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**WORKING PAPER**

**Outsourcing of Accounting Tasks in SMEs:**

**An extended TCE Model**

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## Abstract

This study explores why small and medium-sized companies (SMEs) engage in outsourcing of accounting services. We expand the transaction cost economics model by adding the variable *resource deficit* from resource-based theory, while controlling for personal characteristics of the SME executive (age, education), organizational structure, firm maturity and ownership structure.

We find that resource deficit, asset specificity and frequency are the most significant drivers of outsourcing intensity with respect to accounting. Furthermore, the educational background of the CEO seems to play an important role, as well as the presence of a separate CFO function within the firm.

**Key words:** outsourcing, accounting, SME, transaction-cost theory, resource-based theory

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