference between management's expectations and the perceived performance of the service providers in the execution of their duties (Oosthuizen, 2018). In order to bridge the gap between expectation and performance, accounting service providers are to appropriately manage this gap to increase the perceived quality of the services they have provided, as they offer value for money.

An evaluation of the operational effectiveness of service providers towards clients may refer to the quality of service rendered (Mazza, Azzali, & Fornaciari, 2014). Literature has it that belief in the competencies and skills of

an external service provider may reinforce the decision to outsource or not outsource (Ahmed, 2018; Cahyaningtyas & Ningtyas, 2020; Hafeez, 2013). Thus, the effect of outsourcing the accounting service is the belief that the service provided by the accountant to the firm will be of very high quality and will aid them in decision-making compared to if they performed the service in-house. The study thus formulates the hypothesis that:

H₃: Service quality has a positive and significant effect on accounting services outsourcing.

Resources

Kamyabi and Devi (2011a) define resources as a collection of assets that provide competitive advantages when appropriately harnessed. Proponents of the Resource Based Theory state that firms need a collection of resources to create several services that promote firm growth (Bullock, 2018). Unrivalled firm performance is only achieved with effective utilization of superior resources (Munjal et al., 2019). The modern perspective of RBV suggests that firms do not necessarily have to own resources since the effect on performance is weighed by the services these resources provide and not the mere ownership of such resources (Awe et al., 2018). And thus, outsourcing enables firms to access specialized services from expert vendors while firms simultaneously focus on their core competencies and activities and enhance them to improve firm performance (Quinn, 1999).

Usually, resource deficiency is more prevalent in smaller firms than in large firms. Outsourcing of services thus provides small firms access to specialized skills and other professional knowledge (Bagieńska, 2016). Thus, outsourcing helps reduce resource inadequacy and subsequently yield positive

marginal effects on the performance of firms and appropriately adjust to the rapidly changing environment (Munjal et al., 2019). The direction of the literature above leads to the formulation of the fourth hypothesis of the study, which states that:

H4: Resources have a positive significant effect on accounting services outsourcing.

Adoption of IFRS

Ghana as a nation has adopted the International Financial Reporting Standards (IFRS) for businesses in 2007 (Buys & Schutte, 2011). The International Financial Reporting Standards are a set of rules and guidelines that companies can use for the preparation of financial statements (Diepiriye, 2018). To enhance the comparability of accounting information, the IFRS was developed as a uniform accounting standard. IFRS for SMEs is primarily to help firms to properly adhere to accounting requirements through a well-developed high-quality global standard.

The use of IFRS for SMEs demands a level of financial reporting requirements that translates into meeting statutory requirements by agencies such as the Ghana Revenue Authority. Thus, firms are compelled to maintain a level of good quality financial reports in accordance with IFRS for SMEs. The need to prepare financial statements in accordance with IFRS for SMEs creates the issue of outsourcing external qualified personnel to undertake the financial statement preparation and, in some cases, audited financial statements. Lack of qualified personnel to perform the function in-house thus invokes the need to implore the services of an external provider to help meet statutory requirements to avoid statutory sanctions.

According to Adeyemi, Udofia and Obah (2015), the International Accounting Standards Board (IASB) is applicable to entities without public accountability as well as firms that provide external users with general purpose financial statements. Such external users may include the Ghana Revenue Authority, owners that are not directly involved in the management of the organization, etc. The proper use of IFRS for SMEs enhances the quality of financial reports and boosts confidence in the financial statements provided by firms. High financial statement quality attracts investors and other fund providers to the business. For this reason, hospitality facilities that lack appropriate personnel with the requisite IFRS knowledge and skill to prepare financial statements in accordance with IFRS requirements may resort to outsourcing the function. The study, based on the direction of literature above, thus hypothesizes that:

H₅: Adoption of IFRS has a positive significant effect on accounting services outsourcing.

Effect of accounting services outsourcing on firm performance in the hospitality industry

Research has it that a major reason for outsourcing in most firms is the desire for efficiency in their operations (Munjal et al., 2019). Several authors point out that the decision to outsource will largely depend on the inadequacy of resources available to the firm as well as the scale of production of such activities. Pati, Hashai, and Zahra (2018) provide a logic that suggests that varying levels of outsourcing effects on firm performance may be experienced at different levels of outsourcing. It can therefore be argued that lower levels of accounting services outsourcing yield limited benefits to outsourcing firms,

whereas higher levels of accounting services outsourcing produces higher benefits (Pati et al., 2018).

Evaluating the impact of outsourcing on procurement performance, Prempeh and Nsiah-Asare (2017) employed stratified and purposive sampling technique which revealed licensing agreements, comprehensive outsourcing, selective outsourcing and contracting as the major determinants of procurement performance. Awe et al. (2018), in a meta-analysis of outsourcing practices in 24 articles, examined the relationship between outsourcing practices and firm performance and concluded that outsourcing generally enhances firm performance. However, an analysis of individual outsourced functions revealed that only IT outsourcing had a significant impact on firm performance due to the low costs of IT outsourcing implementation.

On the contrary, Agburu, Anza, and Iyortsuun (2017) indicate that outsourcing accounting services, such as tax processing and financial reporting, has no significant effect on the performance of SMEs. Combining both primary and secondary data, the authors established a statistically significant correlation between outsourcing, back-office activities, primary activities, support activities, and profitability of SMEs but found no causal relationships. In a study to explore the outsourcing strategies of SMEs in the manufacturing sector in Sweden and their effect on financial performance, Isaksson and Lantz (2015) also found that no significant relationship exists between financial performance (in terms of return on investment (ROI) and return on equity (ROE) and outsourcing of accounting services. These works were however carried out in countries who's economic and business environments are somewhat different from those of Ghana.

Critiquing the work of Isaksson and Lantz (2015), Agburu et al. (2017) point out that the focus of the study was primarily on SMEs financial measurements based on indicators such as ROI and ROE with nothing said on firm profitability. To examine outsourcing as a strategic tool for organisational performance, Rajee and Akinlabi (2013) used annual report data from 2000-2010 from a sample of fifteen (15) companies in the Nigerian food and beverage industry and got evidence that high levels of outsourcing lead to higher organisational growth and that outsourcing enhances a firm's performance as well as its competitive advantage and financial economies. This research was carried out in an equally developing country and in a similar industry as the current research. However, this research considered outsourcing broadly and does not necessarily specify the effect of accounting services outsourcing and thus can only serve as a background for the current study.

Hafeez (2013) adopted a convenience sampling technique to carry out a survey of 302 SMEs that examined the effects of management accounting outsourcing and firm performance and provided empirical support that accounting services outsourcing has a positive and significant correlation with firm performance. Owners and managers of Pakistani SMEs were of the view that outsourced accountants tend to be more skilled and knowledgeable in the execution of their duties than the internal accountant. This research was limited to Pakistanis and considering the differences in economic circumstances, the study may only fit as a precedent for the current study.

Shirzadeh, Heydariyeh, and Hemmati (2014) provide empirical evidence on the effect of outsourcing on cost reduction. Using the tile industry as a case study, the authors established meaningful relationships between

human capital, outsourcing, and cost reduction. They conclude that a one percent increase in outsourcing could lead to a -0.247 percent reduction in cost through variables such as inventory, time and human capital. Pati et al. (2018) examined the correlation between outsourcing and firm performance and provided empirical support suggesting that outsourcing at moderate levels increases net benefits that improve firm performance. A study by Oosthuizen (2018) analysed the benefits small business owners enjoy by virtue of their relationship with small accounting practitioners and conclude that frequently sourcing routine accounting services, business advisory services and tax-related services earns the firm higher levels of compliance and management benefits in comparison with services related to annual financial statements.

To assess the implications of outsourcing on the firm performance of hotels in the Ahafo and Bono Regions of Ghana, Sarkodie and Ntim (2020) adopted the quantitative method to purposively and randomly sample forty (40) managerial staff. The results of the study revealed that outsourcing increases profits and productivity, encourages innovation, and allows the hotel to focus on core areas while providing faster and higher-quality services to consumer. All these helps in maintaining competitiveness in the market. The study further revealed inherent challenges despite the evident advantages. They indicate that, by outsourcing hotels exposes itself to operational risks and that the continuity of the outsourced service may be disrupted, which also affects in-house knowledge and expertise retention as well as the continuity of skill supply.

Guided by the transaction cost theory, Zhang et al. (2018) collected data from 240 management- and supervisory-level China-based hotel employees to empirically investigate factors affecting non-financial and financial

performance in hotel outsourcing activities in China. The results from the data analysis supported previous empirical propositions that the outsourced supplier's specialisation and cost reduction largely affect overall firm efficiency and a hotel's long-term commitment to outsourcing. Sani and Rusdi (2018) assert that past outsourcing performance influences a subsequent outsourcing contract. They add that a good service level that provides better services at a lower cost than performing the function in-house may be experienced with outsourcing where the supplier's capabilities and performance are top-notch.

In a study carried out among 1,386 private Finnish firms that had financial statements readily available from 2010–2013, Sundvik and Höglund (2019) examined the effect of outsourcing accounting tasks on the quality financial reporting. The study shows that firms that outsource accounting services produce relatively higher-quality financial reports in comparison with firms that perform the accounting function in-house. The authors reason that external accountants were more likely to be abreast of current accounting standards and trends in comparison with in-house personnel thus resulting in higher financial reporting quality.

Yeboah (2013) study aimed to determine whether there was a correlation between outsourcing and performance in the service industries. Fifty businesses from Ghana's banking and insurance industries made up the study's population. Purposive sampling was used to choose the participants for this study. There was no statistically significant link found between outsourcing and organisational productivity, although there were substantial links found between outsourcing and both quality and competitive advantage. The findings on this study are mixed though mostly positive. It shows that outsourcing in

general is good for the firm but the effect on performance is not quite completely significant.

Pomegbe et al. (2019) research analysed how outsourcing performance affected overall business performance and how monitoring had a moderating effect in this relationship. Their study sampled seventy-seven (77) operations administrators of banks in the Ashanti region. The findings show that the success of outsourcing has a major impact on the overall performance of banks. Overall, the banking sector was found to benefit from outsourcing. This study though conducted in another industry different from the hospitality industry, it is able to prove the significance of outsourcing for firm performance.

The focus of Nyameboame and Haddud (2017) research was on locally owned oil and gas businesses in Ghana, and its goal was to identify major outsourced services and investigate how they affected the companies' overall performance. The research also looked at the benefits and drawbacks of using outsourcing tactics. According to the research, transportation services, IT consulting and business consulting services, provisioning and administration of system infrastructure, and logistics services are the most often outsourced activities in the oil and gas industry. Reasons for outsourcing include saving on operational costs, putting more resources towards the company's core competencies, improving service quality, gaining access to cutting-edge tools and information, and streamlining processes. It was found that outsourcing was crucial to improving an oil and gas company's performance; nevertheless, it has some potential drawbacks as well, including inefficient management and the loss of inventive ability.

Ahmed (2020) argues that the effectiveness of outsourcing relationships to enhance performance is associated with a governance mechanism that is structured around a well-written contract, KPIs, and incentive systems, setting goals, knowledge sharing, and cooperation between the outsourcing firm and the vendor. By interviewing the administration, finance, accounting, operations, and maintenance staff of SIGMA, a technologically advanced oil refinery, who are directly involved in outsourcing decisions and contract operations, the author reveals that a proper management and evaluation system using a financial incentive scheme provides motivation to the outsource service provider, which helps deliver operational cost savings. In line with the direction of the literature reviewed, the study hypothesizes that:

H₆: Accounting services outsourcing has a positive and significant influence on firm performance of the hospitality industry in the Central Region of Ghana.

Conceptual Framework

The framework presented in Figure 1 provides a visual representation of the various relationships at play in this research.

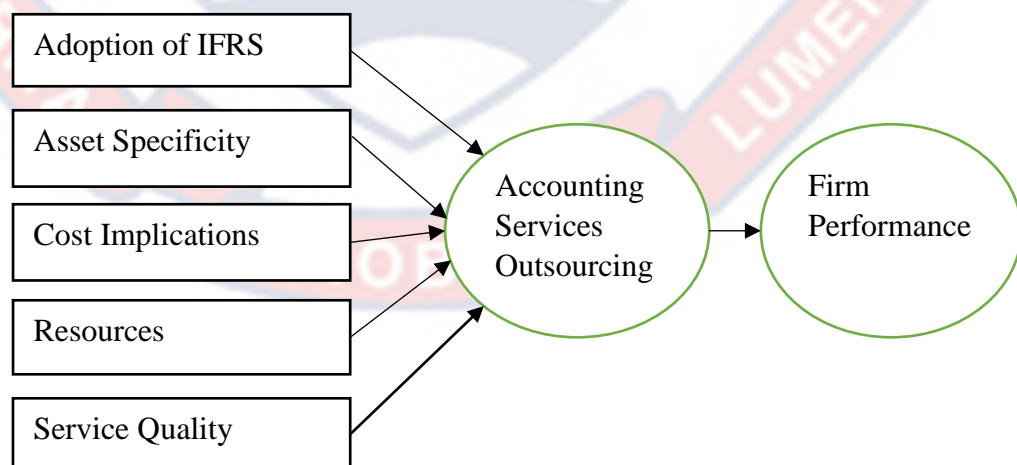


Figure 1: Conceptual Framework

Source: Author's construct (2022)

The framework in Figure 1 shows the conceptual frame work for objective two and objective four. It indicates the interplay of the independent variables: asset specificity, cost reduction, service quality, resources, IFRS for SMEs, and the two dependent variables accounting services outsourcing and firm performance. The factors that determine accounting services outsourcing were analysed. Afterwards, the effect of these outsourced accounting services on firm performance was examined to find out whether outsourcing accounting services influences firm performance.

Chapter Summary

This section discussed the research's theoretical foundations and explored the relevant literature. The hypotheses at the study's foundation were extensively addressed. This research presented a conceptual framework as well as theoretical, conceptual, and empirical reviews. In the next chapter, we will discuss the study's methodology in more depth, including the specific methods, approaches, and techniques that were used.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter presents the research philosophy, methods, and techniques utilized in for gathering information on the issues being researched. This section specifically examines the philosophical stance of the study, the study design adopted, the target population, the sample and sampling technique, sample size, and the data gathering procedures. It further discusses data processing and analysis of the data collected.

Research Philosophy

Since Kuhn (1962) wrote “The Structure of Scientific Revolutions”, the concept of a paradigm as a "framework which brings structure to our whole approach to being in the world has become commonplace" (Kankam, 2019). According to Kuhn (1962), a paradigm is a coherent set of ideas, variables, and situations that are assigned to consistent methodological strategies. Paradigms in research may be thought of as the "lens" through which a researcher views reality (Kankam, 2019). According to Kankam, there are four main paradigms through which researchers view reality. These are positivism, post-positivism, interpretivism and pragmatism.

As a philosophical position, positivism may be traced back to the work of natural scientists who focus on empirical evidence from inside society to draw broad conclusions (Alharahsheh & Pius, 2020). Positivism relies on the hypotheticodeductive approach to verify a priori hypotheses that are frequently stated quantitatively and where functional links between causal and explanatory factors and outcomes can be deduced (Park, Konge & Artino, 2020). However,

according to Park et al. (2020), quantitative methods are not always utilised in positivist research. According to Park et al. (2020), interpretivism, people cannot be investigated in the same manner as physical facts since they generate additional layers of meaning, the theory focuses on contextual elements and circumstances. Research in the social sciences thus has to be differentiated from research in the natural sciences.

According to the pragmatist epistemological tenet, research might avoid metaphysical disputes about the nature of truth and reality and instead concentrate on 'practical understandings' of specific, real-world problems (Kelly & Cordeiro, 2020). All knowledge, pragmatists believe, is a social construction, although certain social creations are more in line with individual experience than others (Kaushik & Walsh, 2019). According to Panhwar, Ansari and Shah (2017), post-positivism is a pluralistic paradigm which balances between positivism and interpretivism. This paradigm rejects the notion that absolute truth exists in reality unlike positivism. In this study, post-positivism will be adopted.

Post-positivism is a balance between objectivism and subjectivism as it allows the combination of two or more methods in the bid to investigate a particular phenomenon. It suggests that an objective truth is being measured using unobjective methods. It is a paradigm that seeks to make conclusions on a particular situation without hewing on the principles of absolute truth/objectivity (positivism) or falsity (interpretivism) to test hypothesis (Phillips & Burbules, 2000). This methods grants the researcher freedom to explore different methods in order to make appropriate conclusions for a research.

Thus post-positivism is a critical realism paradigm that believes that humans cannot perceive perfect causes of reality with their imperfect intellectual abilities. This study employs post-positivism as it gives the researcher the opportunity for the research to be conducted in a natural setting coupled with the use of multiple methodologies to provide less biased and more objective conclusions (Kock, Gallivan & Deluca, 2008; Phillips & Burbules, 2000). This paradigm was also used as a result of its encouragement of investigations from different perspectives and contexts (Panhwar et al., 2017).

Research Approach

Prior studies reveal two main approaches, qualitative and quantitative (Creswell, 2003; Park, Konge & Artino, 2020; Saunders, Lewis, & Thornhill, 2019). Aspers and Corte (2019) define qualitative research as a methodical procedure in which a deeper and more nuanced knowledge of the topic under study is gained via the identification of new and important differences. According to Nassaji (2020), it places more emphasis on the development processes or patterns than on the research's final result, and hence it is contextualised and conceptual in nature. Quantitative research seeks to establish laws using objective empirical data to predict, control, or explain events or happenings. The quantitative approach is adopted for the study, considering the research questions to be investigated. It is suggested that the quantitative design be used when there's prior knowledge about the phenomenon to be studied (Neuman, 2011). This research method emphasises variable measurement, thus separating the social world into variables (Rahman, 2017). It offers answers to questions that focus on quantifying regularities in happenings in human lives and finding the extent of diversity and variations (Creswell, 2003).

In this study, the quantitative research approach was utilized for data collection, processing and analysis. This approach was used because it allows findings to be patterned and generalized to a whole population as it is usually highly representative (Rahman, 2017). It was also used due to the diverse statistical tests it has for the objective analysis of data. This approach allowed the researcher to objectively draw conclusions based on patterns observed in the results which are empirically verifiable. A disadvantage of this approach, however, is that the feelings and motivations of respondents are usually ignored as respondents are usually compelled to choose from a sample of predetermined responses thus limiting the conclusions to be obtained. Overall, it was an excellent choice for this research as a result of its objectivity, replicability and generalizability.

Research Design

The research questions under consideration direct the choice of research design. The descriptive nature of the investigations to be carried out in the study will require that a descriptive cross-sectional design under a quantitative approach be adopted. In a descriptive study, researchers are able to use several methods to examine a single or multiple variables. This was chosen to help analyse the attitudes, expectations, and habits of managers and owners of hospitality facilities in accounting outsourcing. This study used a descriptive research strategy to test the study's hypotheses and draw conclusions about the relationships that exist among the study's variables. Descriptive research design was used as the sought to provide an accurate yet coherent description of the accounting services outsourcing phenomenon. In addition, a descriptive design

was be adopted since it will not impact the research biasedly, thus ensuring the objectivity of the research.

Through a cross-sectional descriptive research design, accounting services outsourcing practices were examined using structural equation modelling (SEM) in order to emphasize the objectivity of the statistical and computational analysis of data with the help of computational techniques.

Study Area

The Central Region of Ghana is a major centre for tourism and the prevalence of tourist sites. These sites include the Kakum National Park, the Elmina and Cape Coast Castles, Fort Amsterdam, and Hans Cottage Hotel, among others. These tourist sites are of historical significance to the country, all of which have made the hospitality industry thrive. The expansion of businesses in other sectors within the region also contributes to the growth of the hospitality industry (Khan, Hassan, Fahad & Naushad, 2020). New hospitality facilities are continuously entering the market while existing ones push for expansion to absorb the increasing demand across the region (Peterson, 2020). Thus, a study to explore accounting services outsourcing as a component in the operations of the industry is highly significant. This is so because the increasing expansion and quality demands in a typical hospitality facility may require great attention and focus of core competencies, leaving such accounting services to be outsourced

Population

The population of this study comprises owners, managers, or supervisors from the hospitality industry in the Central Region of Ghana. The study specifically targeted parties in restaurants, star-rated hotels, guest houses, and budget rated accommodation facilities in the hospitality industry who were at managerial positions and could influence the make or buy decision of accounting services. A sample was drawn from an unknown population of owners, managers and supervisors in hospitality facilities in the Central Region of Ghana. The Ghana Tourism Authority (GTA) directory was consulted, to provide a number of registered and licensed hospitality facilities in the Central Region with their addresses, names, and telephone numbers as of 2020, with details in Table 1:

Table 1: Registered and licensed hospitality facilities in the Central Region, Ghana

Districts in Central Region	GTA Hospitality Licensed Facilities Category			
	Guest House & Budget Hotel	Star-Rated Hotel	Restaurants	Total
Cape Coast	59	16	3	78
Elmina	16	8	0	24
Anomabo	3	3	0	6
Biriwa	2	0	0	2
Mankessim	10	1	0	11
Abura Dunkwa	4	0	0	4
Twifo Praso	7	0	0	7
Assin Fosu	10	1	0	11
Winneba	14	6	4	24
Agona Swedru	19	4	0	23
Kasoa	66	3	0	69
	210	42	7	259

Source: GTA Directory (2022)

Sampling Procedure

Sampling provides a representation of the entire target population from a relatively smaller number of units of the target population (Creswell, 2003). Creswell (2003) suggests that, through sampling, the researcher can study a relatively small unit size to obtain a representation of the target population instead of using the entire target population. Sampling procedures are broadly categorized into probability and non-probability procedures (Saunders, Lewis, & Thornhill, 2007). Probability sampling techniques provides equal chance of selection for all cases where as the possibility of being selected for all cases is not known in the non-probability sampling.

Hair, Sarstedt, Hopkins, and Kuppelwieser (2014) posit that the PLS-SEM necessitates researchers to concentrate on the sample size as opposed to the background data characteristics. Referencing the “10-times rule” proposed for PLS-SEM analysis by Hair, Ringle, and Sarstedt (2011), the minimum sample size for the study was 100. This was based on the rule that suggests that the sample size should be at least greater than 10 times the largest number of formative indicators used to measure a single construct. However, Hair, Hult, Ringle, and Sarstedt (2021) suggest that researchers can also rely on Cohen's (1992) more elaborate directives for multiple ordinary least squares regression analysis.

The highest number of indicators pointing at a single construct was seven for this analysis. Thus, the 10-times rule provides $7 * 10 = 70$ as the minimum number of observations necessary to calculate the PLS path model. Hair et al. (2021) emphasized that researchers should pay attention to sample size considerations when using PLS-SEM through power analysis. To satisfy

this criteria, Cohen (1992) provided a minimum sample size determination table for PLS-SEM to fulfil assumptions such as maximum number of independent variables in the structural model at 1%, 5%, and 10% significance levels to obtain a 80% statistical power of necessary to detect R^2 values of at 0.10, 0.25, 0.50, and 0.75. Thus, Cohen's (1992) recommendations provides an alternative sample size of at least 45 observations needed to obtain an 80% statistical power to detect a coefficient of determination (R^2) values of around 0.25 at a significance level of 5%. The 106-sample size used adequately meets the minimum sample size for PLS-SEM analysis.

To select respondents from the sampling frame to participate in the study, the non-probability sampling procedure (purposive sampling) was used. The practical complications associated with probability sampling implored the use of a non-probability sampling method to collect the data. Purposive sampling helps identify study participants who have appreciable knowledge about the phenomenon under review. The study purposively selected owners, managers, and supervisors in licensed hospitality facilities in the Central Region. These usually make strategic decisions in the organisation and thus will have in-depth knowledge of issues affecting the decision to outsource accounting services and its effect on firm performance.

Data Collection Instrument

The study relied on primary data. Structured questionnaires were administered to respondents to collect data considering the purpose of the research. The use of structured questionnaires helped provide a more standardized data for analysis. As a quantitative data collection tool, participants were required to answer the same set of questions in a predetermined order

(Saunders, Lewis, & Thornhill, 2007). The questionnaire was designed with short questions to enhance a maximum rate of response and meet the large amount of relevant data needed for the study.

To achieve the purpose of the study, the questionnaire was structured into seven (7) sections with Sections A and B soliciting information on socio-demographic characteristics such as gender, position (owner, manager, owner-manager, supervisors, other), and educational qualification; class of establishment (hotel, guest house, chalet, motel, restaurant); number of engaged employees, the legal form of business (sole proprietorships, companies, partnerships); years of operation and revenue size. The remaining five sections of the questionnaire elicited information on the four objectives of the study.

A five-point Likert scale was used in the design of the remaining five sections for data collection with 1 representing least agreement and 5 representing strong agreement. The purpose of the study prompted the choice of scale. Each of these sections had at least three (3) items which aided in obtaining relevant data from participants for analysis.

Measurement of Variables

Table 2 depicts how variables were operationalised for the study. While some measurements were obtained from previous research, others were obtained from subjective sources,

Table 2: Measurement of Variables

Variable	Measurement	Source
Assets	Difficulty in providing accounting services without additional 'asset specific' training.	Hafeez, (2013)
	Insufficient in-house technological know-how.	Kamyabi & Devi, (2011)
Cost	Lack of required resources to deliver their accounting services internally.	Kamyabi & Devi, (2011); Bagienska, (2016)
	Operational Cost reduction Cost of switching to an external accountant at year end	
Implications	Reduced Staff cost when outsourced	Bagienska, (2016)
	Outsourcing transfers fixed costs to variable costs	
Service Quality	Improved financial reporting quality.	Cronin & Taylor (1992)
	Reliable accounting services for decision making	
Resources	Quality of financial statements.	Kamyabi & Devi, (2011); Bagienska, (2016)
	Adaptation to environmental uncertainties and sustained profitability	
Adoption of IFRS	Resource availability.	New Measurement
	Lack of in-house expertise.	
Adoption of IFRS	Access to vendor expertise and competencies	New Measurement
	Increased transparency which attracts foreign investors.	
Adoption of IFRS	The Ghana Revenue Authority tax filling requirement	New Measurement
	IFRS adoption to reduce the effect of poor corporate governance systems	
Adoption of IFRS	IFRS regulatory conformity and compliance	Hafeez, (2013)
	Bookkeeping	
Adoption of IFRS	Banking	Hafeez, (2013)

Table 2: Cont.

	Internal Audit	
	Business Advisory	
	Accounts Receivables	
	Inventory Management	
	End of year final accounts preparation	
Accounting	Account Payables	
Services	Payroll Management	
Outsourcing	Financial Projections and Budgeting	
	Product Costing	
	Management Report Preparation	
	Taxation	
	External Audit	
	Corporate Secretarial Services	
	Consistent significant profits	Hafeez
	Returns on investments	(2013)
Firm	There is a consistent growth in our facility's	
Performance	share of the market	
	There is an increase in company assets	
	consistently	
	There's a consistent growth in sales	
	Outsourcing promises valuable opportunities	Sultan &
	but inappropriate management and control of	Khurram
	outsourcing contract will increase costs.	(2019)
Challenges of	External accountants may alter the facts to get	
Accounting	what they need.	
Services	Outsourcing transfers control to third-party	
Outsourcing	vendors	
	Lack of reliable vendor within my business	
	location to offer accounting services.	
	Should outsourcing fail, there's the extra cost	
	of finding a new supplier or bringing the	
	activity in-house	

Source: Author's construct (2022)

Validity and Reliability

Before introducing the data collection tool, the validity and reliability of the instruments were assured. Validity is the degree to which the indicators can be depended upon to measure what they purport to measure (Saunders et al., 2019). The researcher made the questionnaire available for expert scrutiny from a supervisor and peer review to assure its validity in evaluating the objectives of the study. Reliability is the consistency of an item's measurement and the extent to which it can be relied upon. Using Cronbach's alpha and composite reliability, the instrument was tested for reliability. With a Cronbach's alpha higher than 0.70 the results of the analysis from the data collected with this instrument can be relied upon (Kilic, 2016). It is worthy to note that, the values of these tests were displayed in the analysis section of the report on the study.

Data Collection Procedures

Various processes are usually employed by various researchers to gather data for their studies. Web based survey forms by Google, electronic mail, direct delivery and collection as well as telephone questionnaires of the survey strategy are usually employed. For this study, web-based survey using google forms, telephone calls and issuance of questionnaires to respondents were used to solicit first hand data needed for data analysis. These methods and tools are most likely to provide data that will be representative of the target population for the analysis.

To participate in the survey, the respondent had to be an owner, manager, or supervisor of a hospitality facility in the Central Region of Ghana. Existing contacts with the president of the Central Region Hotelier Association provided access to the association's WhatsApp social media platforms. The

google link to the questionnaire was sent to three of these WhatsApp groups, that have a total membership of about 420. Few telephone calls were made to solicit responses as well.

Data Processing and Analysis

Data were collected within 4 weeks by the researcher and three other representatives. With the consent of all participating facilities and participants, data was collected by the use of questionnaires while meeting all possible ethical considerations. The collected data was edited and assigned codes. Results were presented in tables that signify descriptive and inferential statistics of data collected. Data was adequately checked to ensure conformity to the assumptions of normality and non-collinearity.

Validity was ensured and the data was checked to be fit enough (meets goodness-of-fit criteria) for analysis before hypothesis testing was finally performed. The data was analysed using IBM SPSS Statistics version 26 (SPSS v26) and Partial Least Squares Structural Equation Model (PLS-SEM) using the SmartPLS 4.0 software application. Structural equation modelling provides a more robust technique for investigating complex interactions among constructs (Hair et al., 2014).

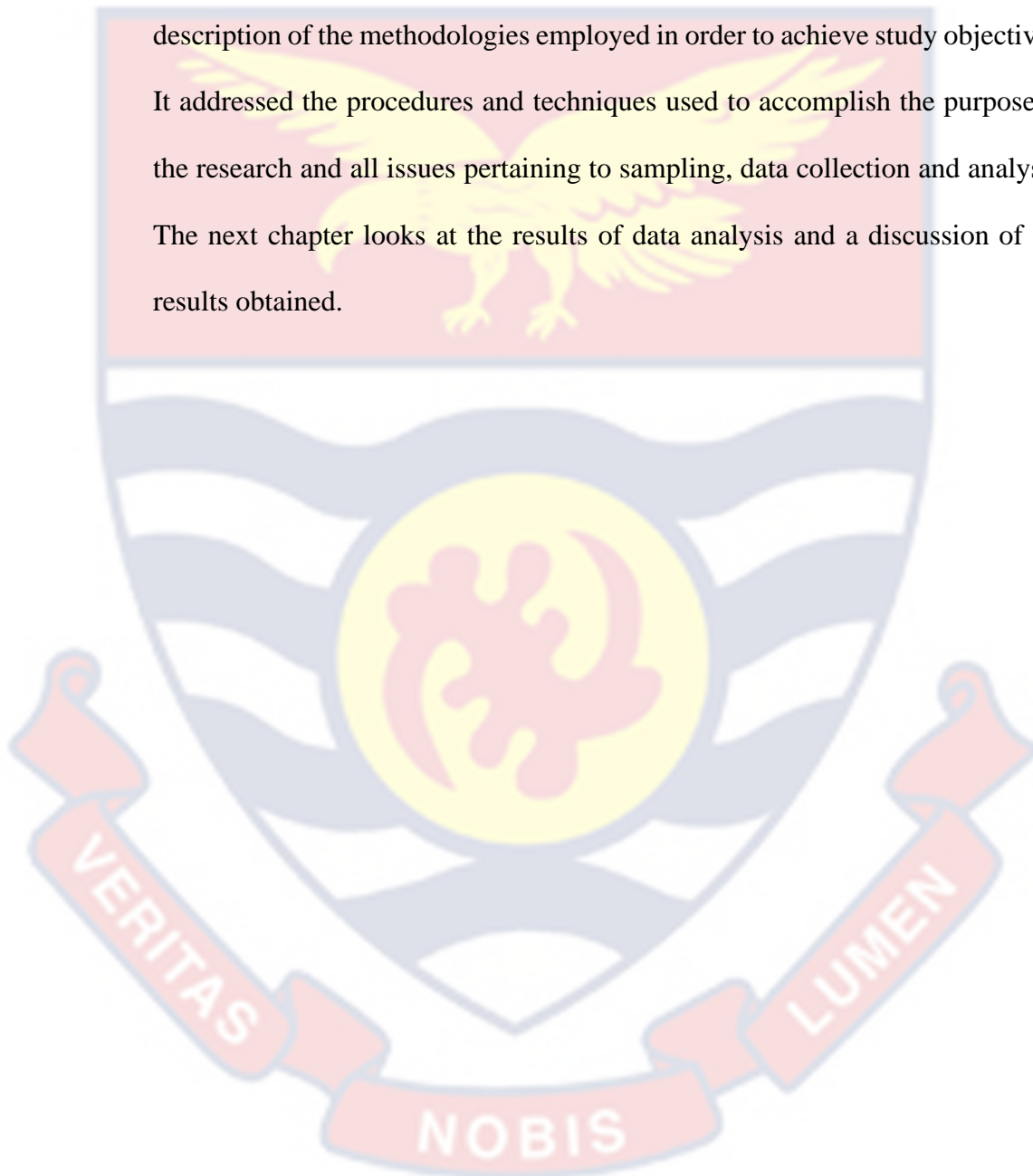
Ethical Considerations

Every study requires that proper attention be given to ethical issues (Patten & Newhart, 2017). Ethical issues considered in obtaining data from respondents include voluntary engagement, anonymity, information security and rights to privacy. The purpose of the study was appropriately explained to respondents and the extent of engagement of respondent in the study were

rightly explained. Respondents were also assured that none of the data they provided would be used for purposes other than this research.

Chapter Summary

The chapter looked at how the study was conducted and gave a detailed description of the methodologies employed in order to achieve study objectives. It addressed the procedures and techniques used to accomplish the purpose of the research and all issues pertaining to sampling, data collection and analysis. The next chapter looks at the results of data analysis and a discussion of the results obtained.



CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

Responses from respondents are analysed in this chapter. The response rate, socio-demographic characteristics of respondents and the businesses, and a detailed assessment of the findings on management perception of the relevance of accounting services, the factors influencing the outsourcing of accounting services, challenges of outsourcing, and the effect of accounting services outsourcing decisions on the performance of firms in the hospitality industry.

Out of 111 responses received from owners, managers, and supervisors in the hospitality industry in Ghana's Central Region, 106 were valid enough to be used for data analysis. This represents a response rate of 95.5%. Five of the received questionnaires were eliminated as a result of duplication of answers and incomplete responses.

Socio-demographic Characteristics of Respondents

Table 3 shows the socio-demographic profile of the respondents. Many of the respondents were male, representing 53.8% (57) of the 106 valid respondents, with 46.2% (49) of the participating respondents being female. In terms of position, the frequency revealed 19 owners of hospitality facilities, 41 managers, 35 supervisors, and 11 respondents serving in other capacities who could influence decision-making. This represents 17.9%, 38.7%, 33.0%, and 10.4%, respectively, indicating that participating respondents are well qualified to influence the decision to outsource accounting functions.

In terms of education, 29 (27.4%) out of the one hundred and six respondents had senior high as their highest level of education, 14 (13.2%) hold higher national diploma certificates, 52 (49.1%) were undergraduate degree holders, and the least number of respondents, 11 (10.4%) of total respondents, had master's degrees in various fields. This indicates an appreciable level of formal education, which could also influence the decision on accounting services outsourcing.

34% (36) of the facilities represented had less than 10 employees, 44.3% (47) had between 10 and 19 people, 5.7% (6) had between 20 and 29 employees, 3.8% (4) had between 30 and 39 employees and 12.3% (13) had above 39 employees. 35.8% (38) of the participating facilities were sole proprietorships, 11.3% (12) were partnerships, 44.3% (47) were limited liability companies, and 8.5% (9) of the contacted facilities were family-owned businesses; this form of business ownership is characterised by transgenerational business succession, family engagement in tactical and strategic decision making, and overlap between family and business operations according to Singh, Sharma, Sharma and Dwivedi (2021). The broad range of business types will bring diversity to the study. In terms of the nature of the hospitality business, 50% (53) of the contacted facilities were guest houses, 27.4% (29) were star-rated, and 21.7% were restaurants. This indicates that most targeted facilities operated as guest houses and budget facilities and thus qualified as small and medium-sized enterprises.

A greater part of the participating facilities had been in operation for more than 16 years (31.1%) 33. 35 (33%) had been in operation for 1 – 5 years, 29 (27.4%) had been in operation for 6 – 10 years with 9 (8.5%) participating

facilities, had been in operation for 11 – 15 years. These businesses have been in operation long enough to provide their thoughts on the relevance of accounting services and the effect of outsourcing them on firm performance.

In terms of revenue size, 47 (44.3%) of the participating facilities accrued less than GHS 20,000.00 in the past fiscal year. Another 45 (42.5%) indicated that their revenue size within the past year had been between GHS 20,001.00 and GHS 2,000,000.00, while 9 (8.5%) of the participating facilities accrued revenue between GHS 2,000,001.00 and GHS 5,000,000.00. The survey also records five (4.7%) facilities had revenue above GHS 5,000,000.00 in the past fiscal year. This shows that most of the participating hospitality facilities fall into the category of small and medium-size enterprises as indicated by the Ghana Revenue Authority. The results in Table 4 further reveal that 74 (69.8%) facilities in the selected sample use the services of an accountant, while the remaining 32 (30.2%) claimed not to have used the services of an accountant in any capacity, providing evidence of an appreciable knowledge of the perceived importance of the accounting function to the operations of the hospitality industry.

Out of the 106 respondents who participated in this study, 53 (50%) indicated that the accounting function responsibility of their facilities is handled by the owner, while 28 (26.4%), 15 (14.2%), and 10 (9.4%) asserted that the accounting function was handled by someone in the business other than the owner, someone other than the owner outside the business, and an accounting firm, respectively. Furthermore, 87 (82.1%) of the participating facilities had ever outsourced one or more of their accounting functions, while 19 (33%) said they had not outsourced any of their facilities' accounting services. 34 (32.1%)

had only engaged in outsourcing in less than 12 months, while 72 (67.9%) had been outsourcing for over 12 months. This provides us with an appreciable number for the purposes of the study.

Table 3: Socio-demographics of Questionnaire Respondents

Variables	Frequency	Per cent
Gender		
Male	57	53.8
Female	49	46.2
Total	106	100.0
Position of respondent		
Owner	19	17.9
Manager	41	38.7
Supervisor	35	33.0
Others	11	10.4
Total	106	100.0
Level of education		
Senior High	29	27.4
Higher National Diploma	14	13.2
Undergraduate Degree	52	49.1
Master's Degree	11	10.4
Total	106	100.0

Source: Field survey (2022)

Table 4: Socio-demographics of Business

Variables	Frequency	Percentage
Number of engaged employees		
Less than 10 employees	36	34.0
10-19 employees	47	44.3
20-29 employees	6	5.7
30-39 employees	4	3.8
Above 39 employees	13	12.3
Total	106	100.0
Legal form of business		
Sole Proprietorship	38	35.8
Partnership	12	11.3
Private limited liability company	47	44.3
Family business	9	8.5
Total	106	100.0
Nature of the hospitality business		
Guest house and budget facility	53	50.0
Star Rated	29	27.4
Restaurant	23	21.7
Others	1	1.0
Total	106	100.0
Years of operation		
1-5 years	35	33.0
6-10 years	29	27.4
11-15 years	9	8.5
16 years and above	33	31.1
Total	106	100.0
Size of revenue for the past year		
Less than GHS 20,000	47	44.3
GHS 20,001-GHS 2,000,000	45	42.5
GHS 2,000,001-GHS 5,000,000	9	8.5
Above GHS 5,000,000	5	4.7
Total	106	100.0

Table 4: Cont.

Use the services of an accountant?		
Yes	74	69.8
No	32	30.2
Total	106	100.0
Accounting function responsibility		
Owner	53	50.0
Someone in the business other than owner	28	26.4
Someone, other than the owner, outside the business	15	14.2
An accounting firm	10	9.4
Total	106	100.0
Outsource any accounting function?		
Yes, or previously yes.	87	82.1
No	19	17.9
Total	106	100.0
Years of outsourcing		
Less than 12 months	34	32.1
More than 12 months	72	67.9
Total	106	100.0

Source: Field survey (2022)

Descriptive Statistics of Constructs

This section explores the variables of the study using means and standard deviation tools for analysis. A mean benchmark ($1.00 - 1.49 = \text{very low}$; $1.50 - 2.49 = \text{low}$; $2.50 - 3.49 = \text{Moderately}$; $3.50 - 4.49 = \text{High}$; $4.50 - 5.00 = \text{very high}$) proposed from previous studies was used to guide the interpretation of the Likert scale (Yidana & Asare, 2021).

Management Perception of Accounting Services Relevance to Operations in the Hospitality Industry in the Central Region of Ghana

This section assessed the extent of the usefulness of accounting services to the operations of hospitality facilities and the perceived relevance of

accounting services in making decisions. By reviewing literature, respondents were asked to indicate their level of agreement with eight statements that measure the perceived relevance of accounting services to operations in the hospitality industry through a five-point Likert scale with (1) strongly disagree and (5) strongly agree. Responses from respondents were presented in Table 5.

Table 5: Management Perception of Accounting Services Relevance

Code	Indicators	Mean	SD	Skewness	Kurtosis
MPA1	The interpretation of financial information helps in making strategic decisions.	3.45	1.251	-0.561	-0.450
MPA2	Aid in performance evaluation	3.34	0.975	-0.543	-0.095
MPA3	Attracts prospective investors and enhances operations	3.58	1.077	-0.737	0.225
MPA4	Tracking cash flow profitability	3.41	1.094	-0.556	-0.170
MPA5	Tax planning provides relevant techniques	3.33	1.136	-0.444	-0.314
MPA6	Usefulness of budget preparation in enhancing profitability	3.77	1.140	-0.720	-0.083
MPA7	Increase tax compliance	3.63	1.252	-0.811	-0.160
MPA8	Advisory accounting services help create a competitive advantage	3.59	1.177	-0.587	-0.316
	Average Scores	3.51	0.754	-0.813	0.332

Source: Field survey (2022)

From Table 5, respondents indicate that management of facilities in the hospitality industry perceive “preparing budgets will be useful in planning for operations to enhance profitability” as the most relevant to their operations, as it had the highest mean of 3.77 with a standard deviation of 1.140. However, ‘tax planning, an innovative accounting practice that provides techniques that are relevant to the operations of the hospitality industry’, had the lowest score with a mean of 3.33 and a standard deviation of 1.136.

Respondents moderately agreed that accounting services were relevant to the success of operations in the hospitality industry based on an average mean score of 3.51 and a standard deviation of 0.754. Overall, an analysis of the various indicators of management perception of the relevance of accounting services from Table 5 revealed that respondents moderately perceived accounting services as relevant to the operations of the hospitality industry, with mean values ranging from 3.33 to 3.77 and standard deviation values between 0.975 to 1.252.

To test the normality of the data, skewness and kurtosis were used. Referencing the general skewness and kurtosis rule from Sarstedt, Ringle, and Hair (2021), values greater than +1 or less than -1 are indicators of a significantly skewed distribution, whereas kurtosis figures that are greater than +1 signify that the distribution is too peaked, but a distribution is said to be too flat when the kurtosis is less than -1. Hence, figures above this rule show that the response pattern is not normally distributed. The skewness of -0.811 – -0.444 and kurtosis of -0.450 – 0.225 depict a fairly normal distribution.

Determinants of Accounting Services Outsourcing

This section presents a descriptive analysis of the factors that influence the decision to outsource accounting services in the hospitality industry. A total of 18 indicators were used to assess the factors that influence the outsourcing of accounting services among firms in the hospitality industry. Table 6 presents the results of this evaluation.

From the results shown in Table 6, it is revealed that access to vendor expertise and competencies is the highest determinant of accounting services outsourcing, with a mean of 3.49 and a standard deviation of 1.229. The high cost of switching to an external accountant is shown to be the least determinant of accounting services outsourcing, as it had the lowest mean of 2.84 with a standard deviation of 1.188, meaning that respondents agree that the cost of outsourcing is not the most important factor however, the expertise to be gained is the factor to be considered above all else.

Overall, respondents moderately agreed to these indicators, with an average of 3.08 for cost and a standard deviation of 0.92, skewness of -0.377 and -0.463 kurtosis, while influence of resources had the highest mean of 3.36 and a standard deviation of 1.03, with a skewness of -0.775 and a -0.160 kurtosis. Data on these factors that influence the decision to outsource accounting services can be said to be normally distributed.

Table 6: Determinants of Accounting Services Outsourcing

Code	Indicators	Mean	SD	Skewness	Kurtosis
DAS1	Difficulty in providing services without additional 'asset specific' training.	3.08	1.303	-0.134	-1.066
DAS2	Insufficient in-house technological know-how.	3.36	1.106	-0.581	-0.731
DAS3	Lack of required resources to deliver accounting services internally.	3.29	1.280	-0.456	-0.954
DCI1	High cost of switching to an external accountant	2.84	1.188	0.074	-1.003
DCI2	Reduction in the operational cost of performing the accounting function	3.19	1.220	-0.145	-0.942
DCI3	Reduced personnel costs	3.39	1.231	-0.654	-0.417
DC14	Fixed Costs are transferred to Variable Costs	2.92	1.296	-0.107	-1.222
DSQ1	Improvement in the quality of financial reports	3.27	1.109	-0.307	-0.808
DSQ2	Higher accounting service quality for decision-making	3.39	1.100	-0.209	-0.620
DSQ3	Increased quality of financial statements attracts investors	3.39	1.231	-0.654	-0.417
DSQ4	Better adaptation to environmental uncertainties is needed to sustain profitability	3.46	1.197	-0.453	-0.652
DR1	Assessment of resource availability before outsourcing decisions	3.42	1.279	-0.601	-0.795

Table 6: Cont.

DR2	Lack of in-house expertise.	3.19	1.204	-0.272	-0.995
DR3	Access to vendor expertise and competencies	3.49	1.229	-0.826	-0.350
DAI1	The business applies IFRS to increase transparency and attract foreign investors.	3.25	1.337	-0.315	-1.085
DAI2	The Ghana Revenue Authority only accepts financial statements prepared based on IFRS for tax purposes. IFRS adoption led us to outsource our financial	3.27	1.183	-0.128	-1.030
DAI3	statement preparation to reduce the effect of poor corporate governance systems	2.94	1.279	-0.032	-1.054
DAI4	Improved IFRS conformity and compliance requirements	3.20	1.230	-0.231	0.741

Source: Field survey (2022)

Challenges of Accounting Services Outsourcing

Likely challenges faced by facilities in their bid to outsource accounting services, which make respondents consider outsourcing risky and thus may deter them from engaging external vendors to provide accounting services were also assessed. Referencing the mean scale interpretation from Yidana and Asare (2021), five indicators were used in measuring this construct, as presented in Table 7. From Table 7, it was revealed that the management of hospitality facilities in the Central region of Ghana viewed “inappropriate management and control of outsourcing contracts” as the most significant challenge of outsourcing accounting services, as there is the likelihood) of increases in costs

due to mismanagement and other hidden costs in outsourcing contracts. Analysis of the responses indicates a mean of 3.22 and a standard deviation of 1.187. In terms of the normality of the distribution, this indicator has a -0.362 skewness and a -0.544 kurtosis, signifying a substantially normal distribution.

The second significant challenge encountered in outsourcing accounting services is “the extra cost of finding a new supplier or bringing the activity in-house should outsourcing fail”. Data from respondents gave a mean of 3.15 and a standard deviation of 1.058. “External accountants may alter the facts to get what they need” was found to be the third significant difficulty in outsourcing accounting functions. “Lack of reliable vendor within my business location to offer accounting services” and “Outsourcing transfers control to third-party vendors” ranked lowest compared to the other indicators, scoring means of 2.54 and 2.85, standard deviations of 1.088 and 1.136, skewness of 0.286 and -0.094, and kurtosis of -0.292 and -0.676, respectively.

Considering an average mean of 2.97 and a standard deviation of 0.744, respondents generally moderately agreed that all five indicators were possible challenges faced in the accounting services outsourcing venture, which makes some consider outsourcing as a risky venture or prevents some respondents from outsourcing all together, despite the perceived advantages. It can also be seen that the average standard deviation of 0.744 for this construct signifies the varying views of respondents on the challenges of accounting services outsourcing. An average skewness of -0.214 and kurtosis of -0.146 indicate that the data had a fairly normal distribution.

Table 7: Challenges of Accounting Services Outsourcing

Code	Indicators	Mean	Std. Deviation	Skewness	Kurtosis
COA1	Inappropriate management and control of an outsourcing contract, which increases costs.	3.22	1.187	-0.362	-0.544
COA2	Alteration of facts	3.08	1.114	-0.297	-0.520
COA3	Transfer of control	2.85	1.136	-0.094	-0.676
COA4	Lack of reliable outsourcing vendors in business locations	2.54	1.088	-0.286	-0.292
COA5	Extra cost of replacing supplier should outsourcing fail	3.15	1.058	-0.357	-0.400
	Average score	2.97	0.744	-0.214	-0.146

Source: Field survey (2022)

Accounting Services Outsourcing

This section assessed the various accounting services usually outsourced by participating hospitality facilities with the help of standard deviations and means. Table 8 indicates that respondents from participating hospitality facilities in the Central Region moderately agreed that they depend on external vendors for one or more accounting services in the form of end-of-year final accounts preparation, external audit, taxation, accounts receivables, business advisory, accounts payable, financial projections and budgeting, bookkeeping,

corporate secretarial services, internal audit, payroll management, banking, inventory management, project costing, and management report preparation.

These accounting functions had individual means ranging from 3.66 and 1.49 and standard deviations between 1.103 and 0.235. On average, accounting services outsourcing scored a mean of 2.66 and a standard deviation of 0.572. With an average skewness of 0.374 and a kurtosis of 0.729, the data from respondents depicts a fairly normal distribution.

Table 8: Accounting Services Outsourcing

Code	Indicators	Mean	SD	Skewness	Kurtosis
ASO1	Bookkeeping	2.65	1.562	0.478	-1.368
ASO2	Banking	1.92	1.096	1.452	1.66
ASO3	Internal Audit	2.01	1.207	1.207	0.506
ASO4	Business Advisory	3.44	1.155	-0.520	-0.336
ASO5	Accounts Receivables	3.45	1.196	-0.363	-0.771
ASO6	Inventory Management	1.86	1.334	1.442	0.676
ASO7	End-of-year final accounts preparation	3.66	1.103	-0.547	-0.586
ASO8	Account Payables	3.37	1.107	-0.174	-0.667
ASO9	Payroll Management	1.97	1.246	1.29	0.679
ASO10	Financial Projections and Budgeting	2.94	1.111	-0.226	-0.864
ASO11	Product Costing	1.72	0.814	1.107	1.456
ASO12	Management Report Preparation	1.49	1.007	2.478	5.622
ASO13	Taxation	3.48	0.938	-0.473	-0.274
ASO14	External Audit	3.54	1.148	-0.749	-0.073
ASO15	Corporate Secretarial Services	2.44	1.339	0.403	-1.208
	Average Score	2.66	0.572	0.374	0.729

Source: Field survey (2022)

Firm Performance

The perceived performance of firms in the hospitality industry was assessed using the Likert scale from 1 – 5. The period of performance being measured here was the period from when accounting services outsourcing was commenced by the firm. This was done in order to effectively assess the impact on performance of the firm after adopting accounting services outsourcing. Mean scores were interpreted as $1.5 - 2.49 = 25\%$ performance; $2.5 - 3.49 = 50\%$ performance; $3.5 - 4.49 = 75\%$ performance, and $4.5 - 5 = 100\%$ performance (Alston & Miller, 2001). Overall, a mean of 3.589 and a standard deviation of 0.835 were derived from responses from respondents, indicating that firms in the hospitality industry had about 75% effectiveness in firm performance.

Table 9 shows that the individual performance measures indicated that respondents agreed that consistent growth in their sales, remarkable returns on investments, and significant profits each year accounts had mean scores ranging between 3.570 and 3.850 and standard deviations ranging from 0.778 to 1.087 which was about 75% in effectiveness. This indicates that sales growth, returns on investments, and profits were relatively high in the participating firms. Consequently, firm performance had an overall mean of 3.589, a standard deviation of 0.835, an average skewness of -0.402, and a kurtosis of -0.880 implying that the data from participating facilities qualifies as a normal distribution.

Table 9: Firm Performance

Code	Indicators	Mean	SD	Skewness	Kurtosis
FP1	Consistently significant profits each year	3.570	1.087	-0.332	-0.689
FP2	Our facility makes remarkable returns on investments.	3.680	0.981	-0.239	-0.926
FP3	Consistent growth in facility's share of the market	3.400	1.209	-0.643	-0.459
FP4	Consistent increase in company assets	3.850	0.778	-0.347	-0.143
FP5	Consistent growth in sales	3.450	1.180	-0.381	-0.695
	Average Score	3.589	0.835	-0.402	-0.880

Source: Field survey (2022)

Assessment of PLS-SEM

Using the structural equation modelling technique, Partial Least Square (PLS), objectives two and four were analysed. To test the various hypotheses for appropriate PLS-SEM outcomes, analysis and interpretation of measurement models are performed first, and when all necessary requirements are met, the structural model is tested to ensure the reliability and validity of measurement scales (Sarstedt et al., 2021).

Assessment of Measurement Models

In evaluating the reflective measurement models to assess the reliability of the constructs (convergent validity), the loadings of the indicators are evaluated in accordance with the recommendation by Hair et al. (2017). This

was achieved by analysing outer loadings, Cronbach's alpha, composite reliability values (ρ_a and ρ_c), and the Average Variance Extracted (AVE). The first model had five exogenous variables and one endogenous variable, with several indicators measuring each variable. The exogenous variables were asset specificity (DAS), cost implication (DCI), service quality (DSQ), resources (DR), and adoption of IFRS (DAI). DAS had three indicators (DAS1–DAS3), DCI had four indicators (DCI1–DCI4), DSQ had four indicators (DSQ1–DSQ4), DR had three indicators (DR1–DR3) and DAI had four indicators (DAI1–DAI4). The exogenous variable was accounting services outsourcing (ASO) which had fifteen indicators (ASO1–ASO15). Figure 2 shows the initial model 1.

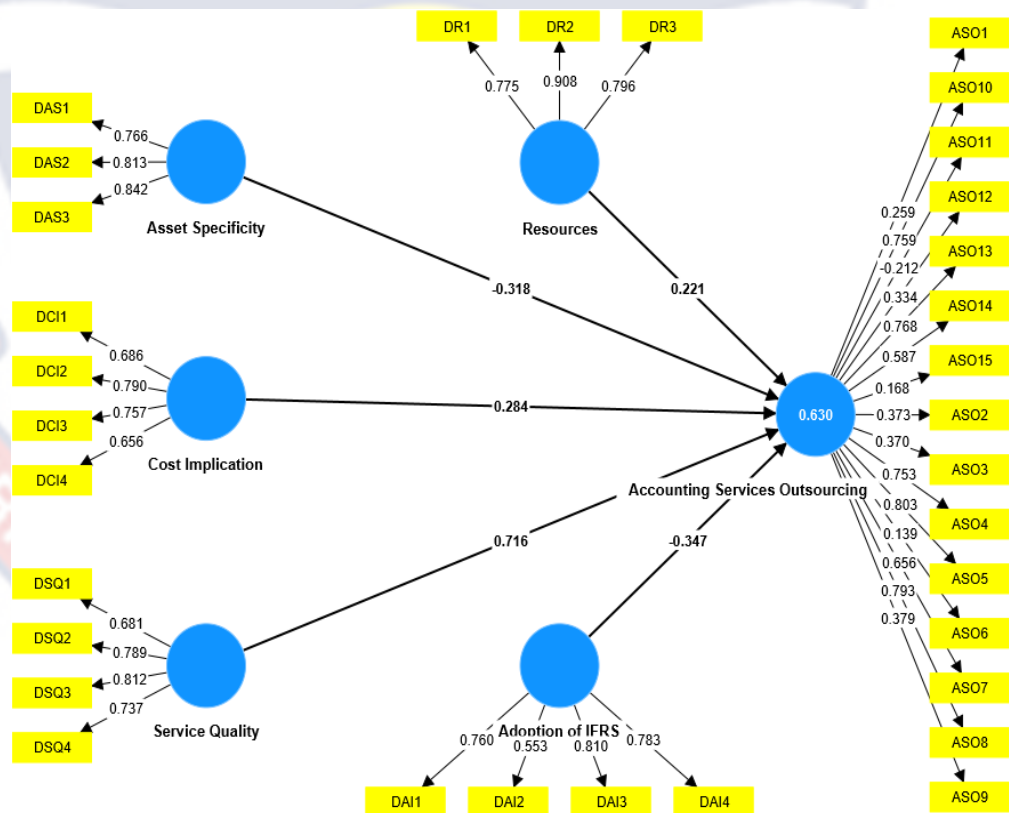


Figure 2: Initial Model 1

Source: Author's Construct (2022).

Indicators of constructs in the initial model were assessed with Hair et al. (2014) and Henseler, Ringle, and Sarstedt (2015) assessment criteria, which recommend loadings above 0.70; however, loadings above 0.60 may be acceptable for social science research. They posit that an outer loading above 0.70 indicates that the construct is able to explain more than 50% of the average variance of the indicator and hence qualifies as reasonably reliable.

A critical assessment of the outer loadings revealed that nine of the indicators: DAI2: Ghana Revenue Authority only accepts financial statements prepared based on IFRS for tax purposes; ASO1: Bookkeeping; ASO2: Banking; ASO3: Internal Audit; ASO6: Inventory Management; ASO9: Payroll Management; ASO11: Product Costing; ASO12: Management Report Preparation; and ASO15: Corporate Secretarial Services were lower than 0.60 criteria (appendix A and B) and therefore removed. The remaining indicators had loadings above 0.60, signifying that the validity of the model and the reliability of the constructs were not compromised (Hair et al., 2017). Figure 3 shows the final model 1 extracted.

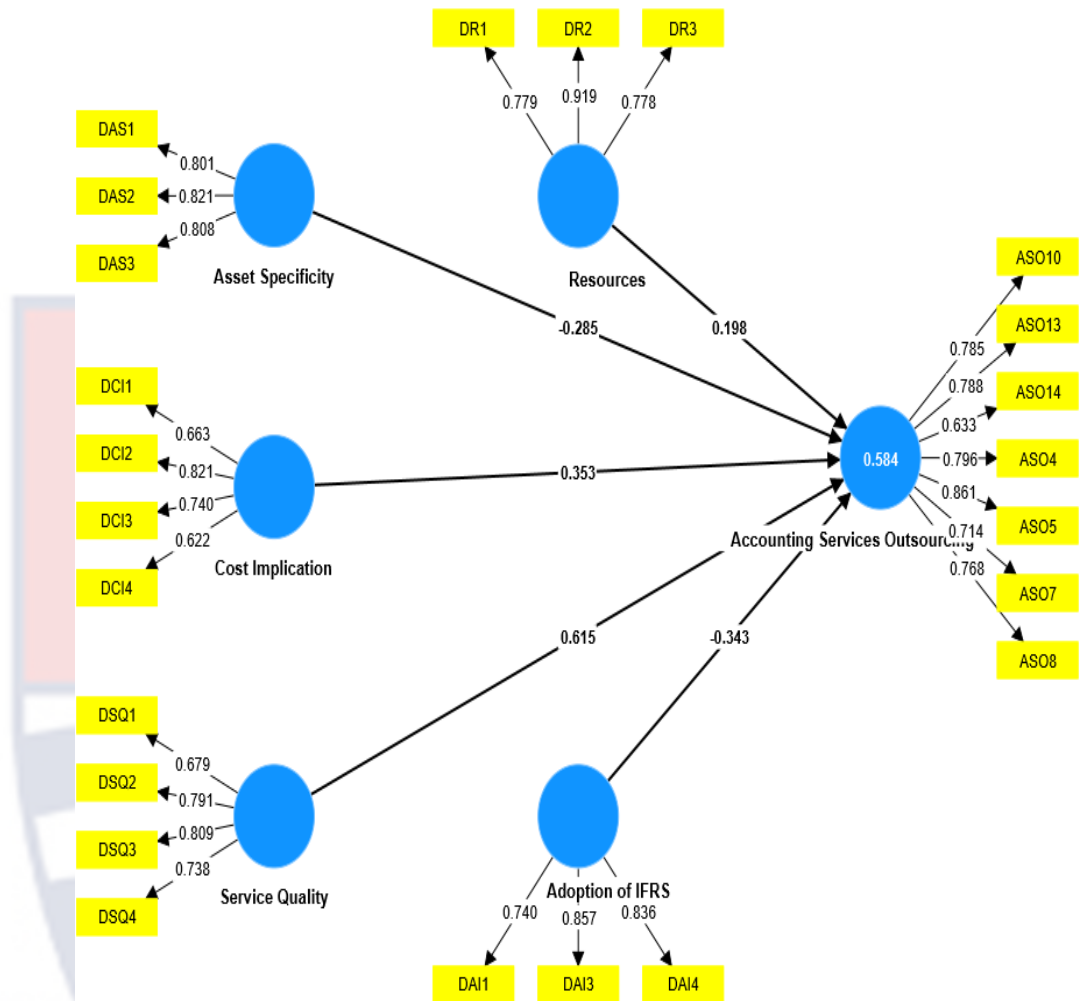


Figure 3: Final Model 1

Source: Author’s Construct (2022)

Model 2:

The second model had one exogenous variable and one endogenous variable, with several indicators measuring each variable. The exogenous variable was accounting services outsourcing (ASO) and had fifteen indicators (ASO1–ASO15). The endogenous variable was firm performance (FP), which had five indicators (FP1–FP5). Figure 4 shows the initial model.

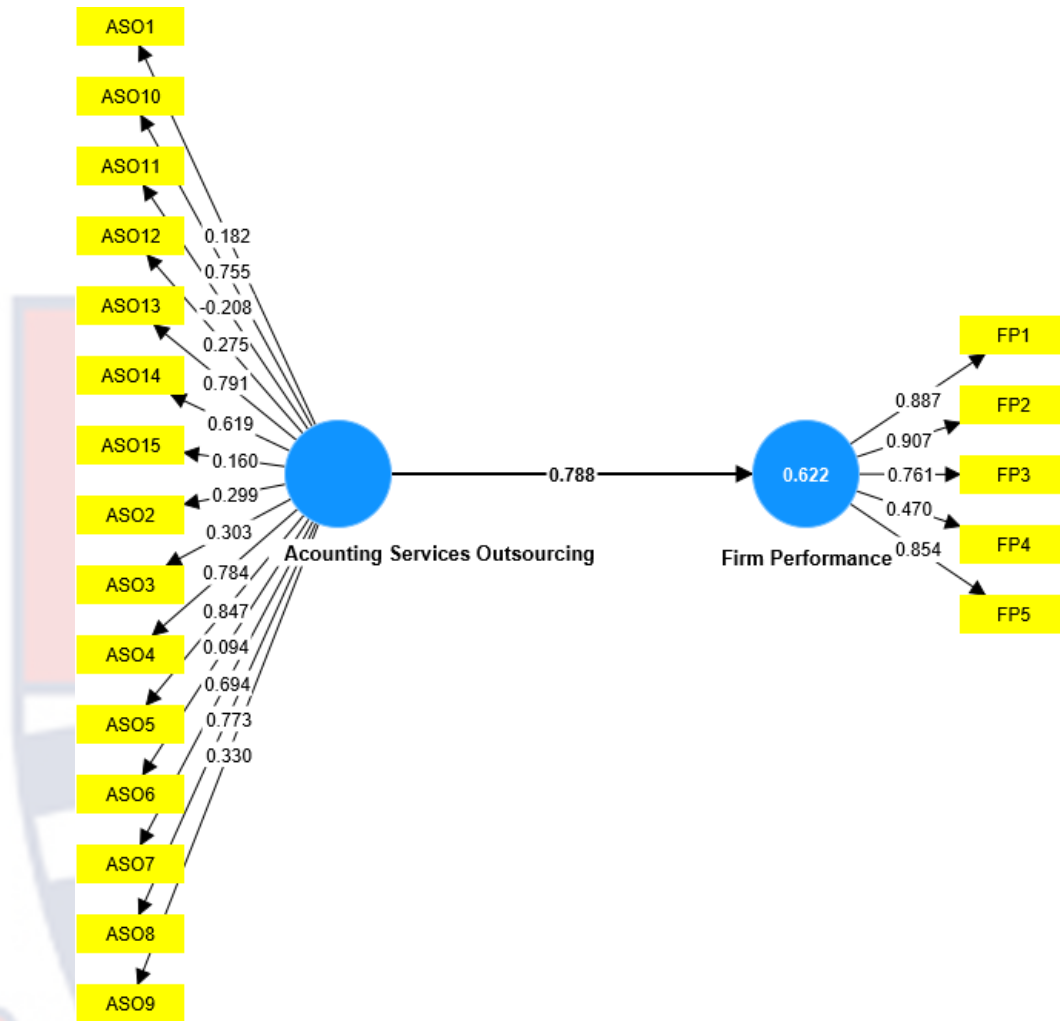


Figure 4: Initial Model 2.

Source: Author's Construct (2022).

Referencing . Hair et al. (2014); Henseler et al. (2015) indicators for the second model were also assessed, and it was observed that ASO1: Book keeping; ASO2: Banking; ASO3: Internal Audit; ASO6: Inventory Management; ASO9: Payroll Management; ASO11: Product Costing, ASO12: Management Report preparation; ASO15: Corporate Secretarial Services, and FP4: Consistent increase in company assets scored below 0.60. These indicators were removed to ensure that indicators for the construct in the model can explain about 50% of the average variance observed. As recommended, the remaining indicators had loadings above 0.60. Figure 5 shows the final model extracted.

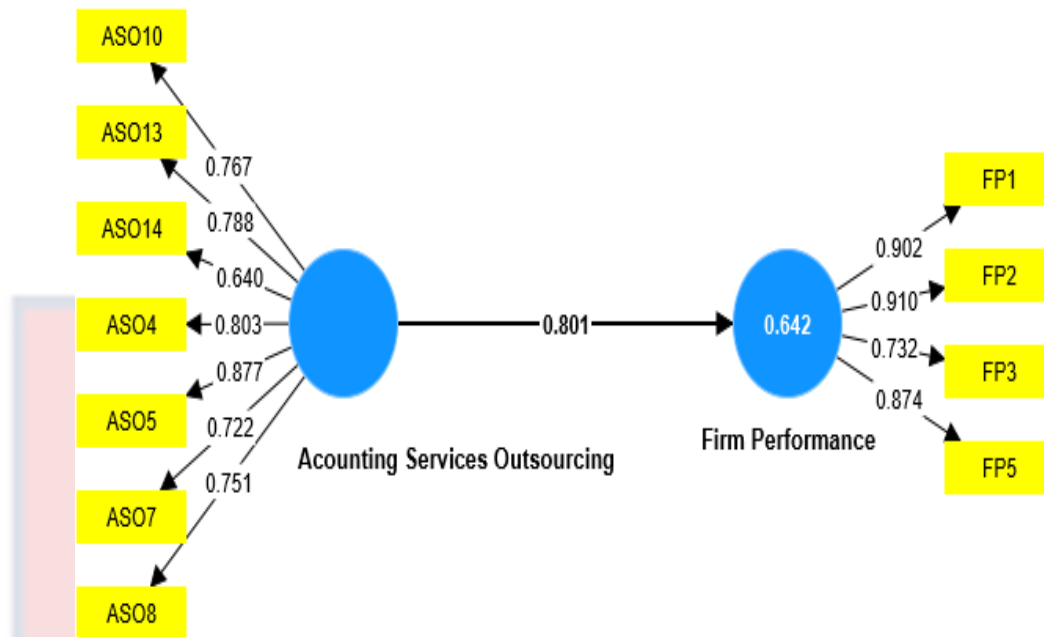


Figure 5: Final Model 2

Source: Author's Construct (2022).

Outer Model Assessment

The next step in evaluating the reflective measurement model is to ascertain the validity and reliability of the measures. The internal consistency of the constructs was examined using composite reliability ρ_c , from Jöreskog's (1971) and Cronbach and Meehl's (1955) Cronbach's alpha though proponents of PLS-SEM generally consider the construct's actual reliability to be between a lower band, Cronbach's alpha and an upper band from Jöreskog's composite reliability. As a general rule, high values of composite reliability imply high levels of reliability. In exploratory research, values between 0.60 and 0.70 are acceptable, whereas more advanced research considers results between 0.70 and 0.95 as satisfactory levels of reliability (Sarstedt et al., 2021). From Table 10, composite reliability for the first model was between 0.74 and 0.902 for Model 1 and 0.914 and 0.922 for Model 2, which indicates an assurance of the internal consistency of the constructs.

The third step was to assess the convergent validity of the constructs. This measures the extent to which a construct converges with or connects to its indicators by explaining the variance of the indicators. The convergent validity was assessed by the average variance extracted (AVE). The rule of thumb for AVE is 0.50 or more, which demonstrates that the construct explains more than 50% of the variance of its indicators (Hair et al., 2021). The AVE for the constructs shown in Tables 10 and 11 were all above 0.50, thus convergent validity was established for both Model 1 and 2.

Table 10: Construct Reliability and Validity – Model 1

	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	Average Variance Extracted (AVE)
Accounting Services Outsourcing	0.883	0.902	0.908	0.588
Adoption of IFRS	0.741	0.740	0.853	0.660
Asset Specificity	0.745	0.756	0.851	0.656
Cost Implication	0.732	0.851	0.806	0.512
Resources	0.774	0.860	0.867	0.686
Service Quality	0.779	0.873	0.842	0.572

Source: Field Survey (2022)

Table 11: Construct Reliability and Validity – Model 2

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Accounting Services Outsourcing	0.883	0.914	0.908	0.588
Firm Performance	0.880	0.922	0.917	0.736

Source: Field Survey (2022)

The next step in evaluating the reflective measurement of the construct was to assess its discriminant validity. This measures the extent to which the constructs were distinct from each other and how individual indicators distinctly measure their purported constructs. Using the Fornell and Larcker (1981) criterion, the correlation between constructs was compared to the square root of the AVE for each construct. To establish discriminant validity, the squared AVE values of each construct should be higher than the correlation values with other constructs. Tables 12 and 13 show the Fornell-Larcker criterion effects for models 1 and 2, respectively, demonstrating that the AVE of each construct is greater than the correlation values with other constructs.

Cross loadings were also calculated from the model to check the correlations of the indicators with their constructs. Cross loadings show discriminant validity when indicators have a strong correlation with their own constructs than with other constructs (Henseler et al., 2015). Tables 14 and 15 showed that all the cross loadings were within the acceptable threshold, thus demonstrating discriminant validity. Furthermore, the heterotrait-monotrait ratio (HTMT) criterion was calculated to eliminate the limitations of the Fornell-Larcker criteria as proposed by Henseler et al. (2015). According to Gold et al. (2001) and Teo et al. (2008) as cited in Henseler et al. (2015), HTMT scores must be below 0.90 to show discriminant validity. Table 15 and 16 show the HTMT values of the constructs.

Table 12: Fornell-Larcker Criterion - Model 1

	ASO	AOI	AS	CI	R	SQ
ASO	0.766					
AOI	0.254	0.812				
AS	0.193	0.344	0.810			
CI	0.624	0.568	0.543	0.715		
R	0.429	0.646	0.599	0.657	0.828	
SQ	0.685	0.597	0.465	0.798	0.637	0.756

Source: Field survey (2022) Square of AVE = **Bold**

Accounting Services Outsourcing = ASO, Adoption of IFRS = AOI, Asset Specificity = AS, Cost Implication = CI, Resources = R, Service Quality = SQ

Table 13: Fornell-Larcker Criterion - Model 2

	Accounting Services Outsourcing	Firm Performance
Accounting Services Outsourcing	0.767	
Firm Performance	0.801	0.858

Source: Field Survey (2022) Square of AVE = **Bold**

Table 14: Cross loadings – Model 1

Variables	Accounting Services Outsourcing	Adoption of IFRS	Asset Specificity	Cost Implication	Resources	Service Quality
ASO10	0.785	0.241	0.126	0.498	0.313	0.573
ASO13	0.788	0.116	0.207	0.424	0.351	0.429
ASO14	0.633	0.051	0.127	0.293	0.250	0.266
ASO4	0.796	0.187	0.150	0.512	0.352	0.489
ASO5	0.861	0.247	0.233	0.639	0.381	0.601
ASO7	0.714	0.053	0.134	0.404	0.292	0.353
ASO8	0.768	0.333	0.076	0.488	0.340	0.767
DAI1	0.217	0.740	0.327	0.451	0.609	0.463
DAI3	0.171	0.857	0.270	0.487	0.528	0.491
DAI4	0.219	0.836	0.234	0.444	0.430	0.494
DAS1	0.167	0.235	0.801	0.389	0.416	0.300
DAS2	0.101	0.299	0.821	0.348	0.538	0.305
DAS3	0.178	0.306	0.808	0.538	0.519	0.488
DCI1	0.255	0.446	0.455	0.663	0.464	0.490
DCI2	0.678	0.274	0.305	0.821	0.411	0.560
DCI3	0.369	0.593	0.570	0.740	0.644	0.809
DCI4	0.209	0.585	0.379	0.622	0.513	0.466
DR1	0.252	0.620	0.460	0.507	0.779	0.482
DR2	0.457	0.555	0.552	0.612	0.919	0.608
DR3	0.308	0.464	0.470	0.504	0.778	0.475
DSQ1	0.362	0.407	0.555	0.660	0.532	0.679
DSQ2	0.759	0.361	0.096	0.520	0.350	0.791
DSQ3	0.369	0.593	0.570	0.740	0.644	0.809
DSQ4	0.321	0.576	0.494	0.611	0.575	0.738

Source: Field survey (2022)

Table 15: Cross loadings – model 2

Variables	Accounting Services	
	Outsourcing	Firm Performance
ASO10	0.767	0.544
ASO13	0.788	0.523
ASO14	0.640	0.356
ASO4	0.803	0.618
ASO5	0.877	0.865
ASO7	0.722	0.508
ASO8	0.751	0.693
FP1	0.638	0.902
FP2	0.657	0.910
FP3	0.479	0.732
FP5	0.876	0.874

Source: Field survey (2022)

Table 16: Heterotrait-monotrait ratio (HTMT) – Model 1

	Accounting Services Outsourcing	Adoption of IFRS	Asset Specificity	Cost Implication	Resources	Service Quality
Accounting Services Outsourcing						
Adoption of IFRS	0.278					
Asset Specificity	0.236	0.459				
Cost Implication	0.608	0.868	0.750			
Resources	0.487	0.868	0.789	0.909		
Service Quality	0.669	0.820	0.702	1.079	0.857	

Source: Field survey (2022)

Table 17: Heterotrait-monotrait ratio (HTMT) - Model 2

	Accounting	
	Services	Firm
	Outsourcing	Performance
Accounting Services Outsourcing		
Firm Performance	0.834	

Source: Field Survey (2022)

Finally, the model was tested for potential multicollinearity and bias. Variance Inflation Factor (VIF) values were used to detect multicollinearity as advocated by Hair et al. (2017) for detecting multicollinearity in PLS-SEM. The recommended threshold for VIF is below 3.3, which indicates multicollinearity and thus eliminates the common method bias that may result (Kock, 2015). The results shown in Table 18 show that there were no issues of collinearity among constructs.

Table 18: VIF (Inner Model)

Variables	Accounting	Services
	Outsourcing	
Accounting Services Outsourcing		
Adoption of IFRS	1.948	
Asset Specificity	1.696	
Cost Implication	3.236	
Resources	2.650	
Service Quality	3.066	

Source: Field survey (2022)

Test of Model Fit Using Overall Fit and Other Relative Measures for the Structural Model

The overall fit of the study's structural models 1 and 2 to the dataset was then evaluated in this section using the coefficient of determination (R^2) and metrics.

Table 19: Test for model fit - Model 1

Quality Criteria	Accounting Services Outsourcing
R Square	0.584
R Square Adjusted	0.563

Source: Field survey (2022)

Table 20: Test for model fit - Model 2

Quality Criteria	Firm Performance
R Square	0.642
R Square Adjusted	0.639

Source: Field survey (2022)

From Table 19, R^2 of 0.584 shows that 58.4% of the variations in accounting services outsourcing can be explained by the adoption of IFRS, asset specificity, cost implication, resources, and service quality. This implies that 58.4% of accounting services outsourcing among hospitality firms in the Central Region of Ghana is determined by the following factors: adoption of IFRS, asset specificity, cost implication, resources, and service quality. The R^2 adjusted of 0.563 is not that much different from the R^2 , which suggests a strong predictive accuracy. Table 20 showed a R^2 of 0.642, which implies that in Model 2, accounting services outsourcing is responsible for 64.2 percent of the variations in performance of hospitality firms in the Central Region of Ghana.

The R^2 adjusted of 0.639 is not that much different from the R^2 , which suggests a strong predictive accuracy.

Presentation of Results

After assessment of the measurement model demonstrated satisfactory quality, the relationships between the constructs were examined. 5,000 bootstrap subsamples were used in assessing the significance and strength of the path coefficients, which represent the hypothesised relationships between the constructs at a 5% probability of error significance level.

Research objective two focused on the factors that determine accounting services outsourcing decisions. The study hypothesised (H_1) asset specificity significantly influences the accounting services outsourcing decision negatively. The results from Table 21 show that asset specificity has a significant negative influence on the decision to outsource accounting services ($\beta = -0.285$; $t = 2.657$; $p < 0.05$). This supports the hypothesis that asset specificity negatively influences accounting services outsourcing significantly. It also indicates that a unit increase in specificity of assets will lead to a 28.5 percent decrease in the intention to outsource accounting services for the participating facilities. This implies that accounting services would only be outsourced when assets have not been specifically allocated to specific transactions since these are recognised as sunk costs with no value outside the confines of a specific transaction.

The second hypothesis (H_2) stated that cost implications significantly influence the intention to outsource accounting services positively within the selected region in the Central Region of Ghana. The results in Table 21 showed that cost implication (the desire for cost reduction) had a major positive impact

on accounting services outsourcing intention ($\beta = 0.353$; $t = 2.275$; $p < 0.05$). This is because $p (0.023) < 0.05$, indicating a significant influence of cost on the intention to outsource accounting services and hence the hypothesis (H_2) was accepted. This means that a one unit increase in the desire to reduce cost of performing an accounting function in-house will cause a 35.3% increase in the desire to outsource accounting services. Hence, the cost implications of performing accounting services in-house can increase or decrease the general desire to increase or decrease accounting services outsourcing.

As a third hypothesis, the study considered (H_3): service quality significantly influences the intention to outsource accounting services positively within the selected region in the Central Region of Ghana. This was statistically positive and significant at a p value of 0.000 ($\beta = 0.615$; $t = 4.129$; $p < 0.05$), and thus, (H_3) was accepted. This implies that a one unit increase in the service quality from external expertise will lead to a 61.5% increase in the decision to outsource accounting services. Thus, hospitality facilities who desire high levels of accounting services quality and expertise are more likely to engage in accounting services outsourcing.

The fourth hypothesis (H_4) stated that resources significantly influence the intention to outsource accounting services positively within the selected region in the Central Region of Ghana. The results from Table 21 show that resources have a positive but insignificant influence on the decision to outsource accounting services ($\beta = 0.198$; $t = 1.263$; $p > 0.05$) contrary to previous findings. This is because $p (0.206) > 0.05$ and $t < 2$, indicating an insignificant influence of resources on the decision to outsource accounting services and hence the hypothesis (H_4) was rejected. This implies that inadequate resources

may not necessarily have a significant role in determining the accounting services outsourcing decision of firms in the hospitality industry within Central Region of Ghana.

Concerning the fifth hypothesis (H₅) about how the adoption of IFRS influences the accounting services outsourcing decision in the hospitality industry, it was evident from the analysis that adoption of IFRS has a significant negative influence on the decision to outsource accounting services in the hospitality industry in the Central Region of Ghana. According to Table 21, the effect of the adoption of IFRS on accounting services outsourcing ($\beta = -0.343$; $t = 2.982$; $p < 0.05$) was significant at a p level of 0.003 and a 5% significant level with a t-statistic of $2.982 > 2$. However, the results from the analysis indicate that the hypothesis that “adoption of IFRS has a significantly and positive influence on accounting services outsourcing” is not supported.

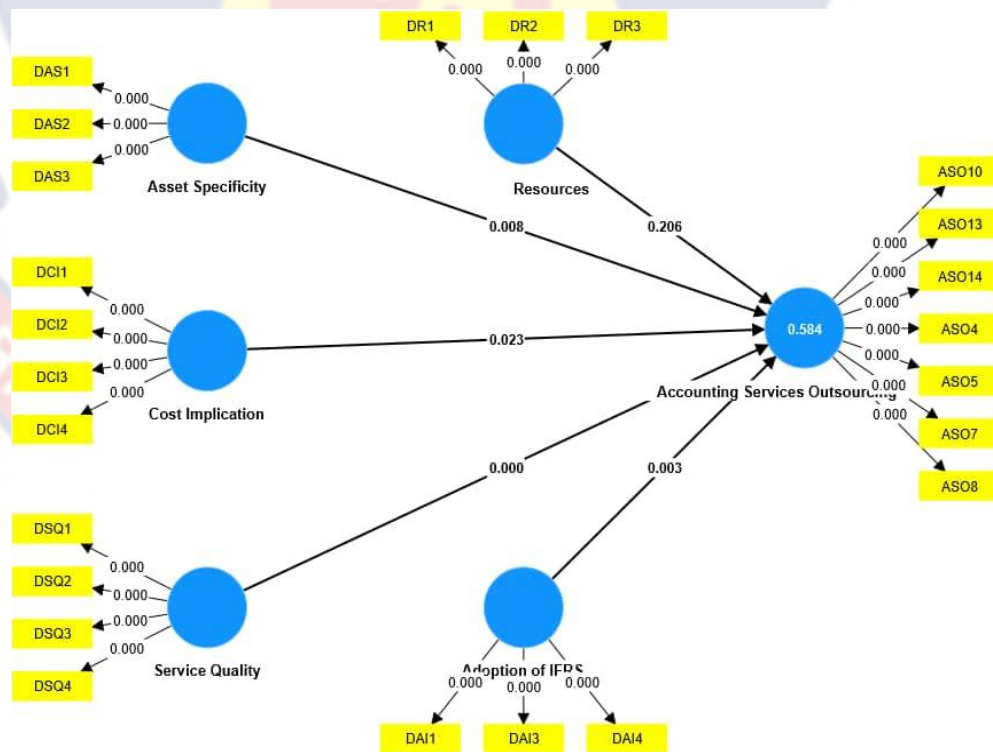


Figure 6: Bootstrapping for main model 1

Source: Author’s construct (2022)

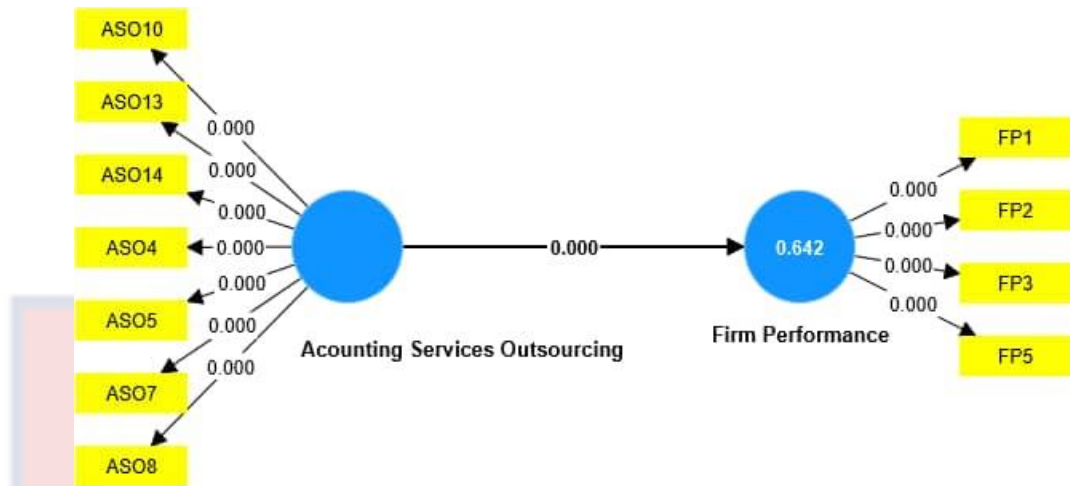


Figure 7: Bootstrapping for main model 2

Source: Author's construct (2022)

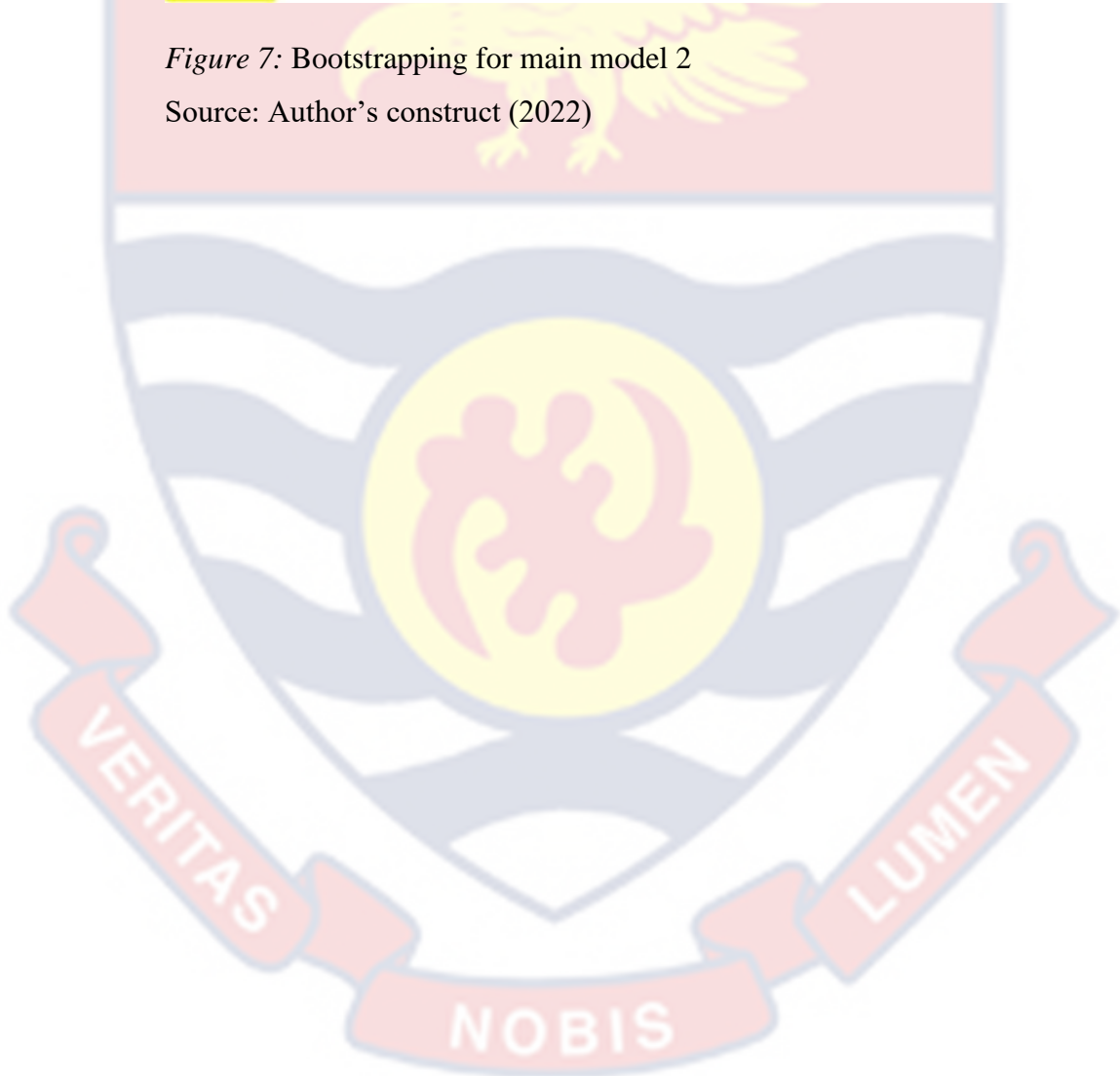


Table 21: Path Coefficients

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistic	P values	Lower boundary	Upper boundary	Decision
Adoption of IFRS -> ASO	-0.343	-0.303	0.115	2.982	0.003	-0.516	-0.067	Not Supported
Asset Specificity -> ASO	-0.285	-0.235	0.107	2.657	0.008	-0.419	0.009	Supported
Cost Implication -> ASO	0.353	0.356	0.155	2.275	0.023	0.056	0.661	Supported
Resources -> ASO	0.198	0.152	0.157	1.263	0.206	-0.174	0.444	Not Supported
Service Quality -> ASO	0.615	0.613	0.149	4.129	0.000	0.307	0.890	Supported
A S O -> Firm Performance	0.801	0.810	0.029	27.286	0.000	0.755	0.867	Supported

Source: Field Survey (2022)

Research objective four focused on the effect of accounting services outsourcing on firm performance. The study hypothesised (H_6) that accounting services outsourcing significantly influences firm performance of the hospitality industry in the Central Region of Ghana positively. From the outcome in Table 21, accounting services outsourcing had a substantial positive effect on firm performance ($\beta = 0.801$; $t = 27.286$; $p < 0.05$). This is because $p(0.000) < 0.05$ and $t > 2$ indicate a significant positive effect of accounting services outsourcing on firm performance, and hence the hypothesis (H_6) was accepted. This means that outsourcing accounting services plays a key role in the performance of firms in the hospitality industry within the Central Region of Ghana. Overall, the lower and upper boundaries of the results show the specific dimensionality (uni-dimensionality or multidimensionality) of the results, which further proves that the results were not spurious but valid.

Discussion

Management Perception of the Relevance of Accounting Services

It is worthy to note that operations in the hospitality industry, like all other businesses, thrive on one type of accounting service or another to be successful. Respondents were of the view that budget preparation, increased tax compliance, a competitive advantage, attract prospective investors and enhanced profitability in hospitality operations were some of the benefits of outsourcing accounting services. This aligns with Oosthuizen et al. (2020) study which concluded that small business organisations frequently use income tax returns filing accounting services due to perceived high compliance benefits obtained from the service. Furthermore, the analysis validates empirical evidence from Adeyemi, Udofia and Obah (2015) that the accounting function

is one of the important pillars for sustainable competitive advantage and significantly influences firm survival and growth (Kamyabi & Devi, 2011a).

De Bruyckere and Everaert (2021) pointed that entrepreneurs perceive a high-quality business plan when professional accountants are consulted at the business planning stage as opposed to those who do not receive such advice from professional accountants. Drawing from the views on this construct, it is quite obvious that management of facilities in the hospitality industry perceives business advisory, financial statement analysis and interpretation, cash flow profitability tracking, and tax planning as relevant to the operations of their facilities, which is not different from their overall perception of the relevance of the accounting function to business operations as revealed in the literature.

This study corroborated the findings from Al-nimer et al. (2021); Al-wattar et al. (2019); Catto (2016); Nair and Choudhary (2022); Ogbonna and Briggs (2018). Accounting services empower the management of businesses, the hospitality industry included, to analyse and interpret transactions and accounting information available to them while equipping them with tools they can apply in making informed decisions for other areas of their businesses. Firms that do not access any form of accounting service will usually be handicapped in making intelligent and informed decisions, especially in a very dynamic business environment.

Determinants of Accounting Services Outsourcing

The first hypothesis tested in this study was that asset specificity has a negative, significant effect on accounting services outsourcing. The results of the study revealed asset specificity had a statistically negative and significant impact on outsourcing. The finding confirms the study by Adeniji (2021), in

where he argued that transactions are more likely to be performed in-house where assets are more specific to a function or transaction in the organisation. Conclusions from Kotabe and Murray (2018), as well as Raman et al. (2009), also confirm these findings, which are clear indications that the higher the level of customization, the lesser the probability that such transactions will be outsourced. The findings were also consistent with the studies by Zhang et al. (2018), Cahyaningtyas and Ningtyas (2020), Mahboub (2021), Everaert et al. (2006), Hafeez (2013), and the transaction cost economy theory, which explains that high asset specificity causes firms to perform such activities in-house.

Cost implications have a positive significant effect on accounting services outsourcing was the second hypothesis tested and it was found to be supported by the results of the study. In the bid to sustain competitive advantage by reducing cost of running businesses, several managers and firms resort to outsourcing the accounting function to external vendors especially where the cost of performing the function in-house is higher than contracting it out to external vendors (Everaert et al., 2007). This result is also supported by previous studies Edvardsson and Teitsdóttir (2015), Espino-rodri guez, Chun-lai, and Gil-padilla (2017), Lacity and Willcocks (1998) and Barrar et al. (2002). They argued that increasing outsourcing of accounting services will lead to a reduction in cost especially where the level of demand for the particular service is too low to provide a cost-efficient service in-house. Shirzadeh et al. (2014) also observed that a positive and significant relationship exists between cost reduction and outsourcing of functions in an organisation which the current study has confirmed.

Surprisingly, the study further indicates that cost reduction is not the main reason for accounting services outsourcing in the hospitality industry among the participating facilities, as proposed in several other studies (Bransah, 2019; Espino-rod ríguez et al., 2017; Kuada & Hinson, 2015; Mansor, Abu, Abashah, Asyraf, & Kassim, 2018). This outcome is however consistent with findings from Everaert et al. (2007), where they concluded that external expertise is the major reason for selective outsourcing of accounting services among SMEs in Belgium, contrary to general beliefs that the desire for outsourcing accounting services is borne from a cost reduction strategy.

Service quality has a positive significant effect on accounting services outsourcing was the third hypothesis tested and it was found to be supported by the results from the study. Results from respondents were similar to previous studies on the subject. Everaert et al. (2007) concluded that access to quality accounting services was the major reason for total or selective accounting services being outsourced as observed from Belgian SMEs, explaining why outsourcing of more specialized accounting tasks like income taxes is frequent.

H glund and Sundvik (2016) proved that the quality of financial statements relates positively to the decision to acquire accounting services from external professional providers. This also strengthens the claim from this study, as service quality had a positive and significant influence on accounting services outsourcing and provides validity for the findings from the current study. Expert-quality service from external vendors who are often highly skilled and competent to handle several accounting tasks is a major reason that attracts firms (Hafeez, 2013).

The fourth hypothesis tested was that resources have a significant positive effect on accounting services outsourcing, which was rejected after analysis of data from respondents. Thus, when considering accounting services outsourcing, resource availability or the inadequacy of appropriate resources to perform accounting tasks in themselves may not necessarily influence the decision to contract the function to external vendors, contrary to findings from (Oosthuizen, 2018; Zandi, Chuan, & Mansori, 2019; Zhang et al., 2018). The contrast may be a result of the Ghanaian hospitality context on which this study was based. It is possible that hospitality facilities in the Central Region of Ghana do accept the lack of resources to influence the decision to outsource accounting service, but in the context of this study, the regression results show otherwise.

The study by Kuada and Hinson (2015) also suggests that accounting services outsourcing may free up internal resources to use on the facilities' core activities, and hence firms may outsource to free up resources to concentrate on their core competencies and not necessarily because they lack resources. Bustinza and Gutierrez (2010) seem to confirm that outsourcing helps develop resources for sustainable competitive advantage. These suggest that accounting services outsourcing may not necessarily be filling a gap of inadequate resources and skills to perform the function but rather a means to free up available resources in the business to focus efforts on the main business of the firm, creating a competitive advantage.

Adoption of IFRS has a positive and significant effect on accounting services outsourcing was the fifth hypothesis tested, and it was not accepted after analysis of the data from respondents. Contrary to prior research in different industries and countries that seemed to suggest that requirements of

financial statements and reports in accordance with IFRS requirements encourage outsourcing, the current study suggests a contrary view that adoption of IFRS does not lead to the outsourcing of accounting services. Studies by Bransah (2019) considered the growth in accounting standards usage for most firms as a factor determining the increased demand for professional accountants and accounting services outsourcing.

However, work from Khanagha (2011) reflects a decrease in the value relevance of accounting information in the United Arab Emirates stock market when results for the period before IFRS was adopted were compared with the period before the adoption of IFRS, which was interpreted as an indication that adoption of IFRS did not improve the value relevance of accounting information. Perhaps IFRS adoption does not influence accounting services outsourcing among the participating facilities.

Challenges of Accounting Services Outsourcing

Research Objective three examined the challenges associated with outsourcing accounting services in the hospitality industry. Despite the many advantages that outsourcing accounting services offers, firms that engage in accounting services outsourcing perceive inappropriate management and control of outsourcing contracts (Nyameboame & Haddud, 2017). The possible loss of control over the accounting process and security have been identified as perceived challenges in accounting services outsourcing engagements. Firms should therefore be wary of the contracts they make with external service providers and make frantic efforts to manage these identified risks and turn them into opportunities to enhance their competitive advantage (Egiyi & Alio, 2020;

Maelah et al., 2012). The results of this study provided evidence of the possible risks embedded in these accounting contracts.

Furthermore, Sultan and Khurram's (2019) study in Karachi moderated the risks of outsourcing and discovered that embedded risks impair the decision to outsource, whereas without the risks of outsourcing playing a moderating role, outsourcing has a positive and significant relationship with all dimensions to which it was subjected. Findings from the current study confirm this assertion about the prevalence of challenges in outsourcing contracts.

Effect of Accounting Services Outsourcing on Firm Performance

Lastly, the fourth research objective looked at the effect of accounting services outsourcing on firm performance. The study hypothesised (H_6) that accounting services outsourcing significantly influences firm performance of the hospitality industry in the Central Region of Ghana positively. From the outcome in Table 14, accounting services outsourcing had a substantial positive effect on firm performance ($\beta = 0.801$; $t = 27.286$; $p < 0.05$). This is because $p(0.000) < 0.05$ and $t > 2$ indicate a significant positive effect of accounting services outsourcing on firm performance, and hence the hypothesis (H_6) was sufficiently supported. This means that outsourcing accounting services plays a key role in the performance of firms in the hospitality industry within the Central Region of Ghana.

Results from the current study corroborate prior literature. The improvement in firm performance confirms the assertion that some forms of outsourced accounting services have the potential of improving profits, increasing market share, and increasing sales growth (Awe et al., 2018). Munjal et al. (2019) also contribute to studies on the subject when they conclude that

outsourcing enhances efficiency and boosts firm performance, and thus the results of the current study support this. The findings from this study also concur with the works of Agburu et al. (2017), Ahmed (2018), Pomegbe et al. (2019) and Nyameboame and Haddud (2017), Egiyi and Alio (2020), Hafeez (2013), Minjo (2018), Sundvik and Höglund (2019), and Zhang et al (2018).

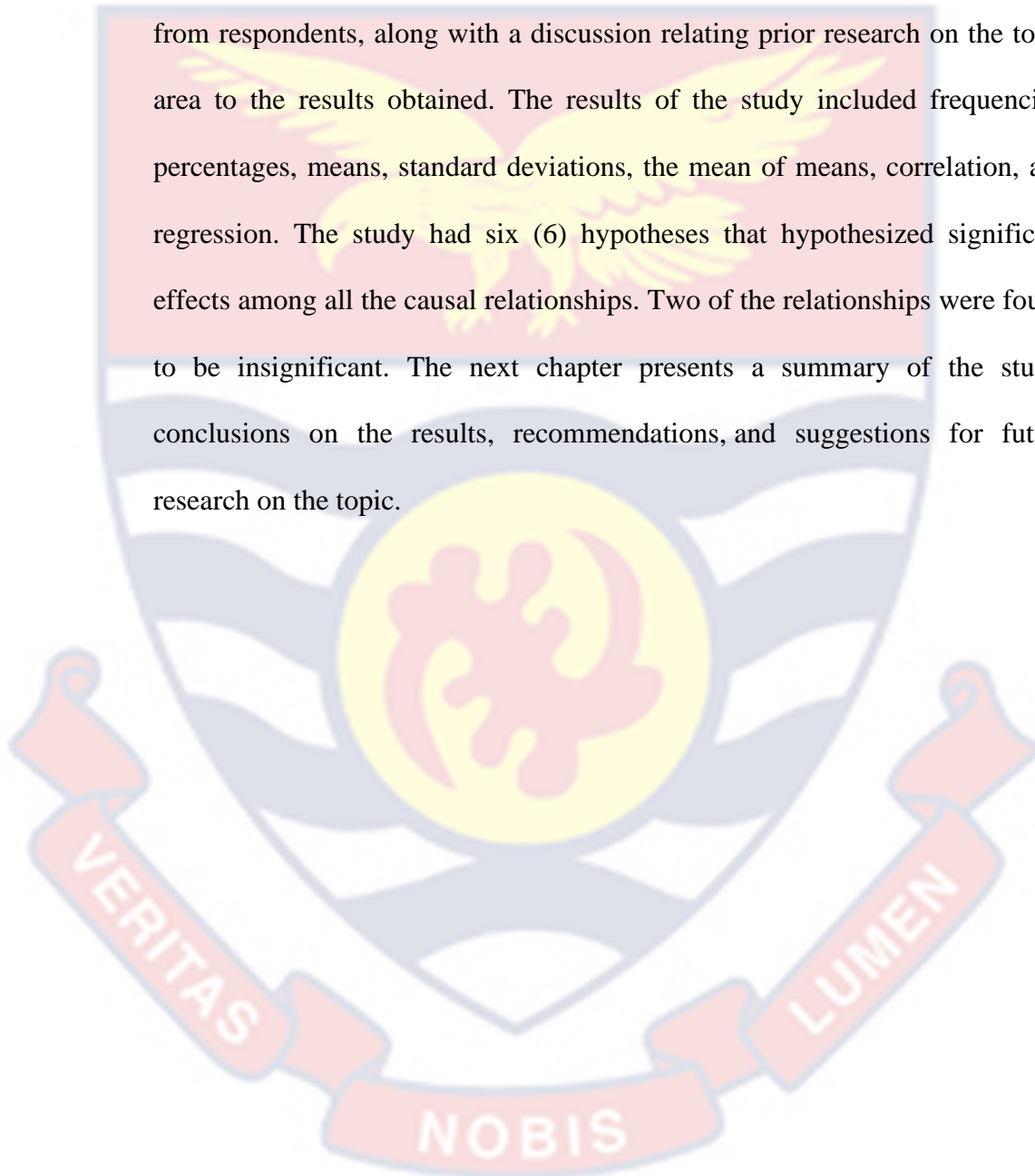
On the contrary, the results from the current study contradict the outcome from Rogosic (2019), who is of the opinion that outsourcing accounting reduces management's understanding of accounting information, which is borne from a high level of familiarity with accounting. He added that being conversant with accounting increases the need for accounting information, which is incorporated into making informed and intelligent everyday business decisions. His research found that managers with in-house accounting generally had higher levels of accounting knowledge, which increased their use of accounting information. He thus recommended internalizing accounting, though it might be expensive compared to outsourcing. His conclusions, however, align with those from Lahiri (2016).

The results from Yeboah (2013) study which was conducted in the Ghanaian context produced mixed finding on outsourcing and firm performance which contrasts with that of this study. Lahiri (2016) also posits that outsourcing may affect firm performance positively, negatively, have no significant effect on firm performance, or have a moderating effect on firm performance. The overt effects that accounting services outsourcing has on making informed business decisions that influence firm performance and attract both local and foreign investors may not happen by chance. Managers and decision-makers in

businesses need to properly manage this business strategy to accrue positive benefits for their firms and reduce the negative effects of embedded risks.

Chapter Summary

This chapter analyzed and presented the results from the data gathered from respondents, along with a discussion relating prior research on the topic area to the results obtained. The results of the study included frequencies, percentages, means, standard deviations, the mean of means, correlation, and regression. The study had six (6) hypotheses that hypothesized significant effects among all the causal relationships. Two of the relationships were found to be insignificant. The next chapter presents a summary of the study, conclusions on the results, recommendations, and suggestions for future research on the topic.



CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter provides a summary of the study and key findings, inferences made from the findings, and recommendations as well as suggestions for further research.

Summary of the Study

Outsourcing has become a global strategic engagement for several businesses and industries. The purpose of the research was to examine accounting services outsourcing practices in the Central Region hospitality industry and their effect on firm performance. Specifically, the following research objectives were examined:

1. Examine management perception of accounting services' relevance to the hospitality industry operations;
2. Assess the factors that determine accounting services outsourcing in the hospitality industry;
3. Examine the challenges associated with outsourcing accounting services in the hospitality industry;
4. Analyse the effect of accounting services outsourcing on the performance of firms in the hospitality industry.

This study contributes to the body of knowledge on accounting services outsourcing and its relationship with firm performance particularly in the Ghanaian context. The theoretical framework underlying this study consisted of the transaction cost economies, resource-based view and the planned behaviour theories. These theories provided the theoretical foundation for this research and

guiding principles for the constructs under study. A review was done on the hospitality industry in Ghana and accounting in industry. The study then went on to explain the various concepts under study: accounting services and their relevance, outsourcing and the determining factors in the light of prior researches as well as firm performance in the hospitality industry. An empirical review was done on prior studies regarding the topic to discover gaps, inconsistencies, and consistencies.

The study examined two research questions: what is management's perception of the relevance of accounting services to the operations of the hospitality industry? and what are the challenges associated with accounting services outsourcing? and six hypotheses:

- H₁: Asset Specificity has a statistically significant negative effect on accounting services outsourcing.
- H₂: Cost Implication has a statistically significant positive effect on accounting services outsourcing.
- H₃: Service Quality has a statistically significant positive effect on accounting services outsourcing.
- H₄: Resources have a statistically significant positive effect on accounting services outsourcing.
- H₅: Adoption of IFRS has a statistically significant positive effect on accounting services outsourcing.
- H₆: Accounting services outsourcing has a statistically significant positive effect on firm performance in the hospitality industry in Central Region.

. The study employed the positivist philosophy because it dwells on objectivity, which helps to generalize meaningful data. The study used the

descriptive cross-sectional design under the quantitative approach as the research design for this study. The quantitative approach was utilized as it adequate to answer the research questions and test the hypotheses. The survey strategy was employed with structured questionnaires to help provide more standardized data for analysis. After an extensive review of previous literature, a structured questionnaire was developed to solicit information from hospitality industry in the Central Region of Ghana. Of the questionnaires distributed to respondents, 106 were valid to be used for data analysis.

The data was then processed with IBM SPSS Statistics version 26 (SPSS v26) and SmartPLS (version 4.0) both descriptive and inferential statistics. Specifically, descriptive statistics such as standard deviation, mean scores, kurtosis, skewness, frequencies, and percentages were used to describe the dataset. Structural Equation Modelling (SEM) was then used to test the various hypothesis formulated inferentially. To test for significance, the study utilized a 5% significance level where the hypothesis was shown to be supported if p value was less than 0.05 and t-statistic greater than 2.

Summary of Key Findings

Regarding the first objective, analysis revealed that accounting services are perceived as relevant to the operations in the hospitality industry. Accounting services were generally perceived by management of hospitality facilities to influence operations and firm performance positively in the long run. The second research objective assessed the factors that influence accounting services outsourcing decisions in the hospitality industry. Significant among them were asset specificity, cost implications, and service quality.

Subsequently, the likely challenges associated with outsourcing accounting services in the hospitality industry, which poses risks for outsourcing firm and thereby deter firms from outsourcing their accounting tasks, were examined. The study revealed that inappropriate management and control of outsourcing contracts, the possibility of factual alterations by external vendors, and the transfer of control, in that order, are the greatest challenges and possible risks firms face when making the decision to outsource the accounting function to external service providers.

Furthermore, the extra cost of replacing the supplier or bringing the function in-house should outsourcing fail and the non-availability of an outsourcing vendor within the business location was one key factor preventing some managers from outsourcing their accounting function to external vendors. The fourth objective was centred on examining the effect of accounting services outsourcing on the performance of firms in the hospitality industry. The study found that outsourcing accounting services significantly helps to increase sales margins and market share of participating facilities as these services provide them with reliable accounting information on which they can make well-informed decisions in a dynamic business environment.

The study also found that by engaging in outsourcing accounting tasks, users of accounting information maintain a level of assured reliability, thereby attracting investors to their businesses and increasing the probability of securing loans and other funding sources for their businesses, which ripples into influencing the overall performance of their businesses in the long run.

Conclusions

The study sought to examine the effect of accounting services outsourcing on firm performance in the hospitality industry in the Central Region of Ghana. It revealed outsourcing as a necessary means of enhancing operations in the hospitality industry. The study adopted a framework to analyse accounting services outsourcing from previous literature. The following conclusions were drawn from the findings of the study:

Regarding the first objective, the study concluded that the management of firms in the hospitality industry in the Central Region of Ghana perceive budget preparation as useful in planning the operations of their facilities, thereby enhancing profitability. Thus, managers who do not have the accounting function to provide such budgetary services will be willing to outsource this accounting service to enjoy the benefit of enhanced profitability compared to managers who do not perceive accounting services as relevant to their operations.

For the second research objective, testing the hypothesis for firms in the hospitality industry in the Central Region of Ghana concluded that factors such as cost reduction and service quality are significantly and positively associated with the intention to outsource accounting services while asset specificity significantly influences the decision to outsource accounting services but has negative implications for the accounting services outsourcing decision and thus is an important factor that influences the decision to outsource. Adoption of IFRS surprisingly influences accounting services outsourcing significantly but negatively among participating facilities in the hospitality industry in the Central Region of Ghana, contrary to findings from previous studies.

The study also concludes in terms of this objective that resources of a hospitality do not determine the outsourcing decision. It may possibly be a consideration but not necessarily a deciding factor when it comes to making the sourcing decision. However, the association between the adoption of IFRS and accounting services outsourcing was shown to have a significant negative relationship with accounting services outsourcing, while resources had a negative and insignificant relationship with the decision to outsource accounting resources, which is surprising considering the fact that most participating facilities qualified as SMEs. The researcher thus believes that, with service quality scoring highly in the analysis, lack of expert resources and knowledge that literature has outlined as a major influence on the decision to outsource accounting services is embedded in the desire to receive quality accounting services.

With reference to the third objective, the study concluded that the biggest problem of outsourcing accounting services is the possible increased costs as a result of inappropriate management and control of outsourcing contracts. This explains the reluctance of some managers to engage in accounting services outsourcing ventures in the hospitality industry in the Central Region of Ghana. Finally, the assurance of financial information reliability, which attracts investors, was found to have the highest effect on firm performance when outsourcing accounting services. In this regard, the last objective of the study suggests that when outsourcing of accounting services is properly done, investors in firms in the hospitality industry can rely on the financial information provided in the statements to make informed decisions.

This study is an eye opener on how accounting services outsourcing is being utilized for value creation, success and sustainability of firms in the hospitality industry in Ghana. It contributes to the body of knowledge on outsourcing specifically, accounting services outsourcing. The study will also serve as a guide to the management of hospitality facilities on the factors they can consider when outsourcing the accounting function. This study will also inform policymakers on the challenges they are likely to face in accounting services outsourcing. Knowing this will help them implement the requisite measures to face these challenges for a smooth integration of accounting services into the business' operations. The study has also brought up issues which can most likely be researched further. An example is, management perceptions on accounting services outsourcing and how it can affect the outsourcing decision. More research on such related issues can provide effective ways to promote sustainable growth and enhanced performance of hospitality firms in Ghana and the Sub-Saharan region.

Recommendations

The following recommendations are put forward based on the findings of the study for managers, accounting professionals, and other users of accounting information. Owners and managers of non-outsourcing facilities in the hospitality industry must consult accounting services providers for non-traditional accounting services such as business advisory to enjoy the benefits of outsourcing accounting services. Even when the firm is able to perform the function in-house, some aspects of the function will need to be outsourced to meet regulatory and statutory requirements. Thus, owners and managers of hospitality firms should not completely rule out accounting services outsourcing

but should take note of the aspects of the accounting function that cannot be performed in-house so as to outsource them for increased efficiency.

Secondly, hospitality facilities that embark on accounting services outsourcing ventures should identify effective outsourcing contract management practices to reduce the inefficiencies of accounting services outsourcing contracts and make the outsourcing process expedient. This will help reduce the challenges faced in outsourcing accounting functions to external vendors and avoid the extra cost of finding a new vendor or strengthening internal capabilities to bring the function in house in the event that outsourcing accounting services does not yield the expected results or new opportunities alter sourcing decisions in firms.

Furthermore, accounting education or training should be provided for staff of firms in the hospitality industry who are involved in the record keeping of daily transactions to enhance their knowledge of the place of proper record keeping in the ultimate financial statement preparation whether done internally or outsourced to an external vendor. Through this education and training, owners and managers in the hospitality industry will also improve their perception of the relevance of accounting services to their operations and help them take note of the necessary precautions to consider before deciding to outsource the accounting function.

The study also recommends that management of outsourcing firms in the hospitality industry should ensure faithful representation of bookkeeping tasks done internally since these are used in the preparation of outsourced financial statements. They can do this by acquiring adequate and fitting accounting information systems that will ensure proper bookkeeping thus

keeping the risk of errors in outsourced financial statements to the barest minimum or even non-existent.

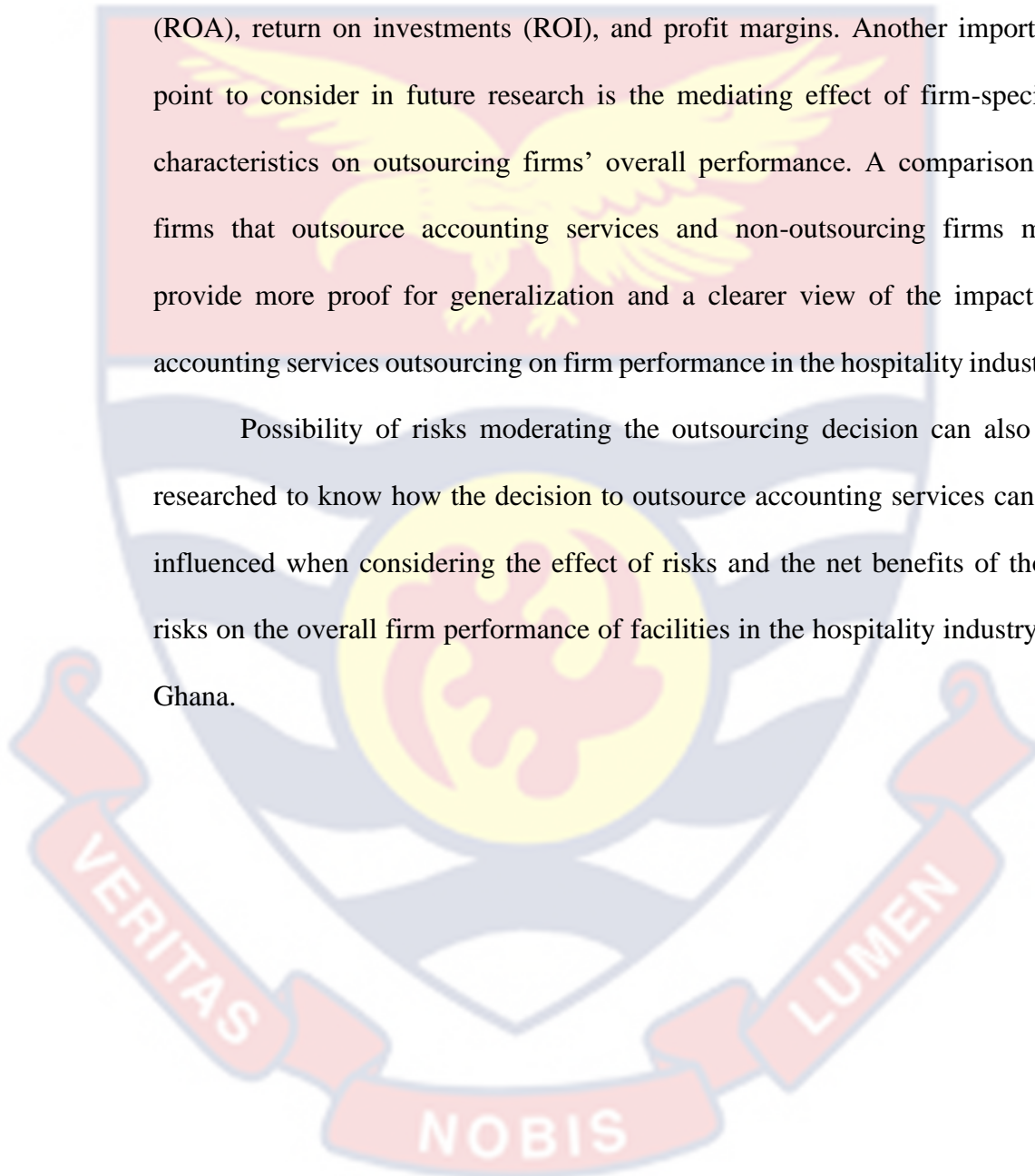
Finally, professional accountants should engage owners and managers of firms in the hospitality industry on the services they can offer and the level of commitment expected of in-house bookkeepers to make the outsourcing venture successful and profitably impact overall firm performance. They should ensure they work hand-in-hand with management such that though the function is not being done in-house, it will be efficiently integrated into the firm's operations for smooth running of the business. This will help the firm gain a competitive advantage in the industry as financial reports will adequately reflect the business thereby inviting investors into the business. It will also aid management decision making for enhanced performance.

Suggestions for Further Research

The purpose of the study was to examine accounting services outsourcing practices in the Central Region of Ghana and the effect on firm performance in the hospitality industry. It was thus targeted at firms in the Central Region of Ghana in the category of restaurants, star rated hotels, guest houses, and budget facilities in the hospitality industry as grouped by the Ghana Tourism Authority. Based on the results and conclusions drawn from the study, further research could cover Ghana as a whole, especially among listed companies, using both quantitative and qualitative methods of data collection to add to existing knowledge and help in generalising findings. Managers and owners of outsourcing firms could be interviewed to provide more insight on why outsourcing accounting services improves performance.

Further research could also consider the effects of outsourcing on the financial statement quality of outsourcing firms. Furthermore, further investigation on the effect of accounting services outsourcing on firm performance can use financial performance measures like return on assets (ROA), return on investments (ROI), and profit margins. Another important point to consider in future research is the mediating effect of firm-specific characteristics on outsourcing firms' overall performance. A comparison of firms that outsource accounting services and non-outsourcing firms may provide more proof for generalization and a clearer view of the impact of accounting services outsourcing on firm performance in the hospitality industry.

Possibility of risks moderating the outsourcing decision can also be researched to know how the decision to outsource accounting services can be influenced when considering the effect of risks and the net benefits of those risks on the overall firm performance of facilities in the hospitality industry of Ghana.



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APPENDICES
QUESTIONNAIRE



Department of Accounting

School of Business

College of Humanities and Legal Studies

University of Cape Coast

A survey of Outsourcing of Accounting Services in Central Region, Ghana

Dear respondent,

The purpose of this survey is to determine the factors influencing accounting services outsourcing in the hospitality industry in Central Region, Ghana. The information is solely for academic purposes so respondents are assured of their privacy and confidentiality.

Thank you for your participation.

Section A: Demographic Profile of Respondents

Please indicate your response to the following demographic questions by ticking “√” or filling in the blank space provided for each of the following questions:

1. Kindly indicate your gender.

- Male
- Female

2. Kindly indicate your position.

- Owner
- Manager
- Those Charged with governance
- Other, please specify.....

3. What is/are the highest levels of your education? Tick as many as may apply.

- Never attended School
- Primary School
- Junior High School/ Middle School
- Senior High School
- Tertiary
- Diploma level
- Degree level
- Masters level
- Others. Kindly specify.....

Section B: Demographic Profile of Business

This part seeks to gather information about your hospitality enterprise and the accounting service in that business.

4. How many employees are engaged in your business?

- Less than 10 employees
- 10-19 employees
- 20-29 employees
- 30-39 employees

- Above 39 employees

5. What is the legal form of your business?

- Sole proprietorship
- Partnership
- Private limited liability company
- Family Business

6. What is the nature of your hospitality business?

- Guest House and Budget
- Star Rated
- Restaurant
- Other, please specify.....

7. How long has the facility been in operation?

- 1 – 5 years
- 6 – 10 years
- 11 -15 years
- 16 years and above

8. What is the size of your revenue level for the past year?

- Less than GHS 20,000
- GHS 20,001 – GHS 2,000,000
- GHS 2,000,001 – GHS 5,000,000
- Above GHS 5,000,000

9. Does the facility use the services of an accountant?

- Yes
- No

10. Who is responsible for the accounting function in your business?

- Owner
- Someone in the business, other than owner.
- Someone, other than the owner, outside the business.
- An accounting firm

11. Does your business outsource any of its accounting functions?

- Yes or previously yes, please continue with the questions.
- No. If no, please move to **Section E** after answering **Section C**.
- Others, please specify

13. How long have you been outsourcing accounting functions?

- Less than 12 months
- More than 12 months

Section C: Management perception of accounting services relevance

This section is seeking your response on the extent of usefulness of accounting services to the operations of your facility. It also seeks to gather your responses on your perceived relevance of accounting services in making decisions. Please tick “√” your answer to each statement using 5 Likert scale [strongly disagree (1); disagree (2); neutral (3); agree (4) and strongly agree (5)]

No	Statements	1	2	3	4	5
14.	Professional accountant’s interpretation of financial information is useful in making strategic analysis for decision making in the hospitality industry.					
15.	Advisory accounting services aids in evaluation of profitable prospects and anticipated risks, creating competitive advantage.					
16.	Proper application of the accounting service can attract prospective investors to my business to enhance operations.					
17.	Accurate measures of the cost of operations helps the facility to compare prices between alternative funding sources.					
18.	Tax planning, an innovative accounting practice provides techniques that are relevant to the operations of the hospitality industry					

19.	Preparing budgets will be useful in planning for operations in my facility to enhance profitability.					
20.	An accountant will be help increase tax compliance in my facility.					
21.	Accounting services identifies key areas for performance evaluation.					

Section D: Determinants of Accounting Services Outsourcing

This section is seeking your response on the determinants of accounting services outsourcing. It also seeks to gather your responses on your firm's opinion on outsourcing. Please tick “√” your answer to each statement using 5 Likert scale [strongly disagree (1); disagree (2); neutral (3); agree (4) and strongly agree (5)].

No.	Statements on Asset specificity	1	2	3	4	5
22.	Accounting services are outsourced when it would be hard for anybody to provide the services without additional 'asset specific' training.					
23.	Accounting services are outsourced when there is an insufficient in-house technological know-how.					
24.	Accounting services are outsourced when firms do not have the required resources to deliver their accounting services internally.					

No.	Statements on Cost Implications	1	2	3	4	5

25.	Operational Cost of performing the accounting function is reduced when outsourced.					
26.	A switch to an external accountant at the end of the financial year is costly.					
27.	Staff cost of outsourcing will be lower than the cost of using permanent/full-time employees to perform accounting services.					
28.	Outsourcing transfers fixed costs to variable costs					

No.	Statements on Service Quality	2	3	4	5
29.	Outsourcing financial statement preparations improves the quality of financial reports.				
30.	Expertise of outsourced accountant assures higher accounting service quality needed for making decisions.				
31.	A higher degree of accounting service outsourcing increases the quality of financial statements.				
32.	High quality accounting function positions my business to better adapt to environmental uncertainties and sustain profitability, thus I'd rather outsource.				

No.	Statements on Resources	1	2	3	4	5
33.	The business assesses its resource availability before outsourcing.					
34.	Outsourcing makes up for the lack of in-house expertise.					
35.	Outsourcing provides access to vendor expertise and competencies					

No.	Statements on Adoption of IFRS	1	2	3	4	5
36.	The business applies IFRS to increase transparency and attract foreign investors.					
37.	The Ghana Revenue Authority only accepts financial statements prepared based on IFRS for tax purposes.					
38.	IFRS adoption led to outsourcing the preparation financial statement preparation to reduce the effect of poor corporate governance systems					
39.	Outsourcing improves IFRS regulatory conformity and compliance					

Section E: Challenges of Outsourcing Accounting Services

This section is seeking your response on why you do not outsource accounting services or deem outsourcing a risky venture. Please tick “√” your answer to each statement and where appropriate use Likert scale [strongly disagree (1); disagree (2); neutral (3); agree (4) and strongly agree (5)].

No.	Statements	1	2	3	4	5
40.	Outsourcing promises valuable opportunities but inappropriate management and control of outsourcing contract will increase costs.					
41.	External accountants may alter the facts to get what they need.					
42.	Outsourcing transfers control to third-party vendors					
43.	Lack of reliable vendor within my business location to offer accounting services.					
44.	Should outsourcing fail, there's the extra cost of finding a new supplier or bringing the activity in-house					

Section F` : Accounting Services Outsourcing

This section seeks to explore the level of outsourcing of accounting services for your facility. Please tick “√” your answer to each statement and where appropriate use Likert scale [strongly disagree (1); disagree (2); neutral (3); agree (4) and strongly agree (5)].

No	Statements	1	2	3	4	5
.						
45.	Bookkeeping					
46.	Banking					
47.	Internal Audit					
48.	Business Advisory					
49.	Accounts Receivables					
50.	Inventory Management					
51.	End of year final accounts preparation					
52.	Account Payables					
53.	Payroll Management					
54.	Financial Projections and Budgeting					
55.	Product Costing					
56.	Management Report Preparation					
57.	Taxation					
58.	External Audit					
59.	Corporate Secretarial Services					

Section G` : Firm Performance

Please tick “√” your answer to each statement and where appropriate use Likert scale [strongly disagree (1); disagree (2); neutral (3); agree (4) and strongly agree (5)].

No	Statements	1	2	3	4	5
60.	Our firm makes significant profits consistently each year					
61.	Our facility makes remarkable returns on investments					
62.	There is a consistent growth in our facility’s share of the market					
63.	There is an increase in the facility’s assets consistently					
64.	There’s a consistent growth in sales					

Thank you for your time and effort.

