

Concept of control in finance and accounting outsourcing services

Abstract

According to open system theory an organization interacts with its internal and external environment. Companies create changes and must adapt to them. International integration and technological progress observed for several years enabled companies access high quality services at any time. To remain competitive and ensure continuous effectiveness increase, companies concentrate on core activities. Many secondary processes are outsourced or delivered from centralized global services centers. Although relatively sensitive business areas, finance and accounting processes are very often subject of such strategies. One of the factors important in outsourcing strategies is control related not only to cost efficiency or conformity with the regulations but internal control of outsourced processes.

The main objective of the dissertation was to assess the performance of control in finance and accounting processes delivered by Business Process Outsourcing centers and Shared Services Centers. Based on the literature review and practical experience an empirical model has been proposed and hypotheses formulated.

Dissertation consists of four chapters, introduction and conclusions. First chapter concentrates on business services outsourcing, its theoretical background, history and development. The specifics of business services sector growth in Poland has been presented. To formulate the conditions of effective and safe outsourcing, advantages and disadvantages as well as pathologies have been studied. One of the crucial factors in successful outsourcing relationship is implementation of control system.

Second chapter focuses on internal control in outsourcing. It describes control tools and techniques, emphasizing the role of contract in business process outsourcing. The role of relationship between client and services provider has been presented. The chapter ends by the review of processes performance measurement methods and their adoption to control processes performance assessment.

The next chapter is dedicated to empirical studies which have been conducted among finance and accounting managers in shared services centers and business process outsourcing

Agnieszka Mańejczyk

centers in Poland. The survey contained questions related to system control specifics, its functions and perception of process control effectiveness. The results allowed to verify hypotheses. The chapter ends by attempt to assess system controls used by respondents and to determine characteristics of well performing systems and trends.

Last chapter presents the process of building control system in outsourcing. A concept of internal control of finance and accounting processes has been proposed.

The analysis of conducted studies has shown that technical aspects of control system structure (reporting form, control tools and techniques used and its quantity, reporting frequency, scope of controlled activities) influence its performance. Furthermore, it was stated that accuracy of reported data, right analysis and communication of control findings, system flexibility, clear and updated desktop procedures have positive impact on performance of control processes. Managerial control as well as partnership between outsourcer and client influence effectiveness of control processes performance. Efficient control of outsourced processes and monitoring enhances teams' effectiveness. Though, there is no dependence of employees' engagement level in control processes and control performance. Additionally, the characteristics of well performing control systems have been determined. In result, a concept of effective, rational and adequate control in finance and accounting processes outsourced has been proposed. Further studies and research directions have been recommended.

Wrocław, 5 czerwca 2018

Agnieszka Małysz