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ABSTRACT

The study sought to analyze financial reporting quality and outsourcing of accounting function: Evidence from small private security firms in Zimbabwe. The study analyzed the effect of outsourcing towards quality financial accounting function. 3 theories were applied including; Transactions Cost Economies, The Resource Based View and the contracting organization theory. A quantitative research approach was used with along with the case study research design. The study applied descriptive statistics, with an 82% response rate amounting to 45 participants, the researcher discovered that the impact of outsourcing on quality financial reporting for small private security firms in Zimbabwe was found to be positive in terms of minimizing risk, lowering costs, improving operations, and compliance. However, there were also challenges identified, such as the potential for outsourcing to be expensive, risky, lead to loss of control, and failure to meet standards. The study recommends that that private security companies should ensure that the provider has robust security measures in place to protect sensitive financial information from unauthorized access or data breaches.

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1 CHAPTER 1

INTRODUCTION

1.1Background of the study

Outsourcing was once a strategy mainly employed by huge companies, but in recent years, small and medium-sized businesses have come to employ it as well, (Evans, 2010). After the middle of the 20th century, outsourcing labour gained popularity, particularly among US companies searching for reliable ways to lower production costs. Asia has lower labour costs than the USA, so establishing manufacturing plants in Asian nations like China, Japan, etc. became a solution to the problem. Over the past ten years, outsourcing has become increasingly popular. A 2013 statistic indicates that over two million individuals were employed through outsourcing, with China and India being the most sought-after countries for this type of labour (Selvaggio, 2014).

The motivations behind outsourcing have changed recently, moving away from cost savings and towards other objectives. According to research by Everaert, Sarens, and Rommel (2007), the goal of obtaining professional competence is the most common rationale among Belgian SMEs for outsourcing accounting functions, at least in part. In a similar vein, Hätönen and Eriksson (2009) assert that while cost savings is a factor in outsourcing decisions, it is not the primary one. Therefore, the choice to outsource is more strategic. Businesses employ the outsourcing system, according to Lahiri (2015), as a tactic to improve their performance, however the scientific data supporting this claim is still up for debate and has received little investigation. Thus, studies in this area are pertinent and up to date from a practical and scientific standpoint.

In Nigeria nowadays, outsourcing is highly accepted, particularly in the industrial, telecommunication, and other service sectors (Mohammed, 2020). Outsourcing non-core operations, particularly accounting services, to outside vendors in order to provide managers with fast, accurate, sufficient, and effective accounting information for their decision-making process as well as to meet the needs of external users. According to Yurong (2004), outsourcing refers to a legal arrangement wherein a vendor acts as an agent for a client enterprise, carrying out some or all of the enterprise's business functions.

It is concerning that outsourcing is becoming more and more common in Nigeria, especially in the SME sector, where a sizable portion of businesses have outsourced their support operations, including back office support, financial statement production, and tax-related services (Mohammed, 2014). In order to achieve improved performance, this effort requires SME owners and managers to work in tandem with outsourcing suppliers, with the former focusing on core skills and the latter on support services. Through this partnership, Nigerian SMEs would be better able to concentrate on their yield performance, customer happiness, and business strategies. According to Kamyabi and Devi (2011), outsourcing accounting operations clearly has a substantial impact on the performance of SMEs in emerging economies, including Nigeria, which shares many of these characteristics.

In Zimbabwe not many studies have been done in the context of outsourcing, but a number of literatures is available for background inference. The purpose of a study, conducted by Mukucha et al (2020) was to ascertain how Business Process Outsourcing (BPO) affected the functional services (accounting included) provided to the tertiary education sector in terms of service quality. Over the course of a month, a statistically calculated sample size of 200 people was polled. The results showed that BPO has statistically significant values for each of the variables under hypothesis. It was suggested, based on the results, that postsecondary educational institutions focus on providing education services, which is their primary business, and outsource non-core operations. Grant thornton Zimbabwe(2024) on their page, championed for outsourcing by stating that, dynamic organizations need to focus their energies on driving the business forward and leave the accounting function whose core is simply “ the accounting part’’ as this could lead to efficiency in reporting, they also suggested outsourcing could lead to cost serving. In 2011 Maseko and Manyani conducted a research on accounting practices and challenges of SME’S and suggested outsourcing as one of the possible cures, the results of the study where, According to the report, SMEs do not maintain thorough accounting records due to a lack of accounting expertise and the expense of employing a professional accountants. This leads to an ineffective use of accounting data to assist SMEs in Zimbabwe in measuring their financial success, i.e. poor-quality financial reporting. According to this report, regulators ought to develop accounting standards tailored to SMEs and offer model forms that SMEs can use to record accounting data(in my judgement outsourcing). A study carried by Ncube and Sinamhodzi (2022) also suggested outsourcing as a tool to improve accounting services, the said study focused on Trade receivables collection efficiency by local authorities in zimbabwe, Ultimately, the study also discovered that there has been a significant decline in the caliber of crucial financial services offered by municipal governments. There are signs that local authorities struggle with a lack of funding, Expertise Manpower while other government agencies, companies, and people are owing excessively large sums of money for the services rendered. Hence outsourcing can bring expertise and offer a prudent solution.

Numerous studies on the outsourcing of various functions within Zimbabwe and the whole region have been conducted. Research on the outsourcing of distribution logistics within Southern Africa Breweries Ltd.'s supply chain was conducted by (Lutta, 2003). Kipsang (2003) conducted research on information technology outsourcing. Kenyan commercial banks' services, A research on the outsourcing of human resources services by Nairobi banks was conducted by Serem (2002). Weru (2006) conducted a study on the outsourcing of accounting services among companies listed on the Nairobi Security Exchange (NSE) and came to the conclusion that, if accounting services outsourcing is to be beneficial in terms of increased efficiency and decreased costs, a similar study should be conducted on companies that are not quoted. There hasn't been much research done on how accounting service outsourcing affects Security firms and SME’s financial performance, therefore not much is known or has been recorded yet. Therefore, the purpose of this study is to ascertain how accounting service outsourcing affects financial Reporting effectiveness in Zimbabwe. Thus, this study concludes that further research is necessary to determine how accounting service outsourcing affects financial reporting quality. Therefore, this study determines that it is necessary to evaluate how accounting service outsourcing affects financial reporting quality of security firms in Zimbabwe by providing an answer to the following research question: Financial reporting quality and outsourcing of accounting function: Evidence from small private security firms in Zimbabwe.

1.2 Statement of the problem

For a corporation to remain relevant in the dynamic business climate of today, business processes and activities are crucial. Accounting comprises the categorization, synthesis, and analysis of financial statements and reports as well as the preparation of business transactions all these are crucial to a firm, and none could function as a going concern without them. Despite this, the accounting department may not always be a key component of the company. Accounting procedures are typically not organization-specific, suggesting that they are uniform in every industry. To aid the accounting profession, a similar standard structure, rules, and even computer software have been developed. This is because the accounting industry is routine in nature. It has been established that outsourcing is a wise corporate strategy, a model that acknowledges businesses' tendency to be more relevant in business circles by transferring their non-core operations and functions to businesses that view them as core competences (Weru, 2005). Research on the effect of accounting outsourcing on the Quality of financial reporting is lacking, despite the growing trend of outsourcing accounting tasks to outside suppliers, especially small business in our case and especially in Zimbabwe. More specifically, it's not apparent if contracting out accounting work to outside parties improves or degrades financial reports' timeliness, accuracy, and compliance. Investigations into the variables that affect accounting outsourcing arrangements' efficacy are also necessary. These variables include the external provider's degree of experience and resources, the degree of communication and cooperation between the organization and the external provider, and the robustness of internal controls and governance systems, all the are variables that affect the relationship between outsourcing and quality financial reporting. In order to close this knowledge gap, this study will examine the connection between quality financial reporting and accounting outsourcing and will pinpoint and identifying the key factors that contribute to successful accounting outsourcing arrangements that promote high-quality financial reporting.

1.3Research Objective

The main objective of this study is to investigate the impact of outsourcing on quality financial reporting, taking into context a case study of the security companies located in Zimbabwe.

- To analyze the relation between outsourcing and financial reporting for small private security firms in Zimbabwe
- To determine the challenges of outsourcing towards financial reporting small private security firms in Zimbabwe
- To determine ways to enhance outsourcing towards financial reporting small private security firms in Zimbabwe

1.4Research Questions

- What is the relation between outsourcing and financial reporting for small private security firms in Zimbabwe
- What are the challenges of outsourcing towards financial reporting small private

security firms in Zimbabwe

• What are the ways to enhance outsourcing towards financial reporting small private security firms in Zimbabwe

1.5 Significance of the study

For low-income and uneducated people, Security firms offer the most convenient means of employment. In Harare alone, there are more than 19 security companies in Zimbabwe with more than 1000 members (brabys,2023). Security firms must play a vital role in the economy. Numerous interest groups will gain from this study, including Management of the firms will be aware of how other firms contract out their accounting services, and as a result, enhance performance. To the firms that are currently outsourcing some of their accounting functions or the ones that are aspiring to do so, this study is going a long way in making known what to expect in terms of the merits and challenges of outsourcing. Security employees are going to have a deeper understanding of the effect of outsourcing of accounting services and hence concentrate more on their core business and Academicians and researchers are going to gain an understanding of the Outsourcing and security businesses in Zimbabwe.

1.6Assumptions of the study

The following are the primary Assumptions of this study: outsourcing a security firm's services is a strategic choice that can impact the completeness and reputation of the report, all of which are considered to be indicators of high-quality, accurate financial reporting; Additionally, we will assume that the advantages and difficulties of outsourcing accounting services differ based on the extent, kind, and caliber of the services as well as the attributes of the service consumer and service provider. Another presumption is that there needs to be a contract between the accounting service provider and the service company that outlines the terms and conditions of the outsourcing arrangement, including the scope of The security firm and the accounting service provider may also assume that they have mutual trust and communication, which enables them to coordinate and collaborate effectively and to resolve any issues or conflicts that may arise during the outsourcing process. The security firm must have the resources and capabilities necessary to manage and monitor the outsourcing arrangement, as well as to assess the service provider's performance and satisfaction. The researcher assumed that the accounting service provider complies with the applicable accounting standards, regulations, and ethical principles that apply to the security firm's industry and legal tradition. The accounting service provider must have the knowledge, experience, and technology to deliver high quality and reliable accounting services that meet the needs and expectations of the security firms. These presumptions are based on empirical data gathered from several case studies of businesses with comparable characteristics and scale. Through data analysis and comparison with current ideas and findings on outsourcing, the researcher will evaluate and validate these hypotheses. Bookkeeping services. The study's recommendations and ramifications for the accounting service provider, Security Company, and academic and professional community will also be covered by the researcher.

1.7Delimitations of the study

The management and employees of the firms will be responsible for the meager day-to-day services like operational support and cash disbursement. This study will concentrate on a variety of accounting services, including the preparation of financial statements, bookkeeping, taxes, payroll, cash flow forecasting, external auditing, and company financial statements analysis. The research will only take into account external service providers such as accounting firms and individual consultants and it will disregard other forms of outsourcing such as shared service centers. Only small to medium-sized businesses in the accounting services industry will be included in the study. Only Zimbabwean-incorporated businesses will be used in the study for tangible and sample data. While other foreign businesses may serve as an inspiration, theoretical research only will be conducted in this manner. The research will encompass an examination of global literature from multiple sources and draw inspiration for outsourcing practices from domains beyond accounting. The study will evaluate and review literature from all the time periods the study was conducted, with a focus on organizations incorporated between 2000 and 2024. The study will employ several assumptions and generalizations, and the majority of the research in this area is pioneer.

1.8Limitations of the Study

There are certain limitations to this study that need to be recognized and addressed in subsequent investigations. The primary restrictions are: The study's scope and sample size: The fact that the study was limited to a single nation in a third-world country means that its conclusions cannot be applied to other industries or circumstances. More strong and representative results would come from a bigger and more varied sample of security organizations from other nations and areas. The procedures for gathering and analyzing data: To assess the caliber of financial reporting, the study will mostly look to secondary data sources, such as annual reports and financial statements. These sources could not include all the important components of high-quality financial reporting, like timeliness, transparency, and dependability. Additionally, the study will analyze the data using a quantitative method, which might not fully reflect the subtleties and complexity of the relationship between financial reporting quality and outsourcing accounting.

1.9Definition of terms

According to Tang et al. (2008), FRQ is a subjective notion that measures how accurate and free of manipulation financial data is in describing an organization's operating performance and financial status. Outsourcing, according to Wood and Jumah (1999), is the process of using an external service provider to offer inputs or value added that was previously developed internally as part of a long-term contractual agreement where only certain expected obligations and mutual benefits are formally described. It involves contracting with a third-party business to manage all or a portion of an organization's accounting data processing needs (Romney & Steinbart, 2006).

1.10Chapter Summary

This part will mostly concentrate on summarizing the chapter and laying the groundwork for the literature evaluation that follows. The background of the chapter, which was the first section of the introductory chapter, concentrated on providing a quick synopsis of the idea of outsourcing, its origin, its importance in the industry, and the background problems the study will try to address. The research also addressed a statement of the problem, which highlights deficiencies in the fields or institutions impacted by outsourcing and high-quality financial reporting.

2 CHAPTER 2: LITARATURE REVIEW

2Introduction

The main objective of a literature review is to provide background information on the da ta that was gathered for the study. This chapter provides an overview of the studies on t he effects of accounting service outsourcing among security firms in Zimbabwe. The ne xt step of my research will be the literature review, which will cover reviews of numerous academic works demonstrating knowledge and grasp of the academic literature on a p articular issue set in context, outsourcing in the accounting practice. A literature review i s referred to as such rather than a literature report because it also involves a critical ass essment of the sources..

2.1 Theoretical review

Company management has become more difficult as a result of the volatility and unpre dictability of business environments brought about by technological breakthroughs, eco nomic globalization, growing customer demands, and intense competition.Many firms a re in peril and face difficult challenges because of limited resources.To get around thes e challenges, companies are urged to outsource their operations, particularly their acco unting responsibilities, and transfer jobs that they have traditionally handled internally.T he following theories help explain why outsourcing accounting operations is important f or businesses.

2.2 Transactions cost economics theory

The theory known as Transactions Cost Economies (TCE), first presented by Coase in 1937 and expanded by Williamson in 1975, postulates that a corporation must incur costs to supply an activity internally, which are referred to as production costs, and that the cost of purchasing an activity is referred to as a price for the transaction. Any activity's transaction costs are determined by important function-related variables like the specificity of the activity and the level of trust placed in the accountant. The fundamental tenet of transaction costs theory is that the transaction's characteristics dictate the governance (Mcivor, 2000).TCE emphasizes governance skills above all else, suggesting that services not unique to a corporation should be outsourced (Gilley, 2004).TCE can help us better understand when it makes sense to outsource or insource a task (Stratman, 2008). According to this view, it is best to outsource tasks that are not company specific. TCE states that in situations when there is little asset specificity and a relative Outsourcing may be used to control regular transactions (Watjatrakul, 2005, Jiang et al., 2007, Chang et al., 2009). Stated differently, greater asset specificity would result in a smaller proportion of the primary business being contracted out (Chang et al., 2009; Jiang et al., 2007). However, the outsourcing of accounting services (Everaert et al., 2010) and internal audit functions is mostly driven by the specificity of human assets (Spekle et al., 2007). With regard to this research, according to this idea, a corporation must pay production costs in order to carry out internal activity; hence, the best way to reduce costs is through outsourcing, according to Transaction Cost Economies.

2.3 Resource based view theory

The Resource Based View (RBV), which Penrose (2010) introduced, has been used to sh ift the emphasis from transaction costs and opportunism to competitive advantage whe n making outsourcing decisions.

Accordingly, the RBV clarifies that a firm's decision to outsource its accounting operatio ns is significantly influenced by the level of competition. RBV is defined as a special co mbination of resources, assets, and/or capabilities that, when used creatively by a busin ess, can result in a competitive advantage (Conner, 1991; Barney, 1991). The fundament al tenet of RBV is that unique company resources are the real source of competitive adv antage. Production abilities are the main focus of this approach (Gottschalk & Solli-Saether, 2006).According to RBV, tasks that are not essential to core competences should be outsourced (Gilley, 2004).TCE and RBV have an impact on outsourcing in practice (Gottschalk & Solli-Saether, 2006).According to this theory, a company's ability to outsource in order to gain a competitive edge stems from its resources. According to this study's RBV, a firm's decision to outsource its accounting operations is significantly influenced by the level of competition.

2.4 The contracting organization theory

The contractual organization, as proposed by Domberger, is another well-known outsourcing idea. Economist Simon Domberger (1998) goes into great length regarding the financial incentives that businesses utilize to contract out tasks to other businesses in his book The Contracting Organization. Based on several studies, Domberger and his team discovered that companies outsourcebecauseof, increased adaptability, discipline in the market, and specialization. Domberger's argued that outsourcing a company's weaker areas would benefit both par tners and allow it to concentrate more on its strong points.The following are the benefit s of specialization: the purchasing firm gains access to superior services, such as bette r guidance, when contracting out leads to specialization in the service provider.The level of competition among service providers in the market dictates the potential benefits th at the purchasing firm may receive, apart from reduced costs and higherquality services. The benefits of contracting where it causes the purchasing firm to specialize will be gre ater rather than reduced costs. Revenues will increase because the purchase will benefit from its own economies of scale, offer a better-quality financial reporting or lower cost product or service, and so attract more customers.

2.5 Outsourcing in General

The high-tech manufacturing industry experienced the first significant outsourcing wave in the 1960s (Dunning & Lundan, 2008). Cost savings and the availability of trained labor were the driving forces behind outsourcing to developing nations with cheap labor costs, like Taiwan, China, and South Korea, according to Winkleman et al. (1993). Many industry sectors saw a loss of "blue collar" jobs as a result of this trend (Bardhan & Kroll, 2003).

According to Feestra and Hanson (1996), in the 1990s, the focus of outsourcing changed from a parts and components approach to contract work performed by third parties. This is known as the "white collar" job outsourcing wave of the future, according to Bardhan and Kroll (2003), with the software industry leading the way in outsourcing key functions. Due to the economic climate and the opening up of emerging markets in the 1990s, financial institutions adopted this tendency.

2.6 The drive to outsource.

Aside from cost concerns, Dad & Iqbal (2013) claim that the primary drivers of outsourcing are access to global markets, access to global talent, and a focus on core capabilities. Furthermore, Bardhan and Kroll (2003) note that the fact that English is widely accepted as the language of business, education, and communication; the fact that multiple countries share legal and accounting systems; the fact that businesses are located in areas that allow for round-the-clock operations; and the presence of highly skilled graduates were all factors that made businesses more appealing. Furthermore, Gupta (2009) presented the concept of the 24-knowledge factory and the sun principle, which enables companies to take advantage of their global talent pool and locations. Narayanan (2009) lists better cash flow control, better payment control, scalable staffing, and improved overall business performance as the four strategic reasons to outsource.

2.7 Quality Financial Reporting.

FRQ is a subjective concept that gauges how well financial data describes an organization's operating performance and financial state without being manipulated, according to Tang et al. (2008). "The precision with which financial reports convey information about the firm's operations, in particular, its cash flows, in order to inform equity investors" is how FRQ is defined by Biddle et al. The Conceptual Framework for Financial Reporting (IASB) views conformance to the objective and qualitative aspects of financial information as a basic prerequisite for FRQ. According to Jonas and Blanchet (2000), "quality financial reporting is full and transparent financial information that is not designed to obfuscate or mislead defined as the deliberate tampering with the financial reporting procedure when earnings management is not present. By misusing the discretion permitted by accounting standards, this activity has an impact on the potential value of the earnings for consumers. Earnings management reduces the quality of financial data for a number of reasons, including capital market incentives, management compensation, and debt covenants (Gomariz and Ballesta, 2014). Despite the appearance of cross-border comparability in the financial statements generated by organizations, social, economic, and legal variables lead to differences. There are no commonly accepted measures for financial resilience quotient (FRQ), although Francis et al. (2008) state that empirical researchers assess financial resilience by examining particular features of financial data. Since businesses affect earnings, accrual quality is most commonly used in this context.

2.8 Quality financial reporting and outsourced accounting.

The theory of transactions cost economies (TCE), first presented by Coase in 1937 and further expanded by Williamson in 1975, views outsourcing as a favorable factor influencing financial reporting and performance. TCE contends that outsourcing is a technique that appeals to company management since it develops certain of the performance measures employed to raise a firm's bar. The Resource Based View (RBV), developed by Penrose, argues that outsourcing is a crucial component of improved financial Reporting. However, the core premise of RBV is that distinctive organizational resources actually provide a competitive advantage; as a result, RBV clarifies that the level of competition plays a significant role in influencing a firm's decision to outsource its accounting functions. Firm capabilities that can connect outsourcing to performance are analyzed by the RBV.

Outsourcing is becoming more and more popular as a way to manage organizations more easily while lowering operational and financial risks. Better risk management is directly correlated with increases in financial performance and shareholder value, as noted by White (2001). persistent expectations for better financial reporting, as well as for consistency and proficiency levels in accounting functions. While outsourcing isn't always effective, it is difficult to argue against improved financial reporting, decision-making, and professionalism and less expensive than internal accounting (Mutherin, 2006). Effective financial management is thought to be essential to a company's survival, even though innovative ideas and entrepreneurial spirit are essential for a business to get off the ground (Gildea, 2005). Here’s the place where outsourcing comes in to stay competitive, firms can take into account the accounting function as an option.

2.9 Benefits of Outsourcing.

Cost savings, access to expertise, risk management, more compliance and focus on core business are some of the benefits of outsourcing. According to Horton (2020), outsourcing accounting functions can help firms, reduce the cost of setting up the accounting department by reducing labor cost, accounting software cost, and other outflows in context with an in-source accounting department. Accounting today(2020) also defendant outsourcing as they noted that outsourcing provide skilled labored, who are with expertise backed by up to date enhancements in the finance professional. Clifton et al (2020), also noted that outsourcing functions can help organizations streamline their reporting processes, reduce errors and increase productivity. PWC (2020), also stated that the expertise enhanced from outsourcing can assist in identifying business risk, such as fraud and non-compliance. Outsourcing can also solve the problem of department scaling, allowing firms to scale their staff according to their needs. According to the American business magazine entrepreneur,2020, Contracting-out can help business focus on their core strategies, instead of being bogged down in accounting work.

2.10 The relation between outsourcing and financial reporting

According to certain reports (Barrar et al., 2002; Kakabadse & Kakabadse, 2005; Smith et al., 2005; Jiang & Qureshi, 2006; Asatiani et al., 2019), outsourcing the accounting function—particularly financial accounting—to outside service providers will reduce costs and risk, boost profitability, and increase the value of the company. Previous research explained outsourced accounting in SMEs using TCT. Asset specificity, behavioral uncertainty, environmental uncertainty, and frequency are all associated with TCT (Brouthers & Nakos, 2004; Everaert et al., 2010). To circumvent these, external sourcing of accounting services offers opportunities to receive professional and superior services (Berry, Sweeting, & Goto, 2006; Everaert, Sarens, & Rommel, 2007;

Jayabalan et al., 2009; Everaert et al., 2010). The connection between financial reporting and outsourcing is such as cost savings and availability of specialized skills, but it also brings risks and difficulties that businesses need to carefully weigh. It is anticipated that outsourcing will become more important in financial reporting as companies continue to change and adapt to shifting market conditions. To guarantee openness, accuracy, and adherence to reporting requirements, businesses need to find a balance between outsourcing and keeping control over their financial reporting procedures. Businesses can support their long-term financial goals and objectives by carefully weighing the benefits and drawbacks of outsourcing financial reporting.Additionally, smaller companies do not have the economies of scale necessary to create and implement effective internal accounting procedures. TCT claims that outsourcing assists SMEs in improving operations and cutting costs while reallocating scarce resources to the development of core competencies (Quinn, 1999; not attaining economies of scale or incurring higher transaction costs due to the fact that outsourcing involves costs for operations and billing (Abdul-Halim et al., 2012). According to Everaert et al. (2010), we predict that smaller enterprises with less asset specificity in their accounting operations and regular and basic accounting obligations will outsource their accounting functions more significantly based on TCT. This could have a significant positive impact on compliance and management (Oosthuizen, Van Vuuren, & Botha, 2020). As a result, smaller companies are more likely to outsource in order to take advantage of the manpower and scale of specialized external units (Chiles & McMackin, 1996; Nicholson et al., 2006; Ono & Stango, 2005; Krell, 2007).

2.11 The challenges of outsourcing towards financial reporting

In an effort to save expenses, businesses usually outsource parts of their operations to countries with lower labor costs (Musteen and Ahsan, 2013). However, there's a potential that the estimated savings are off. This is primarily due to corporations using transaction cost economics (TCE) incorrectly, which holds that the true cost of outsourcing is represented by the sum of transaction, contracting, coordination, and search charges (Williamson, 2010). People frequently forget how much it costs to find a service provider, write a contract that is legally binding, record the processes, and oversee the service provider. Consequently, there's a possibility that cost-cutting objectives won't be fulfilled (Bustamante, 2018). Usually, the risk of the outsourcing provider failing or not fulfilling the necessary quality criteria, organisations most often replied in this way, based on the bulk of the studies we reviewed. This is an interesting finding, since one of the main forces behind quality development is the capacity to access resources outside the organization. When it comes to strategically important processes like research and development (R&D), businesses that fully outsource a process or activity run the risk of losing the knowledge and control that come with it (Bustamante, 2018; Lewin et al., 2009; Llopis et al., 2010; Musten, 2016; Sohal and Beaumont, 2004). Sohal and Beaumont claim that research has demonstrated the potential risks associated with outsourcing strategic operations requiring specialized capabilities.

2.12 Ways to enhance outsourcing towards financial reporting

At some point, the choice to use outsourcing is made in reaction to high demand to cut staff in order to compete fiercely and prove value, rather than only to save operational costs (Matthews, 2017). there are three levels of outsourcing: manufacturing, which refers to identifying different tasks that should be delegated to outside parties, transformational, which is a long-term relationship to support business changes, and tactical, which is used to identify and solve specific problems (Krstic and Kharovic, 2015). The organization's goal is to maximize customer happiness while producing opportunistic results, which calls for logic, methodical thinking, and intuition to consider all options (Matthews, 2017). Before using outsourcing, a number of strategic factors need to be taken into account, including flexibility, lack of resources, core competency and critical knowledge, and the impact of providing high-quality services (Lubis and others, 2018). Lacity et al. (2016) state that a firm is more likely to opt for outsourcing when it wants to optimize service quality and flexibility while simultaneously gaining access to a supplier's professional talent pool and global markets, allowing it to focus on its core capabilities. It takes risk management to improve the outsourcing function. Pang et al. (2021) distinguish between four categories of outsourcing risks: strategic, intrinsic risks of atrophy, intrinsic risks of location, and operational risks. The seven undesirable consequences are as follows: unexpected expenditures related to transition and management; switching; expensive contract modifications; disputes and litigation; declining quality of service; increased expenses; loss of organizational competencies; and hidden service costs.

2.13 Empirical Review

Finding the trend in the outsourcing of common accounting functions and achieved accuracy was the goal of a 1999 study on outsourcing by Hayes. He gathered information through questionnaires, phone interviews, and in-person interviews of companies with public listings that can be found on the listing of the sample consisted of individuals who took part in the 1995 Australian stock exchange profitability research (SSERD, 1995). Based on respondents the organizations' actual outsourcing levels from 1992 to 1997 and their predicted outsourcing levels after 1997, a pattern was identified. Accuracy of accounts payable and receivable balances were the identifying factors for which outsourcing had expanded between 1992 and the time after 1997. The study's findings on outsourcing trends were organized neatly.

Research on business outsourcing procedures among Nairobi-based private manufacturing enterprises was conducted by M'mbone (2002). The study set out to ascertain the degree of outsourcing in Nairobi-based private manufacturing companies as well as to ascertain elements that affect outsourcing in the sector. A non-disguised, structured questionnaire was used to gather the data. The study's conclusions indicate that there is strong support for using outsourcing as a cost-cutting tactic, allowing companies to focus on their core competencies while outsourcing non-core or non-strategic operations. The results of this study made it abundantly evident how outsourcing may be utilized to save expenses.

Four parameters were taken into consideration when Kamyabi (2011) and colleagues conducted a study on the outsourcing of accounting operations. They determined that the primary drivers were business strategy, competitive pressure, asset specificity, and trust in external accountants. With the use of a systematic probability procedure, the authors randomly selected 1750 manufacturing SMEs as samples. Email questionnaires were distributed to SMEs' owners or managers. On a 7-point Likert scale, 1 denoting total disagreement and 7 denoting entire agreement, they were asked to rate how much they agreed or disagreed with the effects of the factors. They employed two stages of data collection as a result, but they were unable to obtain sufficient feedback. 350 questionnaires were received for the first phase. After owners or managers who had not yet replied to the survey received follow-up emails, 420 additional comments were received, increasing the total number of research participants to 770. After removing answers that were not complete, sixty-eight eligible solutions were chosen for analysis. According to this report, accounting service outsourcing helps. TCE forecasts as well as RBV factors. The majority of respondents believed that all four factors—asset specificity, accountant trust, competitive obstacles, and business strategy—had a favorable effect.That study adds credence to the analysis's findings, which show a significant inverse relationship between the level of competition and accounting service outsourcing.The study's findings, according to the authors, contradict those of a Norwegian study (Gooderham et al., 2004), which found no connection between competitive pressure and the decision to outsource accounting.The results of the study's researchers revealed a positive association between outsourcing accounting and the business plan was unanticipated.Moreover, the results of an earlier Carey et al. study from 2006, which demonstrated that there was no correlation between company strategy and accounting service outsourcing, were in conflict with this outcome.Nyamamba (2006) performed a survey on outsourcing and the performance of chemical sector enterprises in Nairobi. The purpose of the survey was to find out how outsourcing affected the performance of chemical industry companies in Nairobi and what factors affected the decision to outsource certain services or processes. It also sought to determine the benefits of outsourcing. The crucial primary data were gathered from twenty-two Nairobi-based chemical production and sales companies using a questionnaire. The study found that each respondent's performance was enhanced by outsourcing, with better cost estimation being a significant factor.

According to a Khumalo (2006) study on crucial success variables for outsourcing tactics in the South African coal mining region of Mpumalanga, the minimal impact of outsourcing in 17 The inability of most businesses to focus on these areas in their outsourcing operations is a result of their ignorance of the crucial success elements. Rono (2011) found that while managers rush into outsourcing operations, they are not particularly interested in the obstacles that come with using outsourcing as a business strategy. The study allowed the researcher to identify the key components of outsourcing methods.

An Empirical study conducted by Ray (2009) The motivations and foundation of his study was in the wealth of literature on outsourcing, which presents a wide range of decision factors, benefits, and impacts, but does not examine the relationships and views that exist between small businesses and service providers. Results from the literature indicate that there has been a lot of discussion around the outsourcing issue. Quinn and Hilmer (1994) are among those who largely support outsourcing as a strategic reaction to heightened competition, arguing that most organizations can significantly leverage their resources through strategic outsourcing. Quinn and Hilmer (1994) identified a specific domain that involved the strategic outsourcing of tasks for which the Opponents of outsourcing argue that companies that depend on them risk severely losing their competitive edge. According to Prahalad and Hamel (1990), an organization's competitiveness may be significantly weakened if the talents that produce the next generation of core competencies are not "rented in" through outsourcing. According to Prahalad and Hamel's (1990) theory, in order to succeed in the marketplace, one must create and safeguard core competencies throughout time. These competencies serve as both the binding agent for already-existing enterprises and the catalyst for the creation of new ones. Similarly, Bettis, Bradley, and Hamel (1992) concluded that outsourcing is crucial to the survival of many western organizations' competitiveness.

On an empirical study carried out by Wadesango (2015) the author also suggested outsourcing as one of the solutions towards the link between poor financial reporting and business performance of SME’s, the author pointed out that, It is impossible to overstate the significance of high-quality accounting records. A company's ability to recognize and quantify its assets, liabilities, revenue, and expenses is dependent on that factor. The study set out to look into the effects of inadequate financial reporting systems on the expansion of Zimbabwe's small and medium-sized businesses (SMES). The primary conclusions of this concept paper showed that owners of smaller businesses tend to place a lower value on maintaining accurate accounting records. The research review also revealed a substantial correlation between accounting records and performance.

In an experiment carried out by Hirst (1994), auditors were provided with preliminary analytical review results from the audit of a hypothetical client. The outcomes were in line with a significant overestimation of inventory. The participants were requested to estimate the likelihood that the inventory was materially misstated. The subjects we represented with a report after this initial estimate, explaining the inventory disparity. The report's source was disclosed to the auditors as coming from internal accounting processes, while another group's source was external accounting processes. The study's findings indicate that the auditors were forgiving of the external accountants' reports because they contained the fewest material misstatements and thus demonstrated the external consultants' expertise.

A 2011 study carried out by Maseko and Manyani, attepted to assess the accounting practices of SME’s and pointed out outsourcing as one of the solutions as the study pointed out that, Using Bindura as a case study, this study examined the accounting record-keeping procedures used by SMEs in Zimbabwe for performance measurement.

There was usage of the survey research design. One hundred operating SMEs made up the target population. Bindura is home to retail stores, manufacturing companies, and service providers. The respondents' primary data was gathered using standardized questionnaire, and it was analyzed to produce percentages and frequencies. The 8majority of SMEs, according to the report, do not maintain thorough accounting records due to a lack of accounting expertise, which results in an ineffective use of accounting data in assessing financial performance.

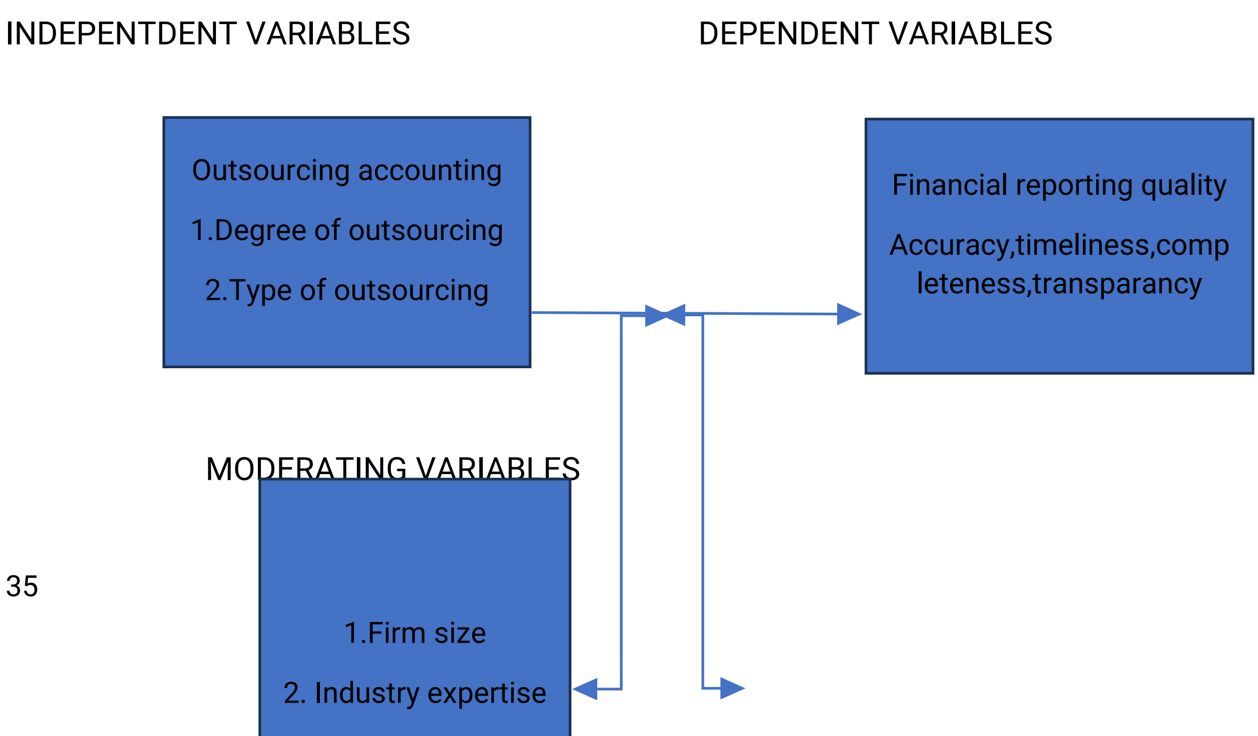
2.14 Conceptual framework

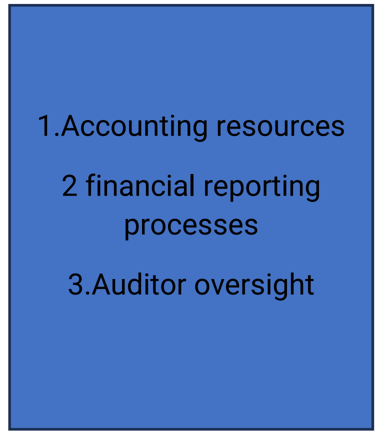
The conceptual framework of this study investigates the connection between small security organizations' financial reporting quality and the outsourcing of the accounting function. According to the theory, financial reporting quality is a dependent variable, whereas outsourcing is an independent variable that affects it. Firm size, industry knowledge, and managerial support all exert a moderating influence on the link between financial reporting quality and outsourcing. The framework also lists difficulties including losing control, becoming dependent on outside sources, having trouble with collaboration and communication, and security and confidentiality concerns as potential obstacles to achieving high-quality financial reporting. Furthermore, the framework suggests that implementing clear contractual agreements, regular monitoring and evaluation, effective communication and coordination, training and development for internal staff, and internal controls and security measures can enhance outsourcing and ultimately improve financial reporting quality. The framework is grounded in agency theory, resource-based view, and contracting out theory.

Below is a diagrammatic illustration, illustrating the conceptual framework of my research.

2.15 Conceptual framework

Illustration





MIDIATING VARIABLES

2.16 Hypothesis Development

This literature review informs the development of the following hypotheses:

- Hypothesis 1: There is a significant positive correlation between the extent of outsourcing of the accounting function and financial reporting quality in small security firms.

- Rationale: Agency theory suggests that outsourcing can reduce agency costs, leading to improved financial reporting quality. Empirical studies support this relationship. In my above empirical review, a study carried out by Wadesango (2015) suggested outsourcing as one of the solutions towards the link between poor financial reporting and business performance of SME's, the author pointed out that, It is impossible to overstate the significance of high-quality accounting records

- Hypothesis 2 The association between financial reporting quality and outsourcing is subject to moderating effects from business size, industry expertise, and management support.

- Rationale: Resource-based view suggests that firm size, industry expertise, and management support can influence the effectiveness of outsourcing. Empirical studies support this moderation, as noted in my empirical research, Maseko and Manyani(2011),Most SMEs, according to the report, do not maintain thorough accounting records due to a lack of accounting expertise, which results in an ineffective use of accounting data in assessing financial performance.

-

- Hypothesis 3: Small security firms that outsource their accounting function are more likely to experience challenges such as loss of control, dependence on external providers, communication and coordination issues, and security and confidentiality concerns.

- Rationale: Agency theory and signaling theory suggest that outsourcing can lead to challenges related to control, dependence, and security. Empirical studies support this relationship. When it involves strategically important decisions like research and development (R&D), firms that fully outsource a process or activity run the risk of losing the knowledge and control that come with it (Bustamante, 2018; Lewin et al., 2009; Llopis et al., 2010; Musten, 2016; Sohal and Beaumont, 2004). Sohal and Beaumont claim that research has demonstrated the potential risks associated with outsourcing strategic operations requiring specialized capabilities.

2.17 Summary of the section

Businesses are encouraged to move forward with outsourcing, as demonstrated by the analyzed research, as it significantly enhances a firm's total financial and operational performance—both metrics that are influenced by high-quality financial reporting. Outsourcing is a tactic used by businesses to reduce costs and promotes company growth. Additionally, outsourcing boosts employee morale toward activities of the business, hence raising the performance of the organization. Put differently, outsourcing is a mediator for the company's financial and operational performance.

3 CHAPTER 3

Research methodology.

3.1 Introduction

This chapter outlines the research methodology, which served as the foundation for the findings and suggestions. It also covers the research design, population, research subje cts, sampling techniques, instrumentation, validity, and reliability, as well as data collecti on, presentation, analysis methods, and ethical constraints.

3.2 Quantitative research approach

The objectives of quantitative research are measurable and closely related to variables and hypotheses; variables are concepts that have multiple possible meanings, while hyp otheses are conjectures or theories on the relationships between variables.

Adedoyin (2020)According to Håkansson's (2013) findings, survey, expost facto, case st udy, and experimental research are the most often used research approaches in quantit ative research.The goal of quantitative research is to address research issues by gatheri ng and evaluating numerical data. test theories. It includes organized and methodical techniques for gathering data, doing statistical analysis, and interpreting the findings. Greater sample sizes are frequently needed for quantitative research in order to guarantee statistical power and generalizability. The goal of data collection for researchers is to have a representative sample that captures the features of the overall population. Tables, charts, statistical measurements, and numerical data are used in quantitative research reports to present conclusions. A clear and organized presentation of the results makes comparisons, meta-analyses, and additional research easier.

3.3 Research design

The techniques employed for gathering, measuring, and interpreting data are a component of the research design. The three primary types of research designs are causal research, descriptive research, and exploratory research, according to Hair et al. (2013). The three security companies in Harare that the researcher examined in a case study were Derfcorp, Tango Security, and Atran Security. Understanding the case in connection to its real surroundings is emphasized in case studies. Researchers gather copious amounts of data to examine the various dynamics and factors that affect the case. Case The goal of a study's research design is to examine a certain person, group, organization, occasion, or circumstance. Based on their applicability to the study question or the phenomenon being studied, the researcher chooses the case or cases. Understanding the case as a whole while accounting for a variety of variables and their interactions is the main goal of case study research design. Instead of focusing on a few key components, it enables a thorough examination of the phenomenon. A single case study involves the selection of one limited example by the researcher to emphasize a certain issue or topic (Creswell & Poth, 2018). The case study is one of the most widely used and acknowledged forms of qualitative research methodology in the social sciences (Bloomberg & Volpe, 2022).

In a multiple case study, the researcher chooses numerous examples to emphasize a certain issue or subject (Creswell & Poth, 2018). The goal of a numerous case study is to compare examples in order to identify trends, correlations, or commonalities. Regardless of how dissimilar or similar the cases are from one another, the aim of a multiple case study is to find patterns or connections between them (Yin, 2017). This method is commonly used when the phenomenon being studied is rare or difficult to see.

3.4 Population of the study

Asiamah et al. (2017) state that population characterization is required for the recording of both qualitative and quantitative research. The study populations are people, groups of people, or items that are the focus of a scientific investigation (Asiamah et al, 2017). The term "research population" can refer to the whole group of topics the researcher wants to study, including people, things, and events (Sekaran & Bougie, 2016).

Thus, the population fluctuates depending on the objectives and study question. It could be a specific group of people, such college students, employees of a given business, locals in a certain community, or those afflicted with a specific disease. Non-human populations, such as those of animals, plants, or objects, may also make up the population, depending on the goals of the study. The study included 60 participants from Fortified Security, Boltsec ,and Roar security who were preselected for participation. The demographic was chosen based on the researcher's ability to get a saucerful appointment.

3.5 Population of the study

Department	Target population	Population
Top managers	60	9
supervisors	60	15
Accounting	60	21
employees	60	15

Source: primary data

3.6 Sampling

Selecting a sample is an essential first step in every research project. According to (Radhika Kapur, 2018), when determining the right sample size, considerations such as the type of universe, sampling unit, source list, sample size, parameters of interest, financial constraints, and sampling procedure should all be made. Sampling techniques can be categorized into probability sampling methods and non-probability sampling methods, according to Alvi (2016), cited by Radhika Kapur (2018). On the other hand, sampling technique refers to the process of selecting the right number and makeup of the population (Sekaran & Bougie, 2016). A portion of the populace that is chosen to represent A sample size is defined as the entire population or any combination of sampling units that does not include all of the sampling units that are defined as the population by (Garson 2012).

The sample is a smaller, more manageable subset of the selected population, and the findings are then extrapolated to the complete population. Selecting a sample from the population is the process of sampling. Convenience sampling, stratified sampling, random sampling, and purposive sampling are some of the sampling techniques that can be employed. For the outcomes to be. The sample must be representative of the population in order to be suitably generalized. Sample size is influenced by demographic variability, the desired level of accuracy, and the research design. The researcher used both stratified random sampling and convenience sampling.

3.6.1 Target sample size

Department	Population	Sample size
Top managers	9	6
supervisors	15	12
Accounting	21	15
employees	15	12
	60	45

Source: current study

3.6.2 Stratified sampling technique

Stratified sampling is a probability sampling technique used in sample surveys. The members of the target population are divided into distinct groups or strata, and members of each stratum share specific characteristics that are relevant to the survey (Parsons, 2017). Researchers use stratified sampling to ensure that the sample accurately reflects the characteristics of the population. It comprises dividing the population into regular groups called strata, then selecting samples based on how well-represented each stratum is in the population. Stratified random sampling enhances the sample's representativeness by dividing the study population into groups based on characteristics the researcher is interested in (Teddlie & Yu, 2007). According to Elfil & Negida (2017), this technique improves the accuracy of results, reduces sampling bias, and allows researchers to estimate outcomes both within and between strata.

3.6.3 Convenience sampling

Rahi (2017) defines convenience sampling as the process of collecting data from a study population that is conveniently available to the researcher. Researchers that use convenience sampling, a non-probability sampling technique, select participants or sample items based on accessibility and availability. Unlike a random selection process, convenience sampling is determined by convenience. Selecting individuals for convenience sampling means picking those who are easily reachable and available to the researcher. These could be nearby residents, easily accessible, or willing participants in the study. Due to convenience sampling is an often employed quick and affordable way of gathering data. Golzar and Tajik (2022) list some benefits of convenient sampling. Selecting the participants may require less work on the side of the researchers than with other non-random selection techniques. Second, convenience sampling requires the researcher to select participants at a very low cost. Third, the study takes less time for the researchers because the sample taken from the target group is readily available. Researchers don't require a lot of money or time-consuming procedures to reach out to potential volunteers. This sampling approach "allows the researcher to complete interviews or get responses cost-effectively" due to the differences in the target group; yet, it may also be criticized for selection bias.

3.7 Data collection procedure

Data collection is the process of acquiring information with the aim of understanding the studied subject better (Hamed, 2021). According to Sekaran and Bougie (2016), the process used to get and exploit research data is referred to as the "data collection method". A few methods for gathering data are observation, surveys, and interviews. However, a questionnaire was used to collect the majority of the study's data. The following respondent demographics were considered in the study: gender, age, education, job position, years of employment, and so on. Before the last distribution, To find any problems with the research design, the questionnaire was pretested. The purpose of this was to refine the questionnaire in order to increase its validity and accuracy. Five research participants who took part in the pilot test were excluded from the final analysis to guarantee there was no bias. In addition, the participants were notified of the deadline for submission, and the surveys were collected following a seven-day period.

3.7.1 Questionnaire

According to Malhotra (2010), a questionnaire is a methodical approach to gathering data in which participants are given a list of written or spoken questions to answer. Data were gathered from the intended respondents using both closed- and open-ended questionnaires. In order to describe the entire population, questionnaires also made it possible to quickly and inexpensively obtain original data from a sample of the community (Ogutu 2012). Furthermore, respondents' increased sense of anonymity allowed them to freely express their opinions and sentiments, which reduced research bias. A popular rating system called the Likert scale asks respondents to rate their degree of agreement or disagreement with a series of items in order to gauge their attitudes, opinions, or perceptions.

The questionnaire was divided into six components in terms of organisation. The demographic data asked in Section A included job status, training level, and gender. Questions on the selection process for workers undergoing training were included in Section B. Section C made a request for training standards details. Training design components were evaluated in Section D. The final section, Section E, addressed worker performance. A five-point Likert-type scale, with endpoints ranging from strongly disagree (1) to strongly agree (5), was used to evaluate the measurement items (Elliot, 2021). The nature and goals of the research were outlined in a cover letter that was attached to the questionnaire, along with instructions on how to fill it out.

3.7.2 Sources of data

There are many different types of data, and every research effort needs data. All study work analysis, results, conclusions, and recommendations are based on the data used for the analysis. As a result, data is defined as the material representation of information in a manner that can be automatically or by humans processed, understood, or communicated (UNECE, 2000). According to Radhika Kapur (2018), there are two types of data sources: primary and secondary data. Primary data is new and was acquired by the researcher specifically for the study, whereas secondary data 37 is not brand-new; it was previously obtained. work in progress. Numerous methods, such as in -person interviews, mail-order surveys, schedules, and observations, can be used to collect them. Primary data were acquired for this research endeavor in order to provide accurate and precise information. The core data for this study were gathered using both closed-ended and open-ended questionnaires. The conclusions of this study are based on an analysis of the primary data that was collected.

3.8 Data presentation and analysis

According to Sekaran and Bougie (2016), data analysis is a methodical approach to statistical data analysis to determine if the study hypotheses made were supported by the data. Data analysis is the process of identifying relationships between various data classifications (Radhika Kapur, 2018). To analyze the data used in this study, SPSS IBM Version 25 and basic MS Excel tools were used. The organization of the data analysis was driven by the specific research objectives; nevertheless, when the data was delivered, the demographic data of the respondents was shown first. The following respondent demographics were considered in the study: gender, age, education, job position, years of employment, and so on.

3.9 Validity and reliability

According to Ghauri and Gronhaug (2005), reliability is the stability of the measure used to examine the relationships between variables. According to Feinburg et al. (2013), dependability is defined as the degree to which random mistakes are absent from the measurement procedure. The questionnaire's questions were created with the problem, the study's objectives, relevant theories, and other factors in mind. Because of this, it is thought that the study's replies and findings are trustworthy.

3.10 Ethical considerations

Research ethics, according to Stolt et al. (2021), is concerned with beneficence, fairness, respect for communities, and respect for persons. It offers recommendations for the ethical conduct of research. In order to preserve integrity and shield respondents from potential abuse, it is important to safeguard respondents' privacy and confidentiality by keeping their personal matters private and refraining from disclosing specific respondents' responses. Here, the names of the respondents were left off of the surveys due to concerns about their privacy and the confidentiality of the data collected from them. Additionally, the researcher collected data on respondents' free will without coercion. Questionnaires were destroyed after data collection to prevent data leakage to other parties. The research was conducted with utmost respect of every participant since the outcomes were treated as equally important in trying to bring out the truth that was to enable conclusions to be drawn after research completion. On the other hand, research ethics is defined as "the application of fundamental ethical principles to 40 research activities which include scientific misconduct, the regulation of research, the utilization of resources and research outputs, respect towards society and others, and the design and implementation of research" (Stirling et al, 2021).

The researcher protected the respondents' privacy in this way. In order to do this, respondents were not required to reveal their names or residences, and the demographic information was primarily restricted to the vocations of the respondents. Furthermore, care was taken to ensure that respondents answered the research questions voluntarily and not as a consequence of coercion by the researcher. Regarding this work, the researcher adhered with all ethical criteria.

3.11 Chapter summary

The study's research technique is covered in this chapter. It addressed population, sampling strategy and techniques, research tools, validity, reliability, and ethical considerations in addition to research design. Procedures for data collection, data presentation, and analysis were also covered in this chapter. Research findings were discussed in the next chapter.

4 CHAPTER 4

Data presentation and analysis

4.1 Introduction

The previous chapter established the research methodology for the investigation of the impact of outsourcing on financial report quality of an organization. This section is set to present, analyse and discuss the results in accordance to the research methodology. Data was presented using tables and charts and analysed using descriptive statistics.

4.2 Response rate

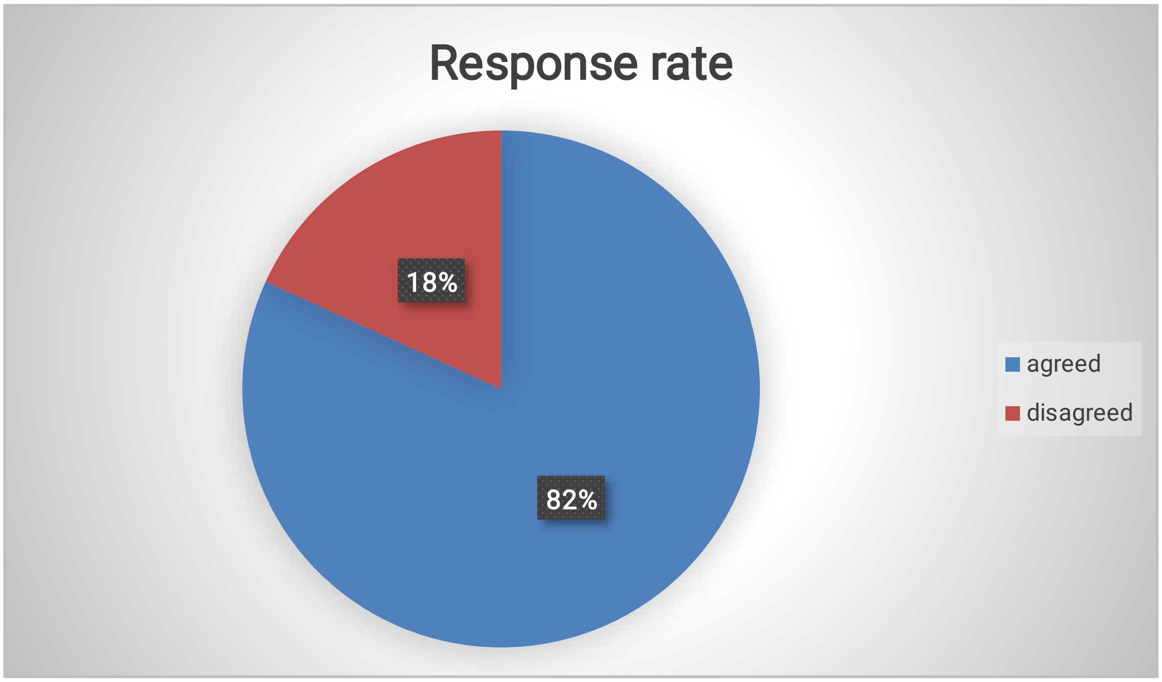


Figure 4 1 reponse rate

The fig above shows that the response rate stood at 82% acceptance versus 18% rejection. This was valid in light of Mugenda and Mugenda (2014) who propounded that the response rate is only relevant when above 50%.

4.3 Demographic information

4.3.1 Gender

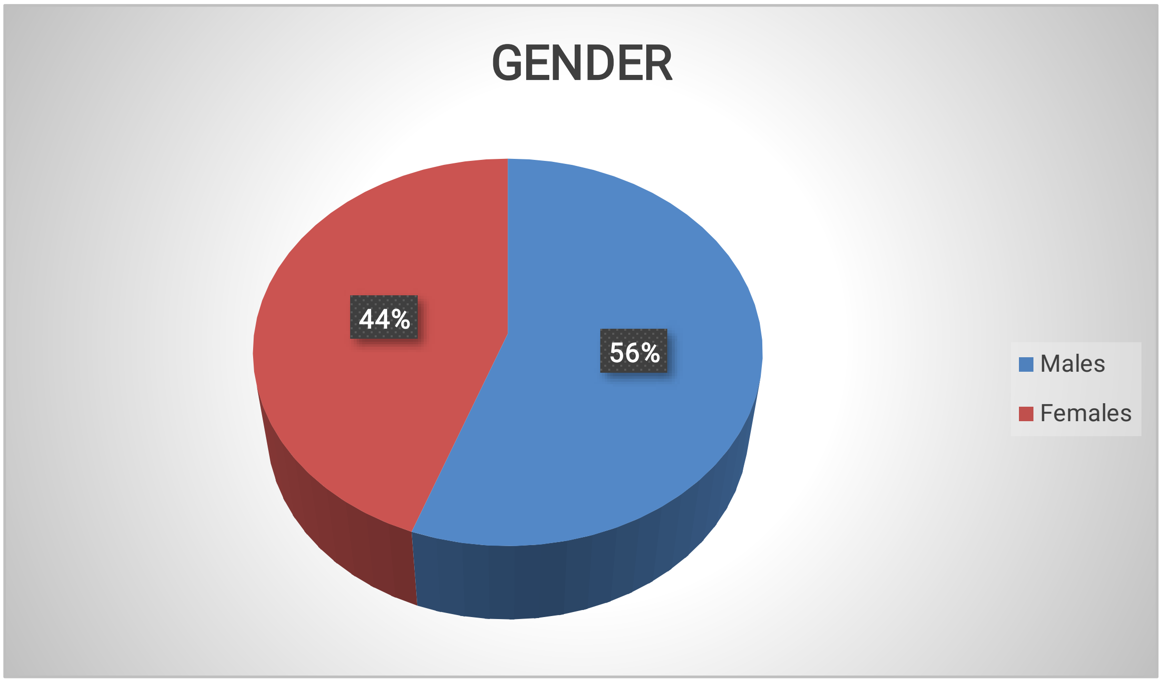


Figure 4 2 gender

Source: primary data (2023)

According to the fig 4.1 above, it is shown that of the 45 participants, 55.6 percent were males whilst 44.4 percent were females. This means that the research had a near even distribution of gender. This also could mean that the majority of the employed at this firm are males.

4.3.2 Age

Table 1 Age distribution

Age group	Frequency	Cumulative
Below 30	20	20
31 to 40	10	30
41 to 50	10	40
Above 50	5	45

Source: primary data (2024)

The table above presents the age of the participants. According to the table, 20 participants were aged below 30 while 10 were aged 31 to 40 and 10 were aged 41 to 50 and the rest were aged above 50. This how's that there was a distribution of age, cultivating different opinions.

4.3.3 Educational qualification

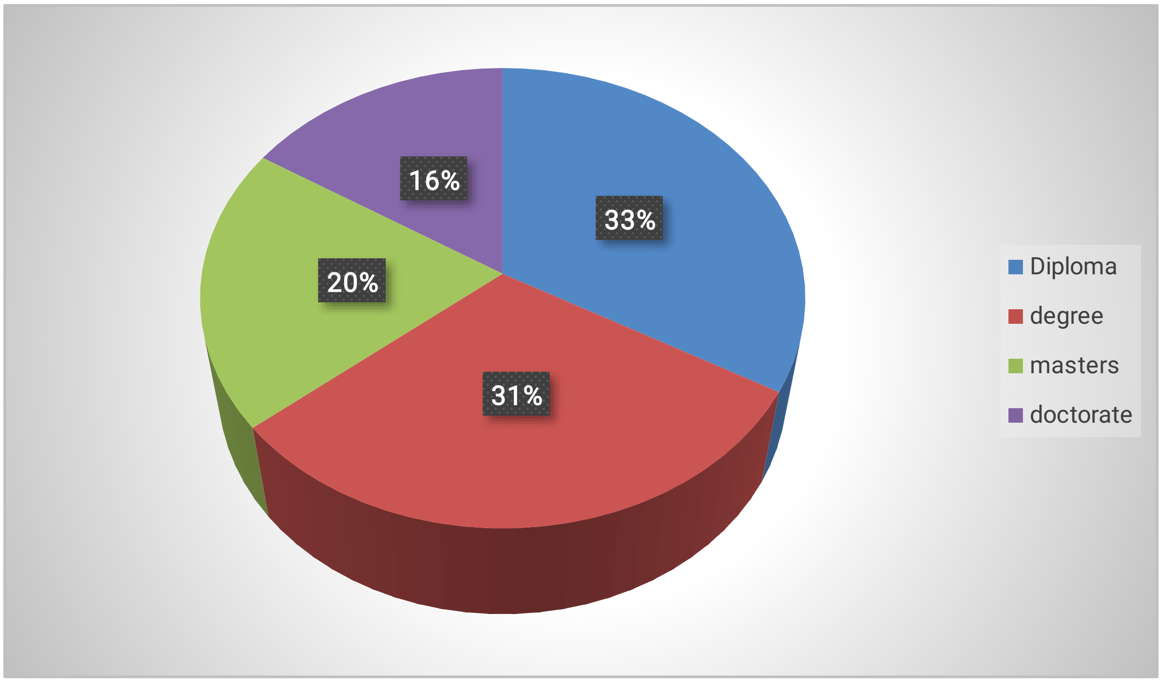


Figure 4 3 education

Fig 4.3: educational qualification (rounded off figures)

Source: primary data (2023)

The diagram above also shows that educational qualification of the respondents. The fig shows that 33.3 percent of the participants had diplomas while 31.1 percent were holders of the bachelor degree. 20 percent had masters' degree qualifications, while 15.6 percent had post graduate qualifications. The discouveries presents that the participants were literate enough to understand and attend to questions on the questionnaires and give honest legimite responses.

Table 4.3: duration with organization

Duration	N	Percentage
Less than 5 years	45	17.8
5 to 10 years	45	22.2
11 to 15 years	45	33.3
Above 15 years	45	26.7

Source: primary data (2024)

The table above shows duration of occupation with the same company of the participants. The table's shows that17.8 percent had been with the organization for less than 5 years, while 22.2 percent had been with the organization for between 5 to 10 years. 33.e percent of the participants had worked for the company between 11 to 15 years, while 26.7 percent had been with company for more than 15 years

4.4 The impact of outsourcing on quality financial reporting of small private security firms in Zimbabwe

impact of outsourcing	N	Mean	Std d
Minimizing risk	45	4.76	.936
Lowering costs	45	4.71	.689
Improve operations	45	4.47	.694
Improve compliance	45	4.53	.694

Source: primary study 2024

The table illustrates that the majority of the participants agreed that the majority of the participants agreed that the following variables denotes the impact of outsourcing on quality financial reporting of small private security firms, minimizing ricks(mean4.76.std.936), lowering costs (mean 4.71 std.689), improve operations (mean 4.47 std.694) and improve compliance (mean4.53 std.694).

4.5 The challenges of outsourcing towards financial reporting small private security firms in Zimbabwe

challenges of outsourcing	N	Mean	Std
Can be expensive	45	4.58	.888
Can be risky	45	4.76	.997
Loss of control	45	4.58	1.111
Failure to me standards	45	4.72	.655

Source: primary study 2024

The table above shows the challenges of outsourcing, and the results shows that most of participants agreed that outsourcing can be expensive (mean 4.58 std.888), can be risky (mean 4.76 std.997), loss of control (mean 4.58 std 1.111), failure to meet standards (mean 4.72 std.655).

4.6 The ways to enhance outsourcing towards financial reporting small private security firms in Zimbabwe

Strategies	**N**	**Mean**	**Std**

Risk management	45	4.50	.755
Choosing the right outsourcing firm	45	4.38	.834
Determining the availability of required resources	45	4.53	.694
Working in close proximity with the outsourced firm	45	4.69	.985

Source: primary study 2024

The table illustrate the ways to enhance the outsourcing towards achieving a sound financial reporting system for small private security firms. The shows that the majority of participants agreed that, risk management (mean 4.50 std.755), choosing the right firm (mean 4.38 std.834), determining the availability of required resources (mean 4.53 std.694) and working in close proximity with the outsourced firm (mean 4.69 std.985), can enhance the outsourcing function.

4.6.1 Data Analysis and Interpretation in Relation to Research Hypotheses

This section examines the data collected in light of the research objectives, questions, and hypotheses. A total of 45 questionnaires were distributed among three security firms in Harare, with 37 fully completed and returned. Statistical analysis was performed using SPSS Version 29. Questionnaire responses were analysed using simple percentages, while linear regression analysis was employed to test the hypotheses. All statistical tests were conducted at a 5% significance level.

	Mean	t-value	p-value
H1	0.2	3.752333	.009953
H2	0.31	3.966424	.008294
H3	0.42	8.58	.000507

Tested at 5% significance level. Accept if $p < .05$

- Hypothesis 1: The relationship between outsourcing of the accounting function and the financial reporting quality

The t-value is 3.752333. This represents the test statistic used to determine the statistical significance of the relationship between the two variables. A t-value of 3.752333 indicates that the relationship is fairly strong. The value of p is .009953. The p -value represents the probability of obtaining a test statistic at least as extreme as the one observed, assuming the null hypothesis is true. A p-value of .009953 means there is a very low probability (less than 1%) of obtaining this result if there is no actual relationship between the variables. The result is significant at $p < .05$. This means the researchers have concluded that the relationship between the outsourcing of the accounting function and financial reporting quality is statistically significant at the 95% confidence level. In other words, there is less than a 5% chance that the observed relationship occurred purely by random chance. These results suggest there is a strong, statistically significant relationship between the outsourcing of the accounting function and the quality of financial reporting. The low p-value indicates the relationship is unlikely to have occurred by chance, supporting the conclusion that outsourcing does impact financial reporting quality. This could have important implications for organizations considering outsourcing their accounting functions.

- Hypothesis 2. The association between financial reporting quality and outsourcing is subject to moderating effects from business size, industry expertise and management support

The t-value is 3.966424. This is the test statistic used to evaluate the significance of the relationship being studied. A t-value of 3.966424 indicates a relatively strong association between the variables. The value of p is .008294. The p-value represents the probability of obtaining a test statistic at least as extreme as the one observed, assuming the null hypothesis (no relationship) is true. A p-value of .008294 means there is less than a 1% chance of getting this result if there is actually no relationship. The result is significant at $p < .05$. This means the researchers have concluded that the association between financial reporting quality and outsourcing is statistically significant at the 95% confidence level. In other words, there is less than a 5% probability that the observed relationship occurred by random chance. Importantly, the interpretation notes that this association is subject to moderating effects from business size, industry expertise and management support. This suggests that the strength and nature of the relationship between financial reporting quality and outsourcing depends on factors like the size of the business, the level of industry expertise, and the degree of management support. These results indicate a strong, statistically significant association between financial reporting quality and outsourcing, but this relationship appears to be influenced by contextual factors like business size, industry expertise, and management support. This highlights the importance of considering the broader organizational and industry environment when examining the impacts of accounting function outsourcing.

- Hypothesis 3 :Small security firms that outsource their accounting functions are more likely to experience challenges such as loss of control, dependency on external providers, communication and coordination issues, and security and confidentiality concerns.

The t-value is 8.58. This is an extremely high t-value, indicating a very strong relationship between the variables being studied. The value of p is .000507. This p-value is extremely low, less than 0.1%. It means there is a vanishingly small probability (less than 0.05%) of obtaining a result this extreme if the null hypothesis (no relationship) were true. The result is significant at $p < .05$. This confirms that the researchers have concluded the findings are statistically significant at the 95% confidence level. In other words, there is less than a 5% chance the observed relationship occurred simply by random chance. Interpreting the findings, this suggests that small security firms which outsource their accounting functions are indeed more likely to experience challenges such as: Loss of control, Dependency on external providers, Communication and coordination issues and Security and confidentiality concerns. The extremely high t-value and very low p-value provide strong statistical evidence supporting this conclusion. Small security firms should be aware of these potential pitfalls when considering outsourcing their accounting functions, and may need to carefully evaluate the risks and implement appropriate mitigating strategies. Overall, this analysis indicates there is robust empirical support for the notion that outsourcing accounting can create significant challenges for small security firms, which is important information for decision-makers to consider.

4.7 The impact of outsourcing on quality financial reporting of small private security firms in Zimbabwe

4.7.1 Minimizing risk

Outsourcing has become a common practice for small private security firms looking to cut costs and prioritize their business activities. However, outsourcing can also pose risks to the quality of financial reporting for these firms. By understanding and minimizing these risks, small private security firms can ensure that their financial reporting remains accurate and compliant with regulations. The impact of outsourcing on the quality of financial reporting for small private security firms can be significant.

When core financial functions such as accounting, payroll, or auditing are outsourced to third-party service providers, there is an increased risk of errors, fraud, or even misconduct. This can ultimately trigger inaccurate financial reports, which will have serious reparations for the business, including regulatory non-compliance, loss of investor confidence, and reputational damage. To minimize the risk associated with outsourcing, small private security firms must first perform a comprehensive risk evaluation to identify potential weaknesses in their financial reporting processes. This includes evaluating the reliability and integrity of their outsourced service providers, as well as assessing the adequacy of controls in place to ensure accurate and timely financial reporting. Minimizing the risk associated with outsourcing on the quality of financial reporting for small private security firms This involves identifying potential risks through assessments and taking proactive measures to mitigate them strong controls, investing in training, and diversifying outsourcing arrangements, firms can enhance the reliability and integrity of their financial reporting processes. It is crucial for firms to prioritize the quality of financial reporting to build trust and credibility with stakeholders, and ultimately, sustain long-term success in the industry. This conforms to the results of the study by Tendulkar, (2019) on strengthening financial reporting quality through outsourcing risk management.

4.7.2 Lower costs

While outsourcing can help lower costs for these firms, there are concerns about the potential impact on the integrity and accuracy of financial reporting. However, when done strategically and with proper oversight, outsourcing can actually improve the quality of financial reporting for small private security firms. The main benefits of outsourcing for small private security firms is the ability to lower costs. By outsourcing certain tasks such as accounting and financial reporting, these firms can save money on hiring and training in-house staff. This cost savings can be significant for small firms with limited resources, allowing them to focus their funds on core business activities such as improving security services or expanding their client base. While the cost savings from outsourcing can be a major advantage for small private security firms, there are concerns about the potential impact on the quality of financial reporting. It can be argued that outsourcing financial reporting tasks to external providers may lead to a lack of control and oversight, increasing the risk of errors or even fraud. However, these risks can be mitigated through careful selection of outsourcing partners, clear communication of expectations, and regular monitoring of performance. While there are concerns about the impact of outsourcing on the quality of financial reporting for small private security firms, when done strategically and with proper oversight, outsourcing can actually improve reporting quality while lowering costs. By selecting reputable outsourcing partners, clearly communicating expectations, and monitoring performance, small firms can benefit from the cost savings and expertise that outsourcing can provide. With the right approach, outsourcing can be a valuable tool for small private security firms looking to enhance their financial reporting capabilities and drive business growth. Similarly, Vasarhelyi & Banerjee, (2018) discovered that outsourcing lowers costs.

4.7.3 Improve operations

Outsourcing has become a common practice among small private security firms to improve operations. However, the impact of outsourcing on the quality of financial reporting in these firms can be significant. By outsourcing certain functions such as accounting and financial reporting, small private security firms can enhance their overall financial reporting capabilities and efficiency. Outsourcing financial reporting can also enhance the credibility of small security firms in the eyes of stakeholders. By providing timely and accurate financial reports, firms can demonstrate transparency and accountability, which can enhance investor confidence and attract potential clients. This can lead to increased opportunities for growth and expansion for small security firms in an increasingly competitive market. Outsourcing financial reporting. Small private security firms can significantly benefit from outsourcing financial reporting, leading to enhanced operational efficiency and financial stability. By leveraging specialized expertise, reducing expenses, and boosting credibility, firms can produce high-quality financial reports, driving business prosperity. By outsourcing financial reporting, small security firms can set themselves up for sustained growth and resilience in today's competitive market. Research by Schmeling and Bortoluzzi (2018) supports this, highlighting the positive impact of outsourcing on overall organizational performance

4.7.4 Expertise

Small private security firms often turn to outsourcing to achieve cost savings and tap into expertise they may not possess internally. This is especially relevant when it comes to financial reporting, a vital component of business operations that requires specialized knowledge and skills. By outsourcing financial reporting, these firms can bridge the gap in their capabilities and ensure accurate and compliant financial management. By outsourcing financial reporting to a third-party provider, small private security firms can benefit from the expertise and experience of professionals who are well-versed in accounting principles and best practices. Access to expertise is a crucial aspect of the impact of outsourcing on the quality of financial reporting for small private security firms. While outsourcing can provide these firms with the specialized knowledge and skills needed to produce accurate reports, it also poses risks in terms of quality control and oversight. Deloitte, (2019) in his study had similar results that outsourcing comes with attaining expert knowledge. By carefully selecting outsourcing partners, maintaining strong oversight, and actively managing the outsourcing relationship, small private security firms can ensure that their financial reporting remains reliable and trustworthy. However, the reliance on external expertise can also bring about risks. When outsourcing financial reporting tasks, small private security firms may lose control over the quality and accuracy of their reports. This can lead to inaccuracies, errors, and even fraud, which can have severe consequences for the firm's financial health and reputation.

4.8 The challenges of outsourcing towards good financial reporting

4.8.1 Communication and coordination

When outsourcing financial reporting, companies often encounter two significant hurdles: effective communication and seamless coordination. Clear and timely communication is crucial to avoid misunderstandings, errors, and delays in reporting. To overcome this challenge, companies must establish open communication channels, define expectations, and receive regular progress updates from their outsourced service provider. Additionally, coordination is critical to manage the various tasks involved in financial reporting, such as data collection, analysis, and presentation. Companies must ensure that their outsourced partner possesses the necessary expertise and resources to perform these tasks efficiently. By addressing these communication and coordination challenges, companies can overcome the obstacles associated with outsourcing financial reporting and achieve enhanced efficiency, cost savings, and improved financial management. Research by Jena and Sahoo (2014) highlights the importance of effective communication and coordination in outsourcing relationships, emphasizing that these factors can make or break the success of outsourcing arrangements.

4.8.2 Risks of errors

When a company decides to outsource certain tasks or functions, they are essentially transferring responsibility to an external party Outsourcing can yield numerous advantages, including reduced expenses, enhanced productivity, and the ability to tap into expert knowledge and capabilities that may not be available in-house, it also comes with risks. One of the major challenges of outsourcing is associated risk, particularly when it comes to good financial reporting. Outsourcing financial reporting functions can pose a significant risk to a company's ability to accurately report its financial performance. When a company outsources its financial reporting, it is essentially relying on a third party to accurately compile and report its financial information. This can lead to challenges in maintaining control over The precision and trustworthiness of the financial data being presented". One of the key risks associated with outsourcing financial reporting is the potential for errors or misstatements in financial reports. If a company's financial reports are inaccurate or misleading, it can have serious consequences for investors, regulators, and other stakeholders. In some cases, inaccurate financial reporting can even lead to legal consequences for the company and its executives. While outsourcing can offer many benefits, it also poses significant risks to good financial reporting. Companies must be vigilant in managing these risks and implementing appropriate controls to safeguard the accuracy, reliability, and security of their financial information. By doing so, companies can realize the benefits of outsourcing while minimizing the challenges it presents to good financial reporting. Their study, Altieri & Hyman, (2019) had similar results, noting that outsourcing comes with risk of errors.

4.8.3 Loss of Control

One of the biggest challenges of outsourcing financial reporting is the loss of control over the process. When companies rely on external vendors to prepare their financial statements, they are essentially trusting them to accurately represent their financial position. This lack of control can lead to errors, inaccuracies, and even fraudulent activities that can damage the company's reputation and financial health. One of the main reasons why outsourcing can lead to a loss of control over financial reporting is the reliance on third-party service providers. When a company outsources certain functions, such as accounting or financial reporting, it is essentially placing its trust in the hands of external entities. This means that the company may not have the same level of oversight and control over the processes and procedures used to prepare financial reports. The loss of control over financial reporting can also impact the overall transparency and credibility of a company's financial statements. Key parties like investors, lenders, and oversight bodies depend on financial data that is precise and trustworthy to inform their judgments and actions . When a company is unable to maintain proper control over its financial reporting processes, it can erode trust and credibility, ultimately harming its reputation and financial stability. The loss of control over financial reporting is a significant challenge of outsourcing that can have far-reaching implications for a company's financial health and reputation. By recognizing the risks associated with outsourcing and implementing effective risk management strategies, companies can ensure that they maintain good financial reporting practices and uphold the trust of their stakeholders. The studies by Bhattacharya, (2019) and Brown, (2020) had similar results of potential of losing control over important business function.

4.8.4 Regulatory compliance

Companies face significant hurdles when outsourcing financial reporting, particularly in regards to regulatory adherence. This is a critical concern in today's complex and ever-evolving business landscape, where non-compliance can lead to severe consequences, including financial penalties, reputational damage, and legal repercussions. Regulatory compliance involves adhering to a multitude of laws, rules, and regulations governing financial reporting practices. When outsourcing financial reporting, companies often rely on third-party providers to ensure compliance, but this can be a daunting task due to varying regulations and reporting standards across different countries. Moreover, outsourcing can introduce new risks and complexities, making it challenging for companies to maintain regulatory compliance. A significant challenge is the potential for misinterpretation or miscommunication of regulatory requirements, leading to discrepancies in reporting practices and increased risks. To overcome these challenges, companies must be aware of the risks and take proactive measures to ensure regulatory compliance. Effective management of these challenges can lead to good financial reporting practices and maintain stakeholder trust and confidence. Research by Raghunath (2017) and Murthy (2019) highlights the importance of addressing these challenges, as outsourcing financial reporting can concentrate power in the hands of third-party providers, amplifying regulatory compliance risks

4.9 Ways which can be used for the efficiency of outsourcing towards good financial reporting

4.9.1 Risk management

Effective risk management is crucial to maximizing the benefits of outsourcing financial reporting, while ensuring accuracy and reliability. Risk management involves identifying, assessing, and mitigating potential risks that could impact a company's operations and financial performance. In outsourcing, key risks include errors or fraud in financial reporting, loss of control over critical data, and vendor performance issues. By conducting thorough due diligence, regular audits, and implementing robust data security measures, companies can minimize these risks. Establishing clear performance metrics and monitoring vendor performance helps ensure outsourcing partners meet expectations. Risk management enables companies to optimize outsourcing benefits, enhance operational efficiency, reduce costs, and improve financial performance. This aligns with research by Tendulkar (2019) and Deloitte (2019), which highlights the importance of outsourcing risk management in strengthening financial reporting quality

4.9.2 Selecting a reputable and experienced firm

Selecting a reliable and experienced outsourcing firm is crucial for efficient and accurate financial reporting. A reputable firm ensures timely and compliant financial reporting, leveraging specialized expertise and resources. When choosing an outsourcing firm, thorough due diligence is essential, considering factors like reputation, experience, qualifications, and success track record. Outsourcing firms offer access to skilled professionals with in-depth knowledge of accounting principles and regulations, ensuring accurate financial statements, particularly valuable for small and medium-sized businesses. Seeking client references and understanding the firm's financial reporting processes and procedures is also advisable. Partnering with the right outsourcing firm can significantly enhance financial reporting efficiency, leading to cost savings, increased productivity, and enhanced credibility, ultimately contributing to a company's success. This aligns with Deloitte's (2021) findings on the importance of selecting a trustworthy outsourcing firm, highlighting the benefits of leveraging external expertise and resources for accurate, timely, and compliant financial reporting

4.9.3 Determining the availability of required resources

Assessing the availability of necessary resources within an outsourcing firm is vital for effective outsourcing that supports high-quality financial reporting. As businesses seek to optimize their operations and reduce expenses, outsourcing has become a popular strategy. By delegating specific tasks to external providers, companies can tap into the specialized expertise and resources of outsourcing firms, leading to enhanced financial reporting processes. Moreover, outsourcing firms offer adaptable and scalable solutions. As business needs evolve, companies can effortlessly adjust the scope of outsourced services to align with their requirements. This flexibility enables companies to concentrate on their core competencies and drive growth their core competencies while outsourcing non-core functions to external providers. To determine the availability of required resources in an outsourcing firm, companies should conduct a thorough assessment of their needs and objectives. This process should involve evaluating the expertise, experience, and capabilities of potential outsourcing partners. Companies should also consider the reputation and track record of outsourcing firms to ensure they can deliver high-quality services. Outsourcing can be an effective way to enhance the efficiency of financial reporting processes. By leveraging the specialized resources and expertise of outsourcing firms, companies can improve the accuracy and timeliness of their financial reports. To determine the availability of required resources, companies should carefully evaluate potential outsourcing partners and choose a provider that can meet their needs. With the right outsourcing partner, companies can achieve good financial reporting and drive business success. Similarly, Shankar, (2018) and Lacity & Willcocks, (2017) had similar views that it is importnant to determine the availability of required resources.

4.9.4 Working in close proximity with the outsourced firm

Collaborating closely with an outsourced firm can significantly enhance financial reporting practices and improve the efficiency of outsourcing processes. One key benefit of close collaboration is enhanced communication, which ensures accurate and reliable financial information. When teams from both companies work together, they can identify and address errors, discrepancies, and concerns in a timely manner, streamlining the outsourcing process and promoting accountability. Additionally, proximity fosters a deeper understanding of the outsourcing partner's needs and requirements, enabling businesses to tailor their financial reporting practices for optimal efficiency and effectiveness. By working closely together, businesses can ensure compliance with regulations, achieve accurate and reliable financial reports, and optimize their outsourcing practices. Research by Gupta and Sharma (2018) supports the importance of close collaboration with outsourced firms, highlighting its potential to improve financial reporting outcome.

4.10 Chapter summary

This chapter focused on the presentation, analysis, and interpretation of the research findings. The data was displayed in a clear and concise manner using tables and charts, and descriptive statistics were employed to analyze the data. The results were then discussed and interpreted using content analysis, providing insight into the study's key findings. The next chapter will provide a comprehensive summary and conclusion of the study, synthesizing the main points and reiterating the significance of the research

5 CHAPTER 5

Summary Conclusion and Recommendations

5.1 Introduction

The preceding section discussed and analysed the research findings in depth. The conclusion is underlined in this chapter, and recommendations for the study are provided based on the results analysis. The future research direction will also be highlighted.

5.2 Summary

The response rate for the research study was 82% acceptance versus 18% rejection, which aligns with the threshold of relevance set by Mugenda and Mugenda (2014). The demographic information of the participants showed a near-even distribution of gender, with more males than females. The age distribution ranged from below 30 to above 50, indicating a diverse range of opinions. In terms of educational qualifications, participants had a mix of diplomas, bachelor's degrees, master's degrees, and post-graduate qualifications, indicating a high level of literacy. The duration of employment with the organization varied, with some participants having worked for less than 5 years and others for more than 15 years. The impact of outsourcing on quality financial reporting for small private security firms in Zimbabwe was found to be positive in terms of minimizing risk, lowering costs, improving operations, and compliance. However, there were also challenges identified, such as the potential for outsourcing to be expensive, risky, lead to loss of control, and failure to meet standards. Outsourcing can have both positive and negative effects on the financial reporting of small private security firms. On the one hand, outsourcing can help firms to access specialized expertise and technology that they may not have in-house. This can lead to more accurate and timely financial reporting, as well as improved compliance with regulatory requirements.

Outsourcing can also help firms to streamline their processes and reduce the risk of errors and fraud. Strategies to enhance outsourcing efficiency included risk management, selecting the right outsourcing firm, determining resource availability, and working closely with the outsourced firm. Outsourcing was found to have benefits in terms of minimizing risk, lowering costs, and improving operations for small private security firms. However, challenges such as communication, coordination, risk of errors, loss of control, and regulatory compliance were identified. To enhance the efficiency of outsourcing for good financial reporting, companies should focus on risk management, selecting reputable outsourcing firms, determining resource availability, and working closely with the outsourced firm. Close collaboration with outsourced partners was highlighted as a key factor in improving financial reporting outcomes. In the context of small private security firms in Zimbabwe, the impact of outsourcing on financial reporting quality may be particularly pronounced. These firms may have limited resources and expertise in financial reporting, making them more vulnerable to the risks associated with outsourcing. Additionally, the regulatory environment in Zimbabwe may be complex and evolving, creating additional challenges for firms seeking to maintain high-quality financial reporting standards.

5.3 Conclusion

The impact of outsourcing on quality financial reporting for small private security firms in Zimbabwe was examined, with the majority of participants agreeing that outsourcing can help minimize risks, lower costs, improve operations, and enhance compliance. However, there are also challenges associated with outsourcing, such as high costs, risks, loss of control, and failure to meet standards. Strategies to enhance outsourcing for better financial reporting included risk management, choosing the right outsourcing firm, determining resource availability, and working closely with the outsourced firm.

Outsourcing can help minimize risks by identifying potential weaknesses in financial reporting processes and implementing strong controls and training. It can also lower costs for small private security firms, although there are concerns about the impact on the quality of financial reporting. Improving operations through outsourcing can enhance credibility and transparency, attracting clients and supporting growth. Outsourcing also provides access to expertise that may not be available internally, bridging knowledge gaps and ensuring compliance with regulations.

Challenges of outsourcing towards good financial reporting include communication and coordination issues, risks of errors, loss of control, and regulatory compliance. Companies need to address these challenges by establishing open communication channels, defining expectations, and monitoring performance. Effective risk management is crucial to mitigate potential risks and ensure accurate and reliable financial reporting. Selecting a reputable outsourcing firm with experience and resources is essential for efficient financial reporting. Assessing the availability of required resources and working in close proximity with the outsourced firm can also enhance the efficiency of outsourcing processes and improve financial reporting outcomes.

Outsourcing can have both positive impacts and challenges on the quality of financial reporting for small private security firms in Zimbabwe. By understanding the risks and benefits, selecting the right outsourcing partners, and implementing effective risk management strategies, companies can optimize the efficiency of outsourcing and improve their financial reporting practices. Close collaboration with outsourced firms and careful assessment of resources can further enhance the effectiveness of outsourcing for financial reporting. Small private security firms in Zimbabwe should take proactive steps to ensure the integrity and accuracy of their financial reporting. This may include conducting due diligence on potential outsourcing partners, establishing clear communication channels and reporting processes, and regularly reviewing and monitoring the outsourcing arrangements. Firms should also invest in training and capacity building for their internal financial reporting staff to ensure that they have the skills and knowledge necessary to oversee outsourced functions effectively.

5.4 Recommendations

Private security companies often rely on outsourcing various functions in order to streamline their operations and focus on their core business activities. One of the critical functions that can be outsourced is accounting. By entrusting their accounting functions to third-party providers, private security companies can benefit from cost savings, improved accuracy, and enhanced efficiency. However, before making the decision to outsource accounting, it is essential to consider a few key recommendations to ensure a successful and secure transition. When selecting a provider for outsourcing accounting functions, private security companies should conduct thorough due diligence to assess the provider's reputation, experience, and compliance with industry standards. It is crucial to choose a provider that has a proven track record of reliability and accuracy in handling financial data.

Additionally, private security companies should ensure that the provider has robust security measures in place to protect sensitive financial information from unauthorized access or data breaches. Private security companies should establish clear communication channels and expectations with the outsourced accounting provider. It is essential to define the scope of work, timelines, deliverables, and reporting requirements from the outset to avoid any misunderstandings or discrepancies in the future. Regular communication and feedback sessions with the provider can help ensure that accounting functions are being performed accurately and in a timely manner.

Private security companies should implement internal controls and oversight mechanisms to monitor the outsourced accounting functions effectively. This can involve regular reviews of financial reports, reconciliation of accounts, and audits to verify the accuracy and integrity of financial data. By maintaining active oversight of the outsourced accounting functions, private security companies can mitigate the risk of errors, fraud, or compliance issues.

Private security companies should consider the scalability and flexibility of the outsourced accounting arrangement. As the business grows or changes, accounting requirements may evolve, requiring adjustments to the scope or level of services provided by the outsourcing partner. Private security companies should ensure that the outsourcing agreement includes provisions for scalability and flexibility to accommodate future changes in accounting needs.

1. Assess your needs: Before outsourcing your accounting function, it is important to assess your company's specific needs. Consider the size of your company, the complexity of your financial transactions, and the level of expertise you require. This will help you determine the type of accounting services you need and the level of support you require.

2. Choose a reputable provider: Do your research and choose a reputable accounting provider that has experience working with private security companies. Check their credentials, ask for references, and ensure they have the necessary

certifications and licenses. Outsourcing accounting functions to specialized firms allows private security companies to benefit from the expertise and experience of professionals dedicated to accounting and financial management. These firms employ qualified accountants who possess a deep understanding of industry-specific regulations, tax requirements, and best practices. By leveraging this specialized knowledge, companies can ensure accurate financial reporting and compliance with accounting standards.

3. Look for a provider that offers a comprehensive suite of services: Consider a provider that offers a range of accounting services, including financial statement preparation, budgeting, accounts payable and receivable, payroll processing, and tax compliance. This will ensure that all your accounting needs are met, and you can focus on your core business.

4. Consider cloud-based accounting solutions: Cloud-based accounting solutions are becoming increasingly popular, as they offer greater flexibility, scalability, and cost savings. Look for a provider that offers cloud-based solutions, such as QuickBooks or Xero, which can be accessed from anywhere, at any time.

5. Ensure data security: Data security is critical when outsourcing your accounting function. Ensure that your provider has robust data security measures in place, such as encryption, firewalls, and secure servers.

6. Establish clear communication channels: Clear communication is essential for a successful outsourcing relationship. Establish clear communication channels with your provider, including regular meetings, email updates, and phone calls.

7. Monitor performance: Regularly monitor your provider's performance to ensure they are meeting your expectations. Set clear benchmarks and key performance indicators (KPIs) to measure their performance.

8. Consider a hybrid model: If you're not ready to fully outsource your accounting function, consider a hybrid model where you outsource some aspects of your accounting, such as payroll processing or tax compliance, while keeping other

aspects in-house.

9. Negotiate a flexible contract: Negotiate a flexible contract that allows you to scale up or down as needed. This will ensure that you're not locked into a contract that doesn't meet your changing needs.

10. Provide thorough training: Provide your provider with thorough training on your business, including your financial systems, processes, and procedures. This will ensure a smooth transition and help them understand your unique needs.

5.4.1 To Outsourcing companies

Companies offering accounting services to other companies should ensure that they have a team of qualified and experienced accounting professionals. Accounting is a highly specialized field that requires specific knowledge and skills. Companies should invest in training and development opportunities for their accounting staff to ensure that they are up-to-date on the latest accounting principles, regulations, and technology. By having a team of qualified professionals, companies can provide high-quality accounting services to their clients and build a strong reputation in the industry.

Another important recommendation for companies offering accounting services to other companies is to prioritize data security and confidentiality. Companies handle sensitive financial information on behalf of their clients, and it is crucial that this information is kept secure and confidential at all times. Companies should invest in secure data storage and transmission systems, implement strict data security protocols, and conduct regular audits to ensure compliance with data protection regulations. By prioritizing data security and confidentiality, companies can build trust with their clients and protect their reputation.

Companies offering accounting services to other companies should focus on providing value-added services beyond traditional accounting functions. This could include financial analysis, budgeting and forecasting, tax planning, and strategic consulting. By offering these additional services, companies can help their clients make informed business decisions, improve their financial performance, and achieve their long-term goals. Companies should work closely with their clients to understand their unique needs and tailor their services to meet those needs effectively.

Companies offering accounting services to other companies should maintain clear and transparent communication with their clients. Communication is key to building strong relationships with clients, understanding their expectations, and addressing any concerns or issues that may arise. Companies should establish clear lines of communication with their clients, provide regular updates on the status of their accounting services, and be responsive to client inquiries and feedback. By maintaining open and transparent communication, companies can build trust with their clients and foster long-lasting partnerships.

5.5 Future studies

The researcher recommends that there be future studies focused on how companies offering accounting functions can better the financial accounting function of their clients.

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APPENDIX 7

QUESTIONAIRE

Introduction

This questionnaire aims to gather information on the financial reporting quality and outsourcing of accounting functions among small private security firms in Zimbabwe. Your responses will help us understand the current practices and challenges faced by these firms. Please answer the questions honestly, and to the best of your knowledge.

Instructions:

1. Please answer all the questions .
2. Kindly indicate your answers by ticking where appropriate in the boxes provided.
3. Your identity is not necessary.

SECTION A: DEMOGRAPHIC INFORMATION

Gender	**Response**
Male	
Female	
Age	
18-30	
31-40	
41-50	
50 and above	
Academic Qualifications	**Response**
Certificate	
Diploma	
Bachelor’s Degree	
Masters	
Doctorate	

A4. For how long have you been employed by the firm you are currently working for?

Period of service	**Response**
Less than 5yrs	
5-10yrs	
11-19yrs	
20-25yrs	
26 yrs. and above	

A6. What is your current position in the organization you are working for? Please indicate

By putting a tick

Position held	**Response**
Management	
Accountant	
Supervisor	
Security guard	
Other	

SECTION A

In your opinion, please indicate the level of your agreement or disagreement using a tick on the following statements

1=strongly disagree 2=Disagree 3= Neutral 4= Agree 5= Strongly Agree							
CONSTRUCT	**ITEMCODE**	**ITEM DESCRIPTION**	1	2	3	4	5

What is the relationship between outsourcing and financial reporting?	**AFD 1**	Minimizing risk					
	AFD 2	Lowering costs					
	AFD 3	Improve operations					
	AFD4	Improve compliance					

SECTION C

In your opinion, please indicate the level of your agreement or disagreement using a tick on

the following statements.

1=strongly disagree 2=Disagree 3= Neutral 4= Agree 5= Strongly Agree							
CONSTRUCT	**ITEMCODE**	**ITEM DESCRIPTION**	1	2	3	4	5
What are the challenges of outsourcing towards good financial reporting?	**FFD 1**	Can be expensive					
	FFD 2	Can be risky					
	FFD 3	Loss of control					
	AIL 4	Failure to meet accounting standards					

	AIL 5	Failure to comply with regulatory measures					

SECTION D

In your opinion, please indicate the level of your agreement or disagreement using a tick on the following statements

1=strongly disagree 2=Disagree 3= Neutral 4= Agree 5= Strongly Agree							
CONSTRUCT	ITEMCODE	ITEM DESCRIPTION	1	2	3	4	5
Which ways can be used for the efficiency of outsourcing towards good financial reporting?	AMR 1	Risk management					
	AMR 2	Choosing the right outsourcing firm					
	AMR 3	Determining the availability of required resources					
	AMR 4	Working in close proximity with the outsourced firm					

Thank you for your assistance