

Unpacking The Decision: Why Firms Outsource Their Accounting Function?

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ABSTRACT

This study aims to identify the key determinants influencing firms' decisions to outsource accounting functions. Employing the Systematic Literature Review (SLR) method, data were retrieved from the Google Scholar database, encompassing publications from 2015 to 2025. During the identification stage, 1,090 articles related to accounting outsourcing were collected, then after applying inclusion and exclusion criteria, 25 studies were retained for detailed analysis. The review indicates that micro, small, and medium-sized enterprises (MSMEs) commonly outsource services such as financial reporting, management accounting, tax consulting, and internal auditing. The most prominent motivations include a lack of professional expertise and technological limitations, and trust which align with the Transaction Cost Economics (TCE), Resource-Based View (RBV) theory, Technology Acceptance Model (TAM), Unified Theory of Acceptance and Use of Technology (UTAUT). Overall, the findings enhance the understanding of how technological, organizational, environment, and behavioral factors can shape outsourcing decisions collectively. The implications suggest that researchers should refine outsourcing models, practitioners can optimize partnerships through technology and trust, and policymakers need to strengthen MSME digital capacity while ensuring professional service standards to promote transparency and efficiency.

Keywords: accounting outsourcing, MSMEs, Transaction Cost Economy (TCE), Resouce-Based View (RBV), UTAUT, trust, technology adoption

INTRODUCTION

In the dynamic and resource-constrained environments of ASEAN and Asia, firms – mostly micro, small, and medium enterprises (MSMEs) face intense pressure to optimize efficiency, compliance, and financial transparency. MSMEs that fail to maintain financial transparency and efficiency, they will suffer more vulnerable to failure, and making them significantly insolvency. Low accounting literacy, poor accounting systems, and lack of financial information availability can disrupt the firms' growth and sustainability (Hasiara et al., 2025). Dealing with those pressures, management required to implement strategic decisions.

Determining whether to outsource accounting functions is a strategic decision. It influences an organization's efficiency, compliance, and financial governance. (Sugahara & Kano, 2025) concluded that the outsource accounting has important role to increase SMEs performance through digital self-efficacy. Outsourcing accounting tasks allows companies to delegate routine and complex functions—such as bookkeeping, payroll, and tax compliance—to specialized external providers who possess updated technical knowledge and professional expertise (Poulaki et al., 2024). This decision is particularly relevant for small and medium-sized enterprises (SMEs) that often lack sufficient internal resources or accounting technology (Gyamera et al., 2023).

In Indonesia, accounting services firms – called Kantor Jasa Akuntan (KJA) ensures that the services are performed by certified professionals regulated by the Ministry of Finance and the Institute of Indonesia Chartered Accountants (Ikatan Akuntan Indonesia /

IAI), and also guaranteeing compliance with ethical and professional standards (IAI, 2024). Moreover, the KJAs provide not only transactional accounting, but also the advisory and financial analysis services, and they are assisting management in strategic decision-making and performance improvement as well (Ma et al., 2021).

However, the clients of an accounting service firms must consider potential risks, including data confidentiality, loss of control over accounting processes, and dependency on third-party service providers carefully (Yau-Yeung et al., 2020). Therefore, before outsourcing, management should assess the complexity of its financial activities, the reliability and reputation of the KJA, and the organization's internal capacity to monitor outsourced performance (Ma et al., 2021). Determining whether to outsource accounting services is not only a matter of cost efficiency but a governance and quality assurance decision. The right choice of accounting service firms enables companies to achieve higher transparency, reliability, and long-term sustainability in their financial management (Hung et al., 2023; Poulaki et al., 2024).

Research Question:

- RQ 1 : what technological, organizational, environmental, and relational factors have been identified as influencing the decision to outsource accounting functions?
- RQ 2 : which context primarily dominates the decision to outsource the accounting function?"

LITERATURE REVIEW AND RESEARCH QUESTIONS

Transaction Cost Economics

The Transaction Cost Economics (TCE) (Williamson, 1981) framework was developed by Williamson (1981) . According to TCE, every transaction is characterized by three main attributes: frequency, uncertainty, and asset specificity. Those three attributes collectively determine the level of transaction costs. *Asset specificity* refers to the degree to which an asset must be dedicated or customized to perform a particular transaction. *Frequency* relates to how often the transaction occurs. *Uncertainty* pertains to the extent of unpredictability surrounding the transaction.

The central focus of TCE is the organization's decision about which governance structure that is more cost-efficient: whether producing goods or services internally ("make"), or purchasing them from an external supplier ("buy"). This theory rests on the assumption of bounded rationality – which means the individuals have limited capacity to process information and make fully rational decisions.

Furthermore, North (1992) argues that TCE is also grounded in institutional assumptions and neoclassical behavioral assumption. The institutional assumption is emphasized that institutions must adapt to survive, as well as in the neoclassical behavioral assumption of wealth maximization. This neoclassical assumption accurately describes human behavior, and it is acknowledging that the costs of measuring performance, fulfilling contracts, and enforcing agreements can be as constrain for organization to reach the ideal of complete specialization and division of labor. Hence, according to North (1992), the ideological of behavioral – which are attitudes and perceptions, they can be considered as a fourth attribute or variable within the TCE framework.

Social Exchange Theory

The Social Exchange Theory (SET) was initially developed by George C. Homans (1958), and subsequently expanded upon by Peter Blau (1964) to encompass organizational and societal contexts, as well as by John Thibaut and Harold Kelley (1959) from a social psychological perspective. George C. Homans emphasized that social interaction is fundamentally an exchange of activities that yield both rewards and costs. The core dimensions of SET include: reward, cost, reciprocity, trust, commitment, and dependence (Ahmad et al., 2022; B. V. Kumar & Shailaja, 2024).

Relational Exchange Theory

Relational Exchange Theory (RET) was developed by MacNeil during the 1970s and 1980s as an intersection between legal and marketing studies, fundamentally built upon research concerning relational contracts (Koren & Andolsek, 2015). This theory contends that traditional contracts, primarily based on Transaction Cost Theory (TCT), are too restrictive to adequately explain long-term contractual transactions.

Consequently, RET assumes that exchange relationships are primarily governed by informal norms and mutual expectations that operate outside of formal written agreements. Transacting parties become bound by relational norms—such as reciprocity, flexibility, and fairness. These norms, which may originate from shared experience or cultural contexts, are crucial for reducing uncertainty and transaction costs by guiding behavior when contracts are incapable of specifying every detailed contingency.

Thus, within the RET framework, the effectiveness of the relationship depends on the quality of these binding norms rather than solely on the written contract itself. Key factors that emphasized within RET include: trust, commitment, open communication, flexibility/adaptability (defined as the willingness to adjust plans and roles to changing circumstances), and reciprocity and mutual support (the expectation of back-and-forth support and fairness). Although these elements may not appear explicitly in the formal contract, they are critical considerations in the outsourcing decision-making process.

SET versus RET

Both theories are applicable for elucidating the accounting service outsourcing decision. The SET is the relevant framework to explain the initial outsourcing decision by firms with no prior experience in accounting or cloud accounting outsourcing, SET is suitable because it focuses on actors who are in the early stages of interaction, making it appropriate for elucidating first-time transaction decisions. Conversely, the RET is employed to explain longitudinal transaction decisions where the actors have prior interaction history.

Technology, Organizational, and Environmental (TOE) Framework

The Technology–Organization–Environment (TOE) framework is a classic model that explains how and why organizations adopt and implement innovations, particularly technological ones. It introduced by Tornatzky and Fleischer (1990) in a book named *The Processes of Technological Innovation* (Salmizi et al., 2024). This framework identifies three broad contexts that collectively influence an organization's adoption decisions: technology, organizational, and environmental. *The Technology* context concerns with the characteristics of the innovation itself and the firm's existing technological infrastructure. It

also includes some factors, such as perceived benefits or relative advantage, compatibility with existing systems, complexity, and technology readiness. Relative advantage refers to Relative advantage refers to the perceived superiority of an innovation or transacted goods/services, and it can represent the benefits of a technology when compared to the existing alternative. *The Organizational* context refers to internal characteristics that shape a firm's ability to implement technology, including: firm size, top management support, resource readiness, and organizational culture. *The Environmental* context captures external factors—such as competitive pressure, regulatory influences, industry norms, and vendor support—that affect the adoption process. (J. Kumar et al., 2025; Tang et al., 2024)

Within the field of cloud accounting and outsourcing, the TOE framework provides a useful insight for understanding the decision to outsource accounting function. Specifically, technological factors reflect efficiency and scalability considerations, organizational factors highlight internal capability and resource gaps, and environmental factors represent external pressures such as client demands or regulatory requirements. Overall, the TOE framework offers a comprehensive structure for analyzing how technological feasibility, organizational capacity, and environmental pressures jointly shape firms' decisions to adopt or outsource cloud-based accounting systems.

Table 1. TOER Context, Focus, and Factors

Context	Focus	Typical Factors
Technology	Characteristics of the technology	Relative advantage, compatibility, complexity, ease of use, usefulness, asset specificity
Organization	Internal capabilities and structure	Firm size, resources, management support, readiness, lack of expertise, human resource specificity, process specificity
Environment	External forces and pressures	Regulation, competition, industry norms,
Relational	Relationship with outsource service vendor/providers, or potential outsource service providers	Reward, trademark, cost, reciprocity, trust, commitment, dependence, open communication, flexibility/adaptability, reciprocity and mutual support

Sources: summarized from (Ahmad et al., 2022; Koren & Andolsek, 2015; J. Kumar et al., 2025, 2025; Tang et al., 2024)

Accounting Outsourcing

Outsourcing is the process of hiring another individual or company, either internationally or domestically, to manage various business activities for you (Panigrahi & Joshi, 2020). Accounting outsourcing refers to outsourcing the accounting activities and its output, includes: organizing accounts, consulting related to accounting systems designs, services related to internal control checks and organizing economic feasibility studies based on historical or transaction data, auditing services to detect fraud or specialized audit, internal auditing services, and cloud computing services. However, (Al-Taei & Al-Jauhar, 2022)

shows that when companies outsource their cloud computing, it could be included as accounting outsourcing because the cloud service provides documenting transactions, accounting process until financial reporting. Cloud computing is not the same as Business Process Outsourcing, but they may overlap — cloud adoption may lead to or facilitate business process outsourcing, and some outsourcing models are built on cloud platforms (Phu et al., 2025). Cloud computing which is used for accounting process also known as Business Process Outsourcing (BPO) (Senga et al., 2024).

Previous research stated that outsource level of accounting service scope can be vary among companies. It is not only as financial statement preparation, but also as tax and business advisors, consulting about business process and accounting systems design, controlling or internal audit, and so on. (Al-Tae & Al-Jauhar, 2022) survey to 53 accountant members of Iraqi Association of Certified Public Accountants, and their respondents stated that they involved in some services in addition to the auditing services. (Januszewski, 2023) concluded that In Poland, small enterprises do more outsource their accounting services than medium enterprises. Slightly more companies surveyed use AIS software as a stand-alone solution than an integrated ERP. However, 75% the small companies use stand-alone AIS rather than ERP systems. It implies that in this study, most of the accounting service firms' clients are using stand-alone AIS. Otherwise, medium size companies more choose ERP systems. Commercial companies use stand-alone AIS than ERP, while manufacturing companies use ERP than stand-alone.

METHODS

This study adopts a Systematic Literature Review (SLR) approach to identify, evaluate, and synthesize existing research on the determinants of outsourcing accounting services. The SLR method is suitable for providing an evidence-based understanding of the key factors influencing outsourcing decisions. SLR can address what is known and what is not known by identifying all factors which tested in the model based on fact. SLR allows coding the determinants and outcomes from prior studies, then it open the pathway for meta-analysis, future research agenda, or developing an updated model.

Literature Search Strategy

A comprehensive search strategy was employed to identify relevant academic studies published between 2015 and 2025. The search was conducted across Google Scholar. The Boolean search is ("accounting outsourcing" OR "outsourced accounting" OR "external accounting services" OR "accounting function outsourcing") AND ("determinants" OR "factors" OR "influences" OR "drivers" OR "motives") AND ("decision" OR "intention" OR "choice" OR "adoption") AND ("firm" OR "SME" OR "enterprise" OR "organization" OR "business") AND ("2015" OR "2016" OR "2017" OR "2018" OR "2019" OR "2020" OR "2021" OR "2022" OR "2023" OR "2024" OR "2025"). In addition, we use snowballing technique to build the reference lists of selected articles were reviewed to identify further relevant studies.

Inclusion and Exclusion Criteria

Table 2. Inclusion and Exclusion Criteria

Criterion	Inclusion	Exclusion
Publication Type	Peer-reviewed articles which published in periodical journals	Non-academic articles, blogs, report without empirical or theoretical basis, conference proceedings, theses or dissertation, unpublished articles
Language	English	Non-English
Focus	The studies that examined outsourcing accounting function	Studies focused solely on Information Technology, Human Resources, or unrelated business function
Scope	Empirical studies that adopt hypotheses testing and/or qualitative analysis for addressing determinants or outsourcing accounting function	Studies that using literature review, studies about in-house accounting, studies which are not addressing decision determinants or factors of outsourcing accounting function

Preferred Reporting Items for Systematic Review and Meta-Analysis (PRISMA)

This research employs PRISMA framework. The framework includes four stages: identification, screening, eligibility, and inclusion.

Table 3. PRISMA Stages

Stage	Description	Output
Identification	The objective of this stage is to compile the results from initial search in academic databases (Google Scholars) using Boolean search	1,090 initial records
Screening	Remove not written in English or Indonesian, review titles & abstracts for relevance to accounting outsourcing determinants, and remove papers that have no full-text access	121 retained articles
Eligibility	Full-text assessment using inclusion–exclusion criteria. Exclude conceptual papers without determinant analysis, non-accounting outsourcing topics, opinion paper or papers without research method, or non-peer-reviewed items, or accounting-outsourcing not as endogenous variable, incomplete papers (without data	56 retained

	results), and duplicated articles	
Inclusion	Final set of empirical and review papers (2015–2025) that analyse factors influencing accounting outsourcing.	25 studies

This study focused on hypothesis-driven research articles that designated the accounting function outsourcing decision or intention to outsource accounting function and/or business process as the primary dependent (endogenous) variable. To preclude the duplication of variables with differing constructs (semantic inconsistency), all exogenous variables were meticulously tabulated and reviewed based on their operational definitions and measurement instruments. The raw data, comprising the variable names, operational definitions, and statistical significance, were subsequently classified. Finally, all significant variables were categorized into four distinct groups—technological, organizational, environmental, and relational—based on their corresponding indicators or operational definitions. Table 1 serves as the TOER guide classification for this study. Subsequently, the total number of significant variables within each context was calculated to ascertain the variety of variables encompassed by a single context. Additionally, each context was scored based on the frequency (number of articles) that concluded significance for every individual variable.

RESULTS

Theoretical framework is essential in explanatory research. It furnishes the findings with the necessary conceptual lens to interrogate the underlying mechanisms—specifically, the 'how' and 'why.' Articulating the theoretical foundation is paramount to establish the study's credibility, whether by corroborating existing literature, expanding its theoretical boundaries, or contesting established premises to generate novel scholarly insights. Moreover, the chosen theory can guide the researchers to precise operationalization of research variables that congruent with the research problem. Then, it ultimately enhances the interpretability of the results. The theoretical basis, as explicitly referenced across the sample articles, is detailed in the introductory part of our results section.

The table shows that most researcher use TCE in the model to determine decision outsource accounting function (OAF). TOE, RBV and TAM also can be used as model to analyzed accounting outsourcing decision. Only 15 articles which mention the theories, and another 10 articles did not mention the theories that they used.

However, the theoretical underpinnings that govern the outsourcing decision can be deduced from a close examination of the exogenous variables which included in the respective models. Table 5 enumerates the exogenous variables that utilized for modeling the outsourcing decision for accounting services, and it was drawing from the 25 sample articles reviewed.

Table 4. Theories and Concepts Explicitly Stated by Researchers in the Reviewed Article

Theory Use	Articles
Transaction Cost Economic	(Asatiani, Apte, et al., 2019; Baimukhamedova et al., 2023; Dang et al., 2022; Mahboub, 2021; Poulaki et al., 2024; Tomasevic et al., 2023)
Resource-Based View	(Cahyaningtyas & Ningtyas, 2020a; Mahboub, 2021)
Institutional Theory	(Alshirah et al., 2021)
UTAUT	(Al-Okaily et al., 2023)
Technology, Organization, and Environment (TOE) Framework	(Lutfi, 2022; Putri et al., 2024; Ria & Susilo, 2023; Saad et al., 2022)
The Upper Echelon Theory	(Kubota & Okuda, 2023)
Technology Acceptance Model (TAM)	(Putri et al., 2024; Ria & Susilo, 2023)
Knowledge Based View	(Sirdar et al., 2024)

The Variables which Significant to Outsource Accounting Function (OAF)

Given that outsourcing transactions commonly manifest as extended-term contracts, their underlying dynamics are particularly amenable to explanation. Specifically, the theories provide relevant frameworks for understanding the nature and formation of these transactions.

We identified ten articles for explaining determinant of OAF : (Baimukhamedova et al., 2023; Cahyaningtyas & Ningtyas, 2020a, 2020b; Chita et al., 2023; Dang et al., 2022; Jarus & Benjarongrat, 2025; Kubota & Okuda, 2023; Mahboub, 2021; Sirdar et al., 2024; Tomasevic et al., 2023). As shown in Table 5, the technological context includes four variables, the organizational context contains four variables, and the environmental and relational contexts each comprise two variables. The decision to outsource the Accounting Function appears predominantly motivated by technological and organizational factors.

The technological factors considered encompass the complexity of accounting tasks, the frequency of accounting work, the complexity of the accounting work performed, asset specificity, and the cost of service. Organizational factors encompass the firm's internal conditions, such as its human resources (specifically, the competency of the firm's accountants, or the perception that external accountants are more competent than internal personnel). The most frequently significant relational factor identified is trust and asset specificity.

Table 5. Significant Factors to Outsource Accounting Function and TOER Context

No	Variable	Sources	T	O	E	R
1.	Trust	(Chita et al., 2023; Dang et al., 2022; Rodgers et al., 2023; Tomasevic et al., 2023)				4
2.	External Accountant Competence	(Cahyaningtyas & Ningtyas, 2020b; Mahboub, 2021; Sirdar et al., 2024)		3		
3.	Accounting Task Complexity	(Baimukhamedova et al., 2023)	1			
4.	Environmental Uncertainty	(Cahyaningtyas & Ningtyas, 2020b; Dang et al., 2022; Mahboub, 2021)			3	
5.	Competitive Pressure	(Chita et al., 2023; Mahboub, 2021)			2	
6.	Frequency of Doing Accounting Task	(Baimukhamedova et al., 2023) ^a and (Dang et al., 2022; Mahboub, 2021)	3			
7.	Firm Debt	(Chita et al., 2023)		1		
8.	Family Involvement	(Sirdar et al., 2024)		1		
9.	Accounting Service Firm Reputation	(Jarus & Benjarongrat, 2025)		1		
10.	Asset Specificity	(Cahyaningtyas & Ningtyas, 2020b; Dang et al., 2022; Mahboub, 2021; Tomasevic et al., 2023) ^a	4			
11.	Cost	(Jarus & Benjarongrat, 2025) ^a	1			
Total variables in a context			4	4	2	2
Total score			9	6	5	4

T=Technology; O=Organizational; E= Environmental; R=Relational

^a negatively significant

The Variables which Significant to Cloud Based (CB) Accounting

This research examines cloud-based accounting through the lens of business process outsourcing (BPO). This analysis extends to the firm's decision to outsource its cloud-enabled accounting processes. There were fifteen articles were identified that explicated CB Accounting: (Al-Okaily et al., 2023; Alshirah et al., 2021; Asatiani, Apte, et al., 2019; Asatiani, Penttinen, et al., 2019; Binh et al., 2020; Hamzah et al., 2024; Kubota & Okuda, 2023; Lutfi, 2022; Mujalli et al., 2024; Oanh et al., 2024; Putri et al., 2024; Ria & Susilo, 2023; Rodgers et al., 2023; Saad et al., 2022; Thien & Hieu, 2023). As shown in Table 6, we delineate the determinants that drive firms' intention to utilize CB accounting and adopt CB accounting.

Table 6. Significant Factors to Cloud-Based Accounting and TOER Context

No	Variable	Sources	T	O	E	R
1.	Application Risk	(Al-Okaily et al., 2023; Oanh et al., 2024)	2			
2.	Access Expertise	(Asatiani, Penttinen, et al., 2019)		1		
3.	External Accountant Qualification	(Binh et al., 2020)		1		
4.	Adequate Resources	(Hamzah et al., 2024)		1		
5.	Asset Specificity	(Asatiani, Apte, et al., 2019)	1			
6.	Business Type	(Binh et al., 2020)		1		
7.	Competitive Pressure	(Hamzah et al., 2024; Lutfi, 2022; Putri et al., 2024; Saad et al., 2022; Thien & Hieu, 2023)			5	
8.	Coercive Pressure	(Alshirah et al., 2021; Hamzah et al., 2024)			2	
9.	Compatibility	(Thien & Hieu, 2023)	1			
10.	Computing Support	(Binh et al., 2020; Saad et al., 2022)				2
11.	Complexity	(Hamzah et al., 2024)	1			
12.	Core Competence	(Asatiani, Penttinen, et al., 2019)		1		
13.	Cost	(Asatiani, Penttinen, et al., 2019; Binh et al., 2020)	2			
14.	Customer Contact	(Asatiani, Penttinen, et al., 2019)				1
15.	Environment Uncertainty	(Asatiani, Penttinen, et al., 2019; Saad et al., 2022)			2	
16.	Fear of Losing Control Over Business Process	(Asatiani, Penttinen, et al., 2019) ^a				1
17.	Frequency of Task	(Asatiani, Apte, et al., 2019) ^a	1			
18.	Government Support	(Hamzah et al., 2024)				1
19.	Human Resource Readiness	(Thien & Hieu, 2023)		1		
20.	Information Intensity	(Asatiani, Penttinen, et al., 2019)	1			
21.	Introduction	(Binh et al., 2020)				1
22.	IT Infrastructure	(Thien & Hieu, 2023)		1		
23.	Knowledge Uncertainty	(Putri et al., 2024; Saad et al., 2022)			2	
24.	Management Support	(Hamzah et al., 2024; Lutfi, 2022; Oanh et al., 2024; Saad et al., 2022)		4		
25.	Managers Tenure	(Kubota & Okuda, 2023) ^a		1		
26.	Management Experience	(Kubota & Okuda, 2023) ^a		1		
27.	Mimetic Pressure	(Alshirah et al., 2021; Mujalli et al., 2024)			2	
28.	Normative Pressure	(Alshirah et al., 2021; Mujalli et al.,			2	

	2024)				
29.	Organizational Readiness	(Lutfi, 2022; Saad et al., 2022)	2		
30.	Partner Pressure	(Hamzah et al., 2024)		1	
31.	Perceived Ease of Use	(Asatiani, Penttinen, et al., 2019; Mujalli et al., 2024; Oanh et al., 2024; Putri et al., 2024; Ria & Susilo, 2023)	4		
32.	Perceived Rapid Delivery	(Asatiani, Penttinen, et al., 2019)	1		
33.	Perceived Scalability	(Asatiani, Penttinen, et al., 2019)	1		
34.	Perceived Usefulness	(Al-Okaily et al., 2023; Binh et al., 2020; Lutfi, 2022; Mujalli et al., 2024; Oanh et al., 2024; Ria & Susilo, 2023)	6		
35.	Process Improvement	(Asatiani, Penttinen, et al., 2019)	1		
36.	Provider Support	(Hamzah et al., 2024)			
37.	Relative Advantage	(Saad et al., 2022; Thien & Hieu, 2023)	2		
38.	Security Concern	(Lutfi, 2022; Saad et al., 2022; Thien & Hieu, 2023) and (Hamzah et al., 2024)	4		
39.	Social Influence	(Al-Okaily et al., 2023; Oanh et al., 2024)		2	
40.	Supplier Computing Support	(Lutfi, 2022)		1	
41.	Trademark	(Binh et al., 2020)		1	
42.	Trust	(Al-Okaily et al., 2023; Rodgers et al., 2023)		2	
Total variables in a context			14	11	6
Total score			28	15	16

T=Technology ; O=Organizational ; E= Environmental; R=Relational

DISCUSSION

The classification within the Technology, Organizational, Environmental, and Relational (TOER) Framework is differentiated based on the perspective of the object of observation. Variables classified as technological factors were measured from the researchers' perspective regarding the goods or services being transacted. This technological consideration serves to explain why a particular good or service is outsourced. The organizational context focuses on the firm's internal structure and capabilities, for examples: the in-house accountants' perception of the competence of external accountants providing the outsourcing service, firm characteristics, management characteristics, human resource expertise, and other similar variables.

Technological context is the most frequent outsourcing decision determinant in both Accounting Function Outsourcing (AO) and Cloud-Based Accounting (CBA). However, there

is a difference in technological emphasis, particularly concerning Asset Specificity. It yields interesting results. The test results for Asset Specificity in AO literature indicate that significant negative influence on the Decision to Outsource Accounting. Conversely, findings in CBA research show that Asset Specificity has a significant positive relationship with Accounting Outsourcing (AO). The significance of Asset Specificity and Frequency in technology context provides support for TCE theory.

In the traditional AO, Asset Specificity is typically measured based on the technology required for the accounting tasks themselves. The highly detailed accounting tasks which necessitate specific and non-transferable internal decisions -- are tend to be retained in-house. Conversely, "less specific" activities are offloaded to external parties. This "less specific" in traditional AO means: not detail or not routines. This finding is corroborated by the results for the Frequency of Accounting Task in AO, where high-frequency, daily accounting work in manual or hybrid systems is generally performed in-house. More complex accounting tasks are more likely to be outsourced.

In the CBA paradigm, routine, day-to-day accounting activities are no longer considered as specific task, because accounting processes are executed automatically by system alongside general business operations. Therefore, the specific technology investment shifts to analytical tasks, auditing, financial reporting, and/or tax compliance.

Still within the technological context, cost is a variable found to be significant in both traditional Accounting Outsourcing (AO) and Cloud-Based Accounting (CBA). In traditional AO, firms tend to use in-house their accountant rather than outsource when they perceive the costs to be higher than the derived benefits. Conversely, for CBA, cost has positive significant to CBA because cost is often framed as an investment in the Accounting Information System (AIS). Here, the firm's focus shifts toward business growth, service speed, enhanced scalability, and market expansion. These strategic objectives necessitate a robust data repository (bank data) to facilitate accurate and timely decision-making.

In the technological context of Cloud-Based Accounting (CBA), the dominant variables are perceived usefulness, perceived ease of use, security concern, and application risk. These variables significantly influence the decision to adopt CBA, supporting the UTAUT and TAM frameworks.

The organizational context serves as the second most dominant factor in Accounting Outsourcing (AO) decisions. Within this context, the consideration of internal resource capability emerges as the main reason entrepreneurs choose to outsource. This finding supports the Resource-Based View (RBV) theory.

Meanwhile, the environmental context represents the second most influential factor for CBA adoption. Competitive pressure is consistently identified as a significant variable. CBA technology is perceived to provide scalability, rapid delivery, and process improvement, as well as being user-friendly and beneficial for MSMEs seeking to enhance their competitiveness.

For AO, the environmental factors influencing outsourcing decisions include environmental uncertainty and competitive pressure. Unlike CBA, the dominant environmental factor in AO is environmental uncertainty, encompassing risks such as non-compliance, regulatory changes, loan and capital policy shifts, and economic instability. The higher the level of environmental uncertainty, the more likely MSMEs are to engage in outsourcing. The significance of uncertainty supports the TCE theory.

Similar to AO, the organizational context also explains MSMEs' motivation to outsource through CBA. This finding reinforces the RBV argument that firms assess their internal resource potential to maintain sustainability and enhance competitive advantage.

In the relational context, Trust is found to be a significant variable in both AO and CBA. Most studies report a positive and significant relationship between trust and the decision to outsource accounting functions. However, the relational variables found significant in CBA are more numerous than those in AO. This is because CBA outsourcing inherently involves a more intensive integration with the firm's business processes, requiring greater relational considerations before making outsourcing decisions.

CONCLUSION

This study concluded that the TCE, RBV, UTAUT, and TAM theories can serve as suitable frameworks for analyzing outsourcing decisions. Decisions to outsource accounting functions should first be determined by the type of service to be outsourced. Accounting services may include consultative tax services, financial statement preparation, internal audit, and similar tasks, which are low in frequency but high in complexity. Accounting services may also encompass bookkeeping and business process analysis, which involve a high degree of cloud technology readiness.

Decisions regarding to Accounting Outsourcing (AO) and Business Process Outsourcing (BPO), or Cloud-Based Accounting (CBA), influenced by different contextual considerations. In the technological context, AO is often driven by factors such as asset specificity and frequency of accounting tasks, while CBA or BPO decisions are influenced by perceived usefulness, ease of use, and security concern. In the organizational context, the main determinants are lack of internal resources and the management support. Within the environmental context, environmental uncertainty and competitive pressure are the key influencing factors. Meanwhile, in the relational context, trust variable consistently emerges as a critical determinant of outsourcing decisions. Nevertheless, a variety of other determinants may also affect firms' decisions to outsource their accounting functions.

Across these four contexts, all are fundamentally important since each contains variables that are consistently significant. However, based on the reviewed samples, MSMEs tend to engage in AO primarily due to technological and organizational factors, whereas business process outsourcing decisions are more strongly influenced by technological and environmental (pressure-related) factors.

This study has several limitations. *First*, the sample size is limited: out of 1,090 articles available in Google Scholar, only 25 met the inclusion criteria. *Second*, not all studies reported complete statistical significance data, which constrained the depth of the analysis. This limitation may arise from differences in the reporting standards of the journals from which the data were drawn.

Outsourced accounting services—particularly those involving tax planning and accounting operations—offer greater benefits to MSMEs than year-end services such as financial statement preparation and auditing. These benefits include improved regulatory compliance and enhanced managerial capabilities. However, small business owners should not perceive accountants merely as compliance service providers. Instead, they are

encouraged to engage accountants in advisory and consulting roles to address the lack of financial expertise within their organizations.

Accordingly, policymakers should focus on strengthening MSMEs' digital capacities while ensuring professional service standards that promote transparency and efficiency. For future researchers, this study is expected to provide insights that can support the development of subsequent research models in the field of accounting outsourcing and digital transformation among MSMEs.

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