The Accounting Industry in the Age of Globalization and Offshore Outsourcing

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ABSTRACT

The phenomenon of outsourcing has engulfed the accounting industry and offers a wide range of services from bookkeeping, accounts payable, debt collection, invoicing, to tax return preparation. As companies become more comfortable with the services provided by outsourcing facilitators, the level of outsourcing in the accounting industry will increase to allow U.S. firms to focus on higher margin services and meet client demands in more technical areas of tax, estate, and retirement planning. This research uses a survey to collect primary data focusing on three areas, namely outsourcing drivers, concerns stakeholders have about outsourcing, and the perspectives about the offshorability of specific functions. The study concludes that firms that are engaging in outsourcing activities realize benefits in and ease their perceptions about doing so. Firms who outsource have been able to cut costs and increase staff. These same firms also are less concerned about most of the issues (privacy, client relationships, etc.) which may be as a result of their positive experience with outsourcing activities. Furthermore, these firms also have a higher confidence about the outsourecability of most of the functions in the accounting industry. The study further presents policy implications to all stakeholders in the accounting industry: students, professors, accounting professionals and firms, regulatory bodies, and politicians.

It is the maxim of every prudent master of a family never to attempt to make at home what it will cost him more to make than to buy. The taylor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own clothes, but employs a taylor.

~*Adam Smith*, The Wealth of Nations, *1776*

INTRODUCTION

The phenomenon of offshore outsourcing has proven to be a contentious issue amongst politicians, a complex research endeavor for economists, a cost-saving business practice used by some of the world's largest companies, a blessing to cheaper foreign markets with high levels of unemployment, and an imperative ingredient in the dynamics of globalization. The offshore outsourcing phenomenon has only emerged within the accounting industry in recent years, and only a small amount of information and research exists, aside from a small number of newspaper and magazine articles, and press releases, PR, and marketing materials from outsourcing firms.

Offshoring is a broad concept referring to the geographical relocation of specific business activities to foreign countries regardless of whether or not those activities continue to be performed by the parent firm (Levy, 2005). More specifically, outsourcing refers to the business practice of contracting specific organizational activities and functions to external firms, instead of performing those specific functions by the same firm, regardless of whether or not those activities are performed in foreign countries (Prasad and Prasad, 2007). In recent years, as offshore outsourcing has become more extensively practiced and the costs and benefits thereof debated in the public light, the semantics behind the conceptual distinction between "offshoring" and "outsourcing" has been eroded to the point where "outsourcing" is often employed to refer to "offshore outsourcing" (Hashmi, 2006; Prasad and Prasad, 2007). Therefore, this paper too will employ the use of the term "outsourcing" to denote "offshore outsourcing."

Contemporary economic globalization is distinct from earlier stages, because of the rise of extremely large and politically influential multinational corporations, growth in foreign direct investment, emergence and growth in worldwide supply chains, relatively unrestricted capital flows between nations, the emergence of better integrated international financial markets, and increased reliance on international trade, among others (Castells, 2000;

Friedman, 2005; Jones, 2003; Parker, 1996; Prasad and Prasad, 2007; Singh, 1999). As a facet of globalization, outsourcing has emerged, it being the result primarily of a few major developments: improvements in telecommunications technology widespread distribution of fiber-optic cable, developments and growth of the World Wide Web, convergence of the personal computer, better work flow software, and the emergence of lesser developed countries (India and China, for example) into the global marketplace (Blinder, 2007; and Friedman, 2005).

Even though outsourcing crosses many technical and skilled industries, there remains a public perception that outsourcing is limited to low-skilled functions such as call centers and manufacturing (de Jonquieres, 2005; Prasad and Prasad, 2007; Sheshabalaya, 2004). In fact, outsourcing activities range across many industries, both complex and relatively simple, including, but not limited to: manufacturing, designing automobile and jet engines, developing composite material, design of integrated circuits, benefits and pension administration, research and development, information technology (IT), insurance claims processing, facilities management, architectural design, medical processes (interpreting CAT scans and MRIs), investment research, airline reservation, lost baggage tracking, news service operations, film animation, and customer support, together forming what is called Business Process Outsourcing (BPO) (Clott, 2004; Friedman, 2005; Prasad and Prasad, 2007; Prestowitz, 2005; Sheshabalaya, 2004). In the accounting industry specifically, many companies outsource low to medium risk and technicality level processes. These primarily include payroll, accounting and bookkeeping, and tax return preparation, but also include support and other services as well (Clott, 2004; Daks, 2007; Friedman, 2005; Prasad and Prasad, 2007; Prestowitz, 2005; Sheshabalaya, 2004).

OUTSOURCING IN THE ACCOUNTING INDUSTRY

For both accounting and non-accounting firms, outsourcing has become increasing appealing in recent years, as the variety of services available has increased, the cost for those services has decreased, and firms have had positive experiences with those new offerings. Furthermore, online “portals” which enable outsourcing, have become more secure, and workflow software has grown increasingly user-friendly, efficient, and cost effective. The

outsourcing phenomenon would not have started unless the aforementioned improvements in technology allowed it to do so during the 1990s.

Firms indicate that a benefit of outsourcing is that recruiting new accounting staff is increasingly competitive in the U.S. For example, the number of degrees awarded to accounting majors in 1999 decreased 20% from 1996, while the BLS predicts the demand will continues to rise (Robertson et al., 2005). Roberston et al. (2005) also acknowledges that the number of candidates sitting for the CPA exam has been steadily declining since 1993.

In the late 1990s, the nation's largest accounting firms began sending lists of itemized deductions or schedules of profit and loss, as well as other small tax work to India, primarily for multinational companies and U.S. citizens living abroad. In the early 2000s, firms started sending entire returns abroad as outsourcing facilitators, who provide access to Chartered Accountants (CAs), marketed their new service offering (Konrad, 2004). This tax return preparation outsourcing helps firms alleviate the temporary shortages of U.S. tax professionals indicated previously. Firms indicate that Indian CAs prepared only 1,000 tax returns in 2002, 20,000-25,000 in 2003, 100,000-200,000 during 2004, and 400,000 in 2005 (Konrad, 2004; Friedman, 2005). ValueNotes, an Indian BPO consultancy firm, estimates that number to increase to 1.6 million by 2011, but says the potential is there for 22 million (Sachdeva, 2006) (see Figure 7).

In a 2004 CBS News interview on 60 Minutes, Dave Wyle, a then 31-year-old who started the Bombay, India, based outsourcing facilitator, Sure*Prep*, told CBS he expected to make a fortune on outsourcing for U.S. accounting firms through his company SurePrep because "the cost of the labor… is a fraction of the [U.S.] cost." In 2004, Sure*Prep* performed work for more than 150 U.S. accounting firms, who range from small and local to national firms (Konrad, 2004). In 2008, according to Sure*Prep*'s website, over one-third of the top 100 U.S. firms utilize the company's services.

Konrad (2004) exhibits how Worcester, Massachusetts based Carlin, Charron & Rosen, LLP (CCR), planned in 2005 to outsource about 2,000 returns—twice the firm's prior year amount. Unless the client specifically asks, CCR did not disclose that it outsourced with the Datamatics. A managing partner of the firm said that one of the benefits of outsourcing include cheaper cost of providing the service: "A 1040 prepared in India can cost as little as $75 - including labor, software and hardware costs. In the United States, it would likely cost

as much as $150." Many firms indicate that they will use the savings to undercut competitors or add premium services like retirement, tax, and estate planning.

During 2005, Ernst & Young (E&Y), one of the Big Four U.S. accounting firms, prepared 15,000 tax returns abroad, most of which were corporate returns while about 4,000 of which were for U.S. citizens living abroad and 1,000 of which were for U.S. residents. E&Y customers are required to sign a document acknowledging that foreign accountants may work on the client's return, while most other firms do not make the same disclosure necessary. Another Big Four firm, KPMG, who established an Indian subsidiary in 1993, has six offices providing tax and consulting services for 2,000 companies in India, and the company said its executives "continue to explore" using outsourcing the preparation of U.S. returns. Another Big Four firm, PricewaterhouseCoopers, LLP, in 2004 claimed it does not outsource U.S. returns and has no immediate plans of doing so. H&R Block, one of the U.S.'s largest tax return preparers also did not outsource entire returns, as of 2004, however its mortgage subsidiary, Option One Mortgage, was then sending data entry work to India while the company studied the "possible advantages" of outsourcing (Konrad, 2004).

Workflow software and the processes of outsourcing

Many software packages have been introduced to the market in recent years, the prominent players include Sure*Prep*'s Sure*Prep* Express, XPitax's XCM, Intuit's Lacerte (which includes supporting software SmartMap and Source Doc Auto-entry), Thomson Tax & Accounting's barcode-reading UltraTax, Knowledge Concepts' Firm Works, CCH's ProSystem fx Scan and ProSystem fx Outsource (Scott, 2007).

SurePrep and Xpitax both list the similar processes by which they outsource tax returns on their websites. XPitax's process involves four steps, beginning with individual source documents being scanned and sent electronically with the prior year's tax return by the CPA firm to XPitax's secure U.S.-based hosting site. Then, XPitax's CAs access the files using a secure virtual private network connection and process them remotely. XPitax's CAs prepare review notes as they arise, and send them to the CPA firm for clarification; e-mails are also automatically generated informing the appropriate contacts at the CPA firm that review notes are awaiting review. After questions are answered and review notes are cleared, the CA submits the completed return to an overseas supervisor for review, who then posts it to XPitax's XCM software's website for the CPA's final review and processing.

Risks

Tax returns contain the most personal and confidential information about a person. A tax return contains one's legal name, social security number, address, names of children and other dependents, bank account numbers, stock brokerage account numbers, as well as location of employers, among other personal information. Facilitators, recognizing client concerns, hold security in India as one of their highest priorities. At Sure*Prep*, for instance, bags and briefcases are prohibited from the facilities, computers have no printers or devices for removable storage, and internet use is restricted to internal sites and tax research (Konrad, 2004). Dave Wyle explained to 60 Minutes, "The type of security you see in [Sure*Prep*'s] facilit[ies] is generally much more so than you would see in any U.S. accounting firm. Everything is paperless. You'll notice in the facility there's no pens or papers on the desk. There's no printers in the work room. Everything's done on screen."

Secure data facilities, private networks, firewalls, and sophisticated data encryption techniques help diminish online privacy and security concerns about outsourcing (Robertson et al., 2004). Even though, as Scott (2008) indicates, online "portals" are become increasingly secure, critics argue that offshore outsourcing exposes unsuspecting Americans to identity theft, which is ranked by the Federal Trade Commission as one of the fastest-growing crimes. No electronic transmission of data, especially including the e-filing of tax returns, is ever completely secure, however overseas outsourcing adds the additional privacy and security concern of a third-party preparer whom the CPA does not directly supervise (Robertson et al., 2004). Not only has the growth in e-filing of US tax returns coincided with tighter security controls available from facilitators, but regulatory bodies have issued more specific regulations concerning those activities that have emerged as a result of outsourcing in the accounting industry. To alleviate some public concerns, both the IRS and AICPA have set forth new requirements, as outline below.

Business risks include theft and loss of visibility. In April, 2005, 16 Indian Citibank employees in Pune employed by Mphasis BFL Group were arrested on charges of defrauding four Citibank account holders living in New York with damages totaling $350,000 (Frauenheim, 2005). In September of 2005, Intel fired 250 workers in India after alleging they falsified their expenses claims (John, 2005). While there is no indication that this activity is occurs more frequently abroad, international law does introduce possible complications and

organizational structure is not always the same. Another added risk is that companies lose control and visibility across their extended supply chain under outsourcing, increased overall risk.

Regulations and compliance requirements

The AICPA Code of Professional Conduct principle of due care requires a member to "discharge professional responsibilities with competence and diligence" and "perform professional services to the best of a member's ability with concern for the best interest of those whom the services are performed." The principle of due care also "requires a member to plan and supervise adequately any professional activity for which he or she is responsible."

To alleviate some of the anxiety over the ethical issue of offshore outsourcing, the AICPA set new standards of which all AICPA members must follow. These pronouncements helped to clear any previous misinterpretations about who is responsible for work performed by a third party service provider, as well as in what situations an AICPA member must disclose third party information to a client. The AICPA defines third party service providers as "any entity that the member, individually or collectively with his or her firm, does not control and any individual who is not employed by the member."

Ethics Rule 102, *Integrity and Objectivity*, requires that "prior to sharing confidential client information with the service provider, a member inform the client, preferably in writing, that he or she may be using a third-party service provider when providing professional services to the client." Rules 201, *General Standards*, and 202, *Compliance With Standards*, "make clear the committee's position that the member is responsible for all work performed by the service provider." Rule 301, *Confidential Client Information*, explicitly requires a member to obtain client consent prior to disclosing confidential client information to a third-party service provider. Under Rule 301, Ethics Ruling 1 requires that "prior to using [a third-party] service provider, the member should enter into a contractual agreement with the third-party service provider to maintain the confidentiality of the information and be reasonably assured that the third-party service provider has appropriate procedures in place to prevent the unauthorized release of confidential client information."

Similar to the AICPA Code of Professional Conduct, IRS Circular 230 requires any tax preparer that relies on the work of third-parties to exercise "reasonable care in engaging, supervising, training, and evaluating." IRS code section §301.7216-3(b)(4) prohibits a U.S.

tax return preparer from obtaining client consent to disclose that taxpayer's social security number to a third-party tax return preparer located outside of the U.S. Code sections §301.7216-2(c) and 301.7216-2(d) prohibits a U.S. tax return preparer from disclosing the taxpayer's social security number, and requires the tax return preparer to mask the taxpayer's social security number before the tax return information is disclosed to a third-party outside of the U.S.

Soled (2005) uses the example of IRS Revenue Ruling 85-187 which clarifies some gray area surrounding responsibilities when firms use third parties to prepare tax returns and defines who the tax preparer is, even when that third party never comes in contact with the taxpayer. According to Ruling 85-187, more than one practitioner can be appropriately classified as a tax preparer, when that practitioner has the primary responsibility for the overall substantive accuracy of the return. Furthermore, when a third party entity to which taxpayers' information is being outsourced is in the business of preparing income tax returns for compensation, and the scope of its work goes beyond typing, reproduction, or other mechanical assistance, that third-party entity is considered a practitioner.

This ruling allows for penalties under Internal Revenue Code sections §6694(a) and §6694(b) which pertain when "any part of understatement of liability with respect to a return or claim for refund when there is no realistic possibility of being sustained on its merits" or "the understatement is due to a willful attempt to understate the liability." Essentially, this means that U.S. firms who use third-party entities for preparation maintain their classification as paid tax preparers who have the responsibility to check both quality and accuracy of outsourced income tax returns. U.S. firms who break face penalties ranging from IRS civil tax penalties to enjoinment from their practice, or even Treasury Department censuring or financial penalties (under Circular 230). Foreign third-party entities to which tax returns are outsourced also face similar penalties, however the IRS does not have equal jurisdiction overseas. Soled (2005) claims that firms can safeguard themselves against penalties through documentation that the thoroughness of all items supplied by the taxpayer was reviewed and that the final return was checked for accuracy.

Finally, under the Gramm-Leach-Bliley act of 1999, which applies to "financial institutions," firms must design, implement, and maintain safeguards to protect client information. Companies must additionally give clients a privacy notice explaining the firms'

information collection and sharing practices, which also gives customers an option to "opt-out," thus limiting the firms' sharing of client information (Soled, 2005).

DRIVERS AND TRENDS IN OUTSOURCING IN THE ACCOUNTING INDUSTRY

Benefits of outsourcing

Firms tend to outsource activities for a range of reasons, as with many other business practices and decisions. The motivating factors consist of the desires or needs, and the strategy to control and/or reduce costs to maximize profits, limit firm focus on core competencies, improve delivery and/or quality of service offered to customers and clients, provide themselves with skilled talent that might not be available domestically, access unavailable state of-the-art technology, and reallocate internal resources to more productive activities (Clott, 2004; Prasad and Prasad, 2007; Weidenbaum, 2004).

Outsourcing accounting functions allows firms to achieve these goals without much different of a product than would otherwise be produced. Smaller firms use the practice of outsourcing because it allows those firms to avoid major layoffs at the end of tax season, it frees time for existing staff to work on other aspects of the company to generate additional business, and it benefits the firm by allowing them to meet huge customer demand without the addition of any new staff and also without any new financial investment (Barkley; Wilson, 2006). Tax return preparation, for example, typically only has one correct end product, regardless of where and by whom it was prepared. Firms such as Accenture Ltd., Datamatics Technologies Limited, Outsourcing Partners International (OPI), Sure*Prep*, LLC, Wipro Ltd., and XPitax, LLC, among others, offer timely outsourcing services that promise to cut firms' costs significantly without sacrificing quality or control.

Outsourcing back-office accounting and finance operations (bookkeeping, budgeting, reporting and analysis, accounts payable, FAS123(R) accounting and reporting, workpaper conversion, period-ending related work, etc.) through companies like Accenture, OPI, and XPitax allows non-accounting firms to not only cut costs through outsourcing, but also focus on their core competencies and partner with firms whose core competencies are accounting and finance.

Mankiw and Swagel (2006) make the strong point that in some cases, U.S. firms hiring overseas workers may even save those firms from shutting down, especially in

circumstances where costs can only be reduced through cheaper offshore labor and other costs. But outsourcing does not only save the firm engaging in the activity, as research by McKinsey Consulting in 2003 has displayed. The data indicated that the U.S. captures $.12-.14 net economic value for each dollar of outsourcing, and the foreign country to which work is being outsourced captures $.33 of economic value.

Besides monetary incentives, most firms indicate that offshore outsourcing frees tax professionals' time from form filing and data entry, thus allowing the professionals to direct more attention to higher margin services such as tax and estate planning (Robertson et al., 2004). So Barret, a partner in the Malden, MA firm Rucci, Bardaro & Barret says, "We're always looking for ways to reduce the pressure. [Outsourcing] frees us up to provide financial and estate planning, which we didn't have time for when we were too busy filling out returns" (Konrad, 2004). Outsourcing also reduces the burden of the "Easter Parade," the laying off of unnecessary staff that typically occurs after the April 15 IRS deadline, as well as reduces the need for temporary professional staff during tax season for certain firms.

Costs and risks of outsourcing

A concern about outsourcing, albeit a small one, is that it limits the tax preparation experience of entry-level accountants which can slow their progress and professional development (Robertson et al., 2004). Decreased staff morale and staff concerns about layoffs, downsizing and changing roles are also important challenges to a firm considering outsourcing tax services (Robertson et al., 2004). Firms may also be concerned that political instability in the country of the service providing company may interrupt processing operations (Robertson et al., 2004).

The politicization of job losses surrounding the outsourcing phenomenon is not grounded in fact (as stated previously, on a macroeconomic level, outsourcing adds jobs), however individual workers who lose their jobs and their families do feel and experience real pain and struggle when faced with displacement (Mankiw and Swagel, 2006). Baily and Farrell (2004) estimate that among workers who lost their job because of outsourcing, 30% still remained unemployed after one year, 55% of whom found employment took lower paying jobs, and that 25% of those settled for a 30% cut in compensation. Re-training displaced employees is one option; however in industries where workers are highly educated in addition to possessing highly accredited degrees, re-training to their current level in a

different field may not be an easy option because of the years of learning and the cost of education involved in doing so. Furthermore, workers involved in a re-training process face the risk that the new job for which they are training will be sent overseas by the time they are properly trained for it.

Mankiw and Swagel (2006) suggest that instead of addressing macroeconomic issues which are not problems, thus potentially giving up the economic gains to employment, price levels, and trade associated with outsourcing, political and media attention should be focused on providing assistance to those displaced by the recent emergence of outsourcing in the age of globalization (Mankiw and Swagel, 2006). However, Mankiw and Swagel (2006) believe, "This might be too much to ask of our political system." Policy goals should aim to not stop change, but "ease the transition of workers into new, growing industries" (Mankiw and Swagel, 2006). This risk on a social level can be damaging to firms' and individual politicians' reputations.

India, the primary country to which work is outsourced, has a stable democracy, a large English-speaking population, and a solid education system that each year produces more than one million college graduates—50,000 of which are accounting majors. Many firms say Indian workers will be needed to replace retiring baby boomer accountants (Konrad, 2004). The convenience of India also allows for fast turnaround to the client, sometimes even overnight. Sure*Prep*'s website estimates that the average return takes two to three days, but turnover may be as quick as one day. There is an 11 hour difference between New Delhi and New York City, so theoretically a client may drop a return off at night on the east coast and have it completed by the morning. Though India has many high-value offerings, there are risks associated with rising costs in India which can outweigh the benefits the country has to offer.

During 2004, the average Indian accountant earned $250 to $300 per month[1], compared to the $3,000 to $4,000 per month[2] earned in the United States. These cost savings could be diminished, however, as the average Indian salary has steadily increased at an

[1] An amount probably closer to $400-$525 in 2008, based on India's average annual wage increases of 14.9% (Chatterjee, 2008)
[2] An amount probably closer to $3,350 per month in 2008 based on the 2008 average hourly earnings of $19.17 reported by the BLS; $3,500 - $4,800 per month based on annual salary increases of 5%; or $4,200 - $4,750 based on the author's survey of 2008 college graduates

average of 10.6% over the last five years, and at an average of 14.9% between 2006 and 2008, but is expected to stabilize around the 9-10% range by 2012. Accounting, consulting, and legal salaries rose above average at 16.1% for 2008, however (Chatterjee, 2008).

King (2008) indicates that experts predict labor savings in India disappearing in 5 to 10 years, with the increase in wages and the rupee strengthening against the dollar. She also writes about the phenomenon of reverse outsourcing—where foreign IT firms being outsourced to have actually set up facilities in the U.S., hoping to show a commitment to and investment in the U.S. and prove that they are not just taking jobs away. Outsourcing firms such as Tata Consultancy Services (TCS) have set up business in lower-cost labor markets in the U.S., where a July, 2007 report from the Information Technology Association of America indicates there exists a 30% cost savings over the top U.S. IT hubs—areas like Milford, Ohio, a suburb of Cincinnati, where TCS expects to employ up to 1,000 people. TCS' rival firms, Accenture and Wipro are also looking at similar ventures across the U.S. in areas ranging from Oregon to Arizona to Georgia.

The dollar value has declined by 16% against the rupee over the past 5 years. Atul Vashistha, the chairman of neoIT, a management consultancy firm, estimates that if the dollar value continues to decline, companies may only end up saving 10% to 20% on outsourcing activities—a large decrease from the 40% to 50% they once saved. Accordingly, firms have begun increasing nearshoring—outsourcing to countries closer to home, with a time zone advantage over than India, such as Argentina, Brazil, Chile, Columbia, Ecuador, Mexico, and Uraguay (King, 2008).

It is not clear how what the implications of the increasingly costly Indian market will be for the accounting industry, where there are more regulatory compliance requirements surrounding the nature of the work performed overseas and the end product itself, than in the IT industry.

<u>The political economy of outsourcing</u>

Another main reason outsourcing has become popularized is because of the politics behind the practice. Outsourcing became a contentious issue during The U.S. presidential election of 2004. The February 2004 release of the *Economic Report of the President* caused then presidential candidate, Senator John Kerry, to berate his opponent, President Bush, on the issue of outsourcing. Kerry attempted to appeal to the American worker who lost his/her

job to cheaper foreign labor, deriding President Bush and his economic advisers for supposedly favoring outsourcing American jobs. Kerry then put forward a corporate tax proposal allegedly designed to eradicate tax incentives for U.S. firms to shift jobs overseas (Mankiw and Swagel, 2006).

When the election passed, media interest in outsourcing abated, however it remained higher in the public light than previously. Articles in five of the seven largest newspapers in the U.S.[3] peaked at nearly three times as many articles in 2004 than in 2003, and dropped to half of the 2004 level in 2005, as seen in Figure 1. Also in 2004, economist Paul Samuelson drew public attention after publishing an article that was widely and wrongly interpreted (even by himself) as suggesting of dismissing the historical consensus among of economists of supporting free trade (Mankiw and Swagel, 2006).

Domestic accounting employment and the effects of outsourcing

As previously stated, outsourcing has repeatedly born the brunt of political assailment, and as many studies have shown, wrongly been interpreted as harmful to the United States' economy through sending jobs overseas. This concern was bolstered by the high unemployment rate (see Figure 2) remaining between the 2001 recession and the 2004 election (Mankiw and Swagel, 2006). However, researchers, acknowledging the relevancy of and qualitative and quantitative gaps in available data, have conducted numerous studies that conclude outsourcing is not likely to have accounted for a significant part of the job losses in the recent decade, or contributed significantly to the slow labor market rebound after the 2001 recession (Mankiw and Swagel, 2006; Schultze, 2004).

In fact, the empirical evidence that is available actually suggests that the increase in employment of overseas affiliates of U.S. multinational corporations, as a result of outsourcing, is actually associated with an increase in employment in the U.S. parent (Hanson et al., 2003; Mankiw and Swagel, 2006; Schultze, 2004). Mann (2005) provided evidence from the IT industry in the period 1999-2003 where 125,000 programming jobs were lost, but 425,000 higher-skilled and higher-paying jobs were added for software engineers and analysts. Baily and Lawrence (2004) came to a very similar conclusion.

[3] USA Today, The New York Times, LA Times, Denver Post, and Washington Post (The New York Job Source).

There have not been any significant studies on U.S. accounting firm employment results. It should also be noted that the respondent who did outsource added that that firm only cut interns and junior level staff. Even so, the U.S. Department of Labor's Bureau of Labor Statistics (BLS) data exhibits that the number of U.S. accountants has been increasing and is at a current all time high, and estimates that there will be 17.7% more employment of accountants in 2016 than there were in 2006, up to 1,500,000 from 1,274,000 (see Figure 4). Furthermore, BLS data shows that accountants wages, adjusted for inflation, have risen slightly since 1990 (see Figure 5). Other studies have concluded that there is no strong correlation between outsourcing and domestic employment. Amiti and Wei (2006) found that services Offshoring accounted for nearly 11% of productivity gains between 1992 and 2000, and had little impact on domestic employment. Brainard and Riker (1997) found that U.S. parent employment responded little to changes in wages at foreign affiliates during the decade of 1983-1992.

Blinder (2007) analyses the "offshorability" of a wide spectrum of jobs and predicts that outsourcing will become a major phenomenon in the oncoming decades, and even postulates that it could be on the same level as a "new industrial revolution." His study does not aim to estimate the number of jobs that will be outsourced; however it provides insight toward what has the potential to happen. That study puts the accounting, bookkeeping, and auditing positions currently in the market in the highest category on his offshorability index; the industry ranks 46 out of 291with an offshorability index of 84 out of 100 (it is important to note that the index number does not mean that the accounting industry 84% offshorable, however). Bardhan and Kroll (2003) do not give a specific estimated percentage of outsourceable jobs in the accounting industry in their estimate that 11% of all jobs are at risk for outsourcing, but they do set some classifications for what makes a job outsourceable: when there is no face-to-face interaction, a high level of information is used in the job, and the work involves processes which can easily be structured around the internet and/or telecommunication systems. For the accounting industry, the work that has been outsourced thus far (tax return preparation, payroll, bookkeeping, etc). has proven to match Bardhan and Kroll's (2003) qualifications.

Another significant misconception is that foreign activity crowds out domestic activity, however Desai et al. (2005) also reveals evidence to support the opposite. Their

research shows that foreign activities of domestic firms actually increase the level of domestic activity by those same firms. Using affiliate-level U.S. manufacturing firm data from 1982-1999 and matching the data to individual domestic activities of the same firm, they discovered that $10 of foreign investment is associated with $15 in additional domestic investment, and that $10 of foreign employee compensation is associated with an $18 increase in domestic employee compensation (see Figure 3). Baily and Lawrence (2004) also provide evidence that outsourcing services creates jobs, and also that outsourcing actually raises U.S. GDP. The study concludes that by 2015, U.S. GDP, real compensation of employees, and real profits will all be higher, results which they attribute primarily to lower prices for services imports.

Forrester Research predicts that 834,000 U.S. jobs will be moved offshore by the end of 2005, while 3.4 million additional U.S. jobs will be moved offshore through the end of 2015. Goldman Sachs estimated that 10,000 U.S. jobs were outsourced per month during 2001-2003, and that 15,000-30,000 per month have been and will continue to be outsourced in 2004 and beyond (Public Citizen). Deloitte research indicated that between 2005 and 2010, 2 million jobs in the financial sector alone will be outsourced (see Figure 6). Bryjak (2004) analyzed 400 of the top 1,000 U.S. companies and concluded that by 2006, 40% of previous full-time IT jobs were on track to be outsourced.

Schultze (2004) pointed out that even the estimate most severe regarding the number of jobs transferred to foreign affiliates from 1999-2001 of 180,000 jobs per year, was only 0.16 percent private employment and therefore was too small to play a meaningful role in accounting for the weak labor market. Also, Baily and Farrell (2004) note that even 30,000 U.S. jobs per month is a small fraction of the 2 million or more job changes occurring regularly in a single month. Furthermore, the total of 4.2 million jobs predicted by Forrester to have moved offshore by 2015 is 2.6% of the 164 million jobs the Bureau of Labor Statistics projects to exist at that time, and only 1.2% of the 35 million jobs gained between 1996 and 2006 (Mankiw and Swagel, 2006). The BLS projected that total U.S. employment will increase 13% from 2004 to 2014.

EMPIRICAL METHODOLOGY

Survey and data collection

As a component of this paper, it would be important to not only to assess the current state of outsourcing through an industry analysis, but also assess the perceptions and concerns of stakeholders. There is extremely limited data available regarding outsourcing in the accounting industry, however. Accordingly, the study surveyed public accountants (staff, managers, and partners), staff accountants at private companies, students, and professors. (See Appendix for the actual survey).

Share (2004) attributes the difficulties of gathering data on the topic of offshore outsourcing of tax return preparation because of firms' concerns about client satisfaction. Share (2004) says, "Several large Twin Cities accounting firms that privately admitted to sending tax work abroad declined to comment on the record. Other firms that industry sources said use off-shore help did not return phone calls. Outsourcing vendors are certainly approaching all the firms, but because of the criticism leveled at off-shoring in other industries, nobody wants to publicize it." The lack of secondary data motivated the conduction of this study.

Demographics

The survey was conducted on SurveyMonkey.com and sent to 650 accountants, students, and professors, and had a 21.7% response rate with 141 responses. Of the responses, there were at least:

- 19 Associate accountants, 8 Senior accountants, 13 Manager accountants, 29 Partners in firms, 13 Students, 29 Professors, 8 Non-profit accountants
- 44 Bachelors degrees, 37 Masters degrees, 29 PhDs
- 46 CPAs, 3 CAs, 11 CMAs
- 8 from firms with less than 10 employees, 3 from firms with 11-25 employees, 5 from firms with 26-100 employees, 34 from firms with 101-1,000 employees, 13 from firms with 1,001-10,000 employees, and 26 from firms with more than 10,001 employees
- 56 from MA, 12 from RI, 6 from TX, 6 from CT, 5 from CA, 5 from NC, 4 from IN, 3 from NY, and 8 from 6 other states scattered throughout the U.S.

This wide range of perspectives allowed for a relatively comprehensive assessment. Out of the 26 respondents who do outsource tax return preparation in this paper's study, only 1 gave

the firm's name—the remainder were anonymous. Out of the remaining 118 responses, 25 indicated the firm name. This disparity agrees with Share's (2008) statement about firms' unwillingness to discuss outsourcing.

EMPIRICAL RESULTS

The study primarily focused on three areas: outsourcing drivers, concerns stakeholders have about outsourcing, and the perspectives about the offshorability of specific functions.

Drivers

When it comes to drivers of outsourcing, 61% of respondents said that personnel availability—not having enough accountants—was at least somewhat of a major cause in their outsourcing of tax returns, and 41% said the same thing about the cost factor (see Figures 12 and 9, respectively). Even though there was no question asked in the survey to rank the reason behind the firms' outsourcing activities, we see that the cost factor is not as important as the personnel availability factor. However, when we increase the scale to at least "somewhat of a cause," cost becomes a more important factor in 81% of firms, whereas personnel availability is only a factor in 70% of firms. Furthermore, only 9% of firms responded that cost is not a factor while nearly double that responded that personnel availability was not a factor. This implies that personnel availability is a very important factor causing firms to outsource, however as with any business decision, the cost is always an important aspect.

Drivers which did not appear to have a significant impact are firm size, firm focus, and space availability. Only 13% of firms who said they outsource tax returns said that their firm size is either a major or somewhat of a major cause of their outsourcing activities (see Figure 10). Just more than 1/5 firms who outsource tax returns say that firm focus—the desire to focus attention to other services—is at least somewhat of a major cause in their outsourcing activities (see Figure 11). Less than 1/10 of firms say that either inexperience or available space for personnel is at least somewhat of a major cause to their outsourcing activities (see Figure 13).

The effects on wages and employment are minimal at most. Most firms did not experience any effect on wages, while 4% said that wages have fallen slightly and 8% said that wages have risen slightly (see Figure 14). Only 4% of firms can directly attribute laying off workers to their outsourcing activities, while 2/3 say they cannot attribute outsourcing to

layoffs, and 29% are not sure. The 4% who did lay off workers only got rid of interns and/or part time help (see Figure 15). Nearly three times as many (as a percentage) of firms have seen an increase to their workforce than have seen their workforce decrease: 11% of firms who have not laid any workers off have seen an increase to their workforce directly attributable to outsourcing activities, while 47 % of firms have seen no effect on their workforce (see Figure 16).

Perceptions

The results of the survey agree with much of what can be assumed about firms' perceptions and concerns regarding outsourcing in the accounting industry. For example, it would not be out of the question to assume that firms who do not outsource have a higher level of concern when it comes to security, communication, and other issues, and that those same firms would have a lower level of perceived security about outsourcing different functions. Indeed, the results corroborate these assumptions, and tell more about why firms are outsourcing and what the industry will need to do to adapt to its recent changes.

Firms perceptions about outsourcing are drastically different between firms who outsource and those who do not in all areas. Firms that outsource are much more likely than those that do not have a much higher perception about the security and offshorability of data entry (see Figures 34 and 35). Firms that outsource are much more likely than those that do not have a much higher perception about the security and offshorability of bookkeeping (see Figures 36 and 37). Firms that outsource are much more likely than those that do not have a much higher perception about the security and offshorability of research (see Figures 38 and 39). Firms that outsource are much more likely than those that do not have a much higher perception about the security and offshorability of tax return preparation (see Figures 40 and 41). Firms that outsource are much more likely than those that do not have a much higher perception about the security and offshorability of review (see Figures 42 and 43), and analysis (see Figures 44 and 45).

Concerns

Firms' concerns in all areas were higher among those that did not outsource. Even so, nearly all concerns were more of a concern than not. Not very many individuals are concerned about losing their job (or in students cases—future job) to overseas workers, and only one-

sixth CPA respondents has a higher level of concern than a lower level of concern (see Figures 17 and 18). However, students more than triple that number, where 8 out of 17 respondents (53%) have a higher level of concern and only 5 out of 17 (34%) have lower level of concern (see Figure 19).

Firms who do outsource are significantly more likely than those that do not, to have a lower level of concern regarding the deterioration of client relationships. Overall, more than close to 60% of total firms still have a higher level of concern in this area (see Figures 31 and 32). Finally, Firms who do outsource tax return preparation are much more likely to have a lower level of ethical concerns as a result of outsourcing activities (see Figure 33).

People are nearly equally concerned about the domestic supply of accountants in the future, however 57 out of 141 respondents (40%) had a higher level of concern than a lower level of concern (see Figure 20). People are nearly equally concerned about the economic strain on the U.S. from sending jobs to foreign firms, however 54% had a higher level of concern than a lower level of concern (see Figure 21). Two-thirds of respondents had a higher level of concern, with 25% of the total respondents being "very concerned" about privacy and confidentiality issues (see Figure 22 and figure 23). Nearly twice the level of those respondents from firms who do outsource tax return preparation than those who do not outsource, had a lower level of concern regarding privacy and confidentiality. Firms who do not outsource tax return preparation are much more likely to have a higher level of concern than those from firms who do (see Figure 24).

Nearly 80% of total respondents are concerned about communication issues (See Figure 25). Firms who do outsource are more likely to have a lower level of concern regarding communication issues (see Figure 26). More than two-thirds of respondents have a higher level of concern regarding identity theft (see Figure 27). Firms who do outsource are much more likely to have a lower level of concern regarding identity theft (see Figure 28). Firms who do outsource tax return preparation are much more likely to have a lower level of concern regarding the experience of offshore firms and their employees (see Figure 29). Nearly two-thirds of respondents are concerned about the early career experience of domestic employees which is lost when tasks such as tax return preparation are sent overseas, allowing firms to focus on other client work. The level of concern remains nearly equal between those firms who do and do not outsource tax return preparation (see Figure 30).

Overview of empirical results

The most conclusive evidence about what drives firms to outsource suggested that understaffing is the primary driver of outsourcing, while cost savings is the second-most important consideration of outsourcing. Also in this area, more firms that outsource increase their workforce more than those that decrease their workforce, and more firms have seen an increase in employment than have seen a decrease in employment.

Firms have exhibited high levels of concern in most areas, especially where accountants are most concerned about the supply of accountants in the future. This concern is in line with the primary driver of outsourcing—understaffing—in that firms may be bracing themselves for work-overload and utilizing outsourcing services to prepare for future needs. Accountants are also highly concerned about the domestic economic strain caused by sending jobs out of the U.S., but continue to do so as it saves their firms money and helps alleviate staffing problems. Firms who utilize outsourcing services have a lower level of concern when it comes to nearly all areas: privacy and confidentiality, identity theft, offshore accountants' experience level, client relationship deterioration, communication issues, and ethical concerns. This study failed to assess whether or not these firms who outsource do so because they initially have these concerns, and whether or not the firms who do not outsource do so because they do have these concerns, however comments and interviews with some respondents indicated the former; firms' concerns are eased as they increase their use of outsourcing services.

Similar to the dichotomy between the concerns of firms who outsource and those who do not, perception about the offshorability of specific functions differs based on whether or not firms outsource. The perception by firms who outsource about the level of security is higher than firms who do not outsource when it comes to data entry, bookkeeping, research, tax return preparation, analysis, and review. Again, the study did not attempt to assess whether firms perceptions about the security of outsourced functions experienced a heightened perception after outsourcing, or whether that perceived higher level of security by firms who outsource, was actually a factor which existed prior to those firms' outsourcing activities, thus driving them to outsource. Interviews with some respondents indicated that this was not the case, and that these firms started to feel more secure and comfortable about outsourcing, and trusted the outsourced work more as they increased their use of the practice.

Policy implications

The study further has policy implications concerning all stakeholders in the accounting industry: students, professors, accounting professionals and firms, regulatory bodies such as the IRS, FASB, AICPA, and the PCAOB and politicians. Students, who responded to the survey indicated that they are concerned about losing future employment to overseas workers. This study found that since accounting firms are concerned about the shortage of domestic accountants in the future, there will be ample demand for their skills. In addition, the BLS predicts, as indicated in Figure 4, that the demand for domestic accountants will rise in the future. Professors and others in higher education should work to ensure students are prepared to communicate effectively in the global marketplace, and ensure that students are strengthening their knowledge base of accounting and tax principles, as these future accountants may receive less work performing seemingly 'menial' tasks where they typically learn valuable skills which allow them to more efficiently review work in the future.

Accounting firms should ease their concerns about certain issues and their perception of the security and offshorability of different functions. Firms should also be as transparent about their activities with clients, and embrace outsourcing as a means of competing effectively with other firms in the face of increased demand for services and rising costs. Outsourcing facilitators should continue to work to ensure security of client information, and prove to clients and the public that outsourcing is a secure, efficient and cost-effective means of satisfying client needs and adding a competitive edge.

Regulatory bodies should continue to implement strict regulation to protect U.S. firm and taxpayer security, thus decreasing security concerns. Finally, politicians should focus on easing the transition of displaced employees instead of erroneously condemning the phenomenon of outsourcing.

CONCLUSION

The phenomenon of outsourcing has engulfed the accounting industry and offers a wide ranger of services from bookkeeping, accounts payable, debt collection, invoicing, to tax return preparation. As companies become more comfortable with the services provided by outsourcing facilitators, the level of outsourcing in the accounting industry will increase to allow U.S. firms to focus on higher margin services and meet rising client demands in more

technical areas of tax, estate, and retirement planning. Because of the lack of data on the state of outsourcing in the accounting industry, this paper conducted a study of stakeholders in a wide demographic.

The study primarily focused on three areas: outsourcing drivers, concerns stakeholders have about outsourcing, and the perspectives about the offshorability of specific functions. Through the 141 responses obtained by the survey, there is enough data to exhibit that firms are engaging in outsourcing activities, and that those firms who do outsource work realize benefits in and ease their perceptions about doing so. The main findings of the study show that firms who outsource have been able to cut costs and increase staff. These same firms also are less concerned about at least all of the issues asked by the survey (privacy, client relationships, identity theft, communication, etc.). This result is more likely to be a result of firms' outsourcing activities instead of a perception which drives firms with a similarly low level of concern to outsource in the first place. These firms who outsource also have a higher perception than those that do not outsource, about the level of security and the outsourecability of most of the functions (payroll, data entry, tax return preparation, etc.) in the accounting industry, realizing the potential for future service offerings. This perception also appears to be as a result of their outsourcing experience and not a pre-outsourcing perception which drove their firms to outsource.

Major implications of the study indicate that students concerns about future employment are ungrounded while professors and others in higher education should work to ensure students are prepared to communicate effectively and are strengthening their knowledge base of accounting and tax principles to be able to compete in the global marketplace. Accounting firms should ease their concerns about certain issues and their perception of the security and offshorability of different functions, be as transparent about their activities with clients, and embrace outsourcing as a means of competing effectively with other firms in the face of increased demand for services and rising costs. Outsourcing facilitators should continue to work to ensure security of client information, and prove to clients and the public that outsourcing is a secure, efficient and cost-effective means of satisfying client needs and adding a competitive edge. Regulatory bodies should continue to implement strict regulation to protect U.S. firm and taxpayer security. Finally, politicians

should focus on easing the transition of displaced workers instead of condemning outsourcing with arguments lacking economic fact.

FIGURES

Figure 1

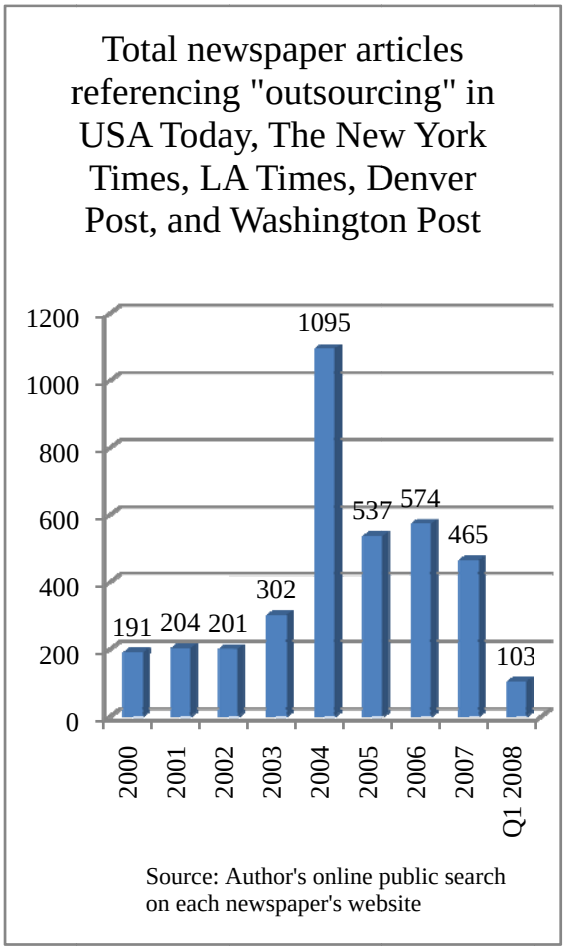


Figure 5

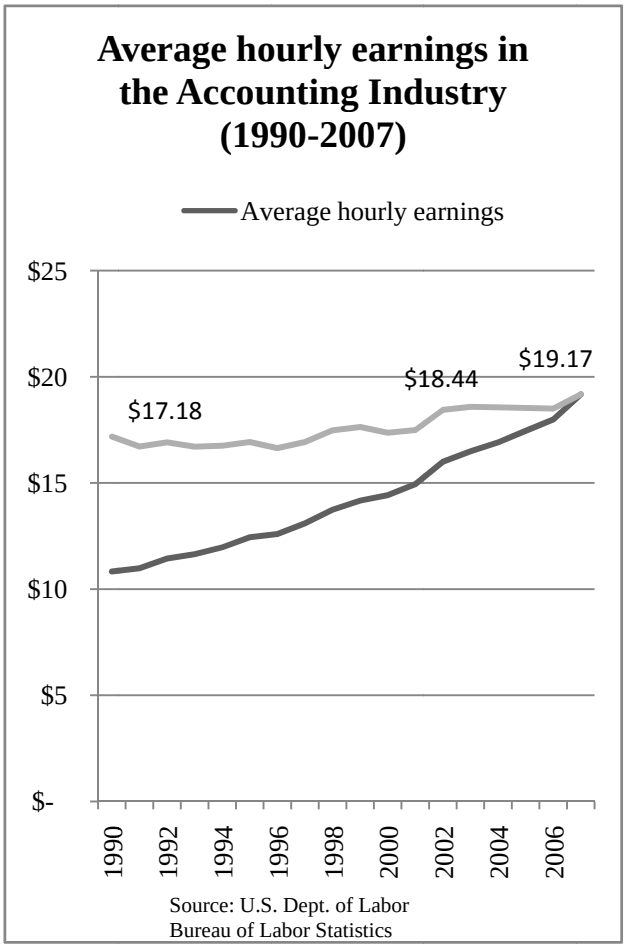
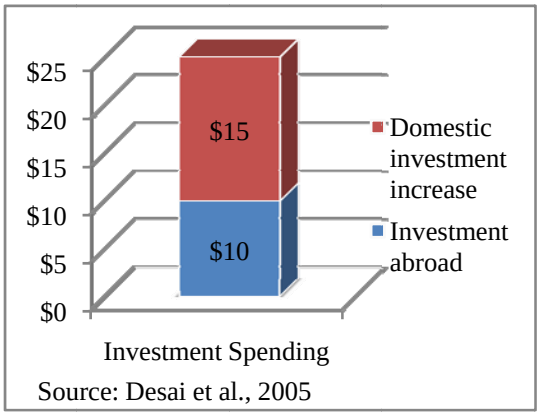
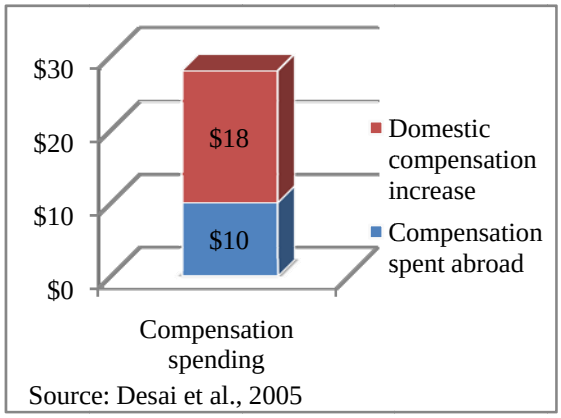


Figure 3

$15 **domestic investment** increase associated with $10 spent on **foreign investment**



$18 **domestic compensation** increase associated with $10 spent on **foreign compensation**



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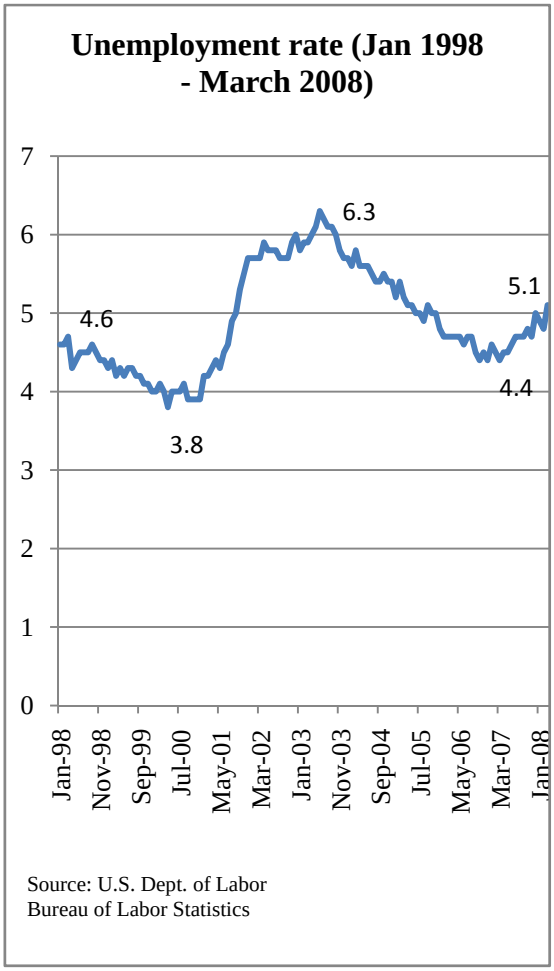

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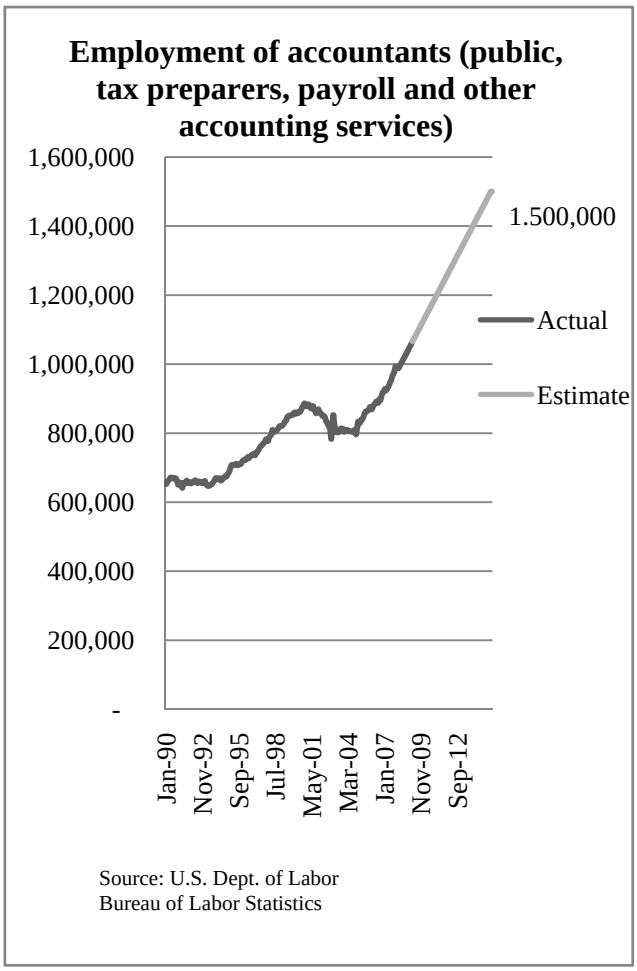

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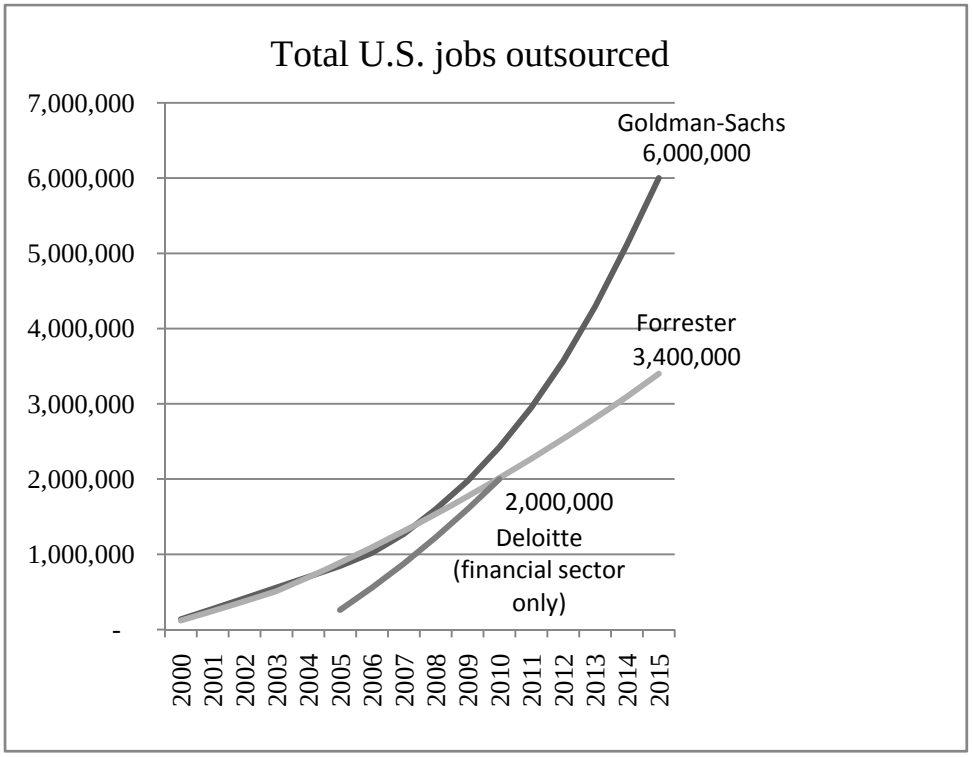

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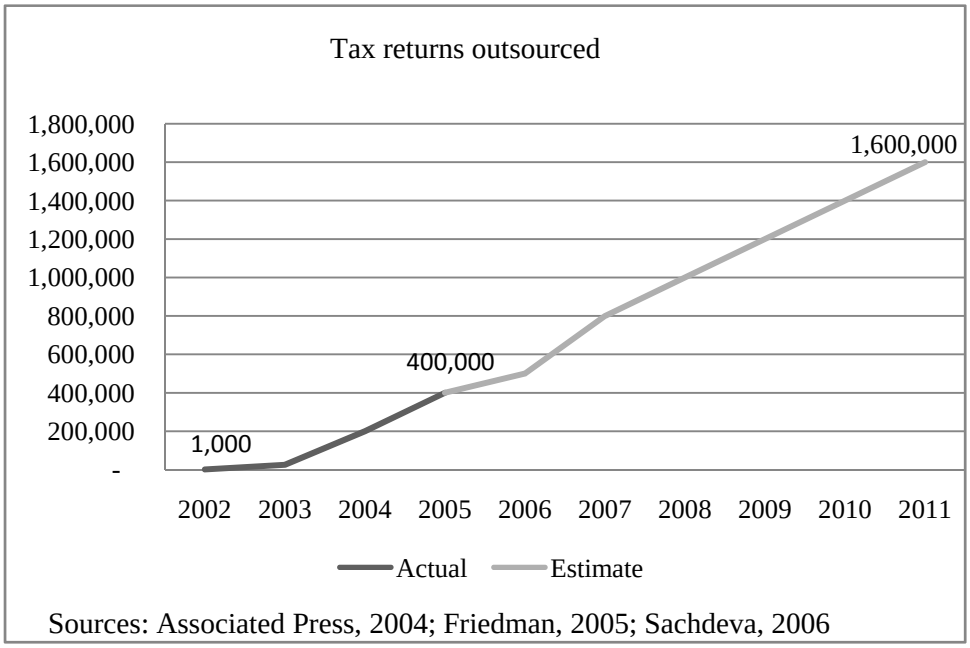
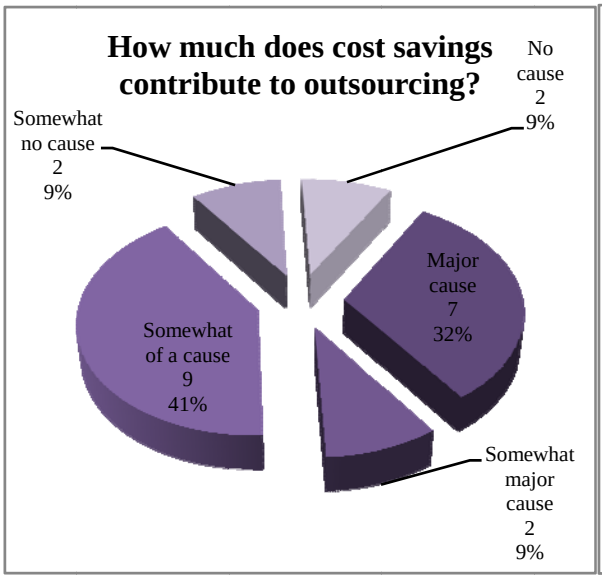


Sources: Associated Press, 2004; Friedman, 2005; Sachdeva, 2006

Figure 9



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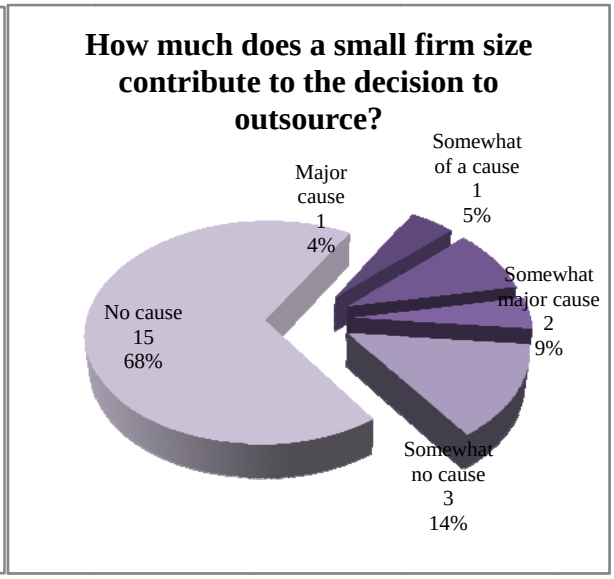

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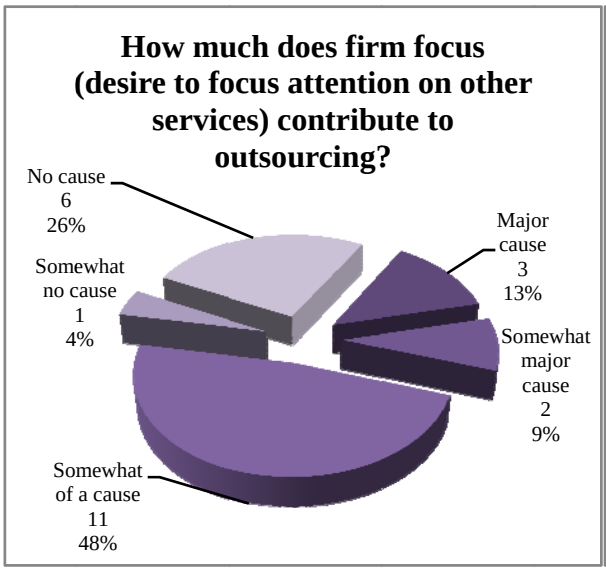

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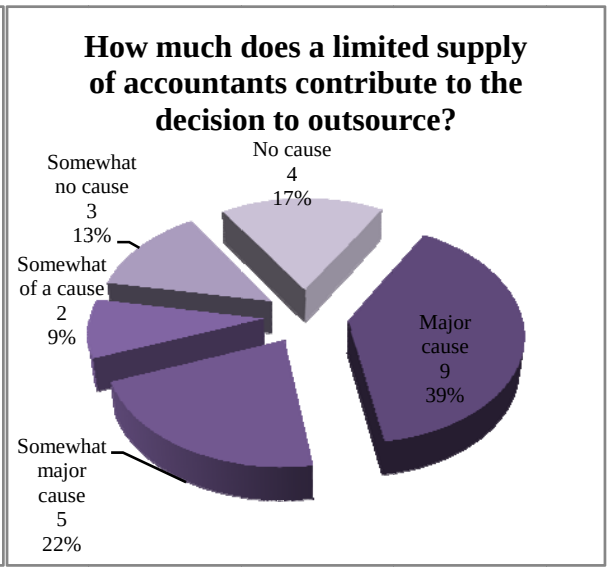

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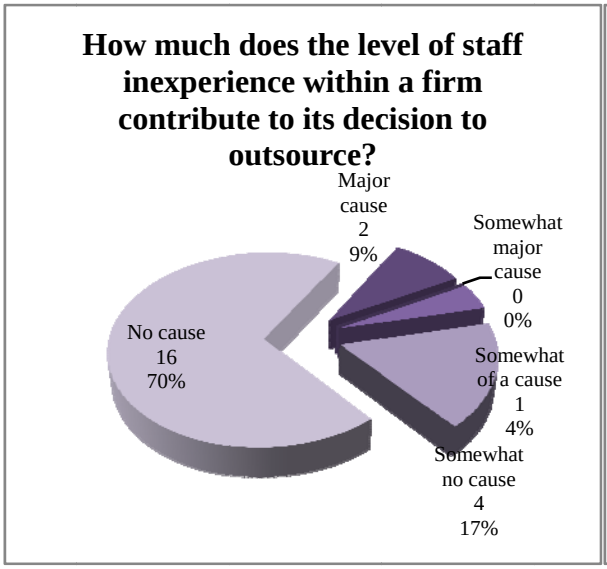

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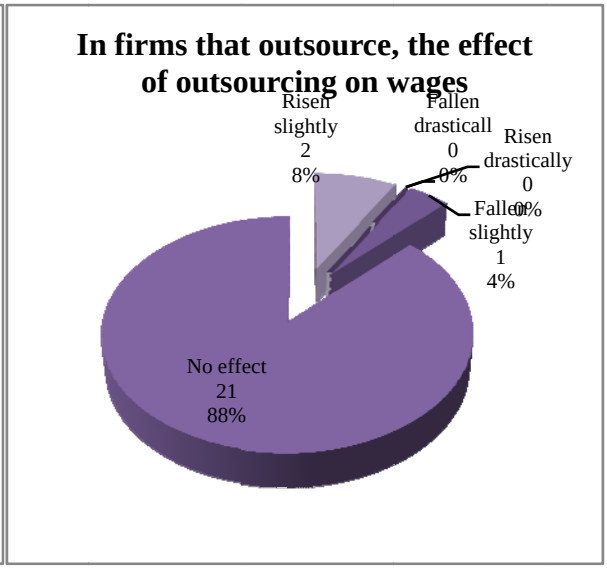

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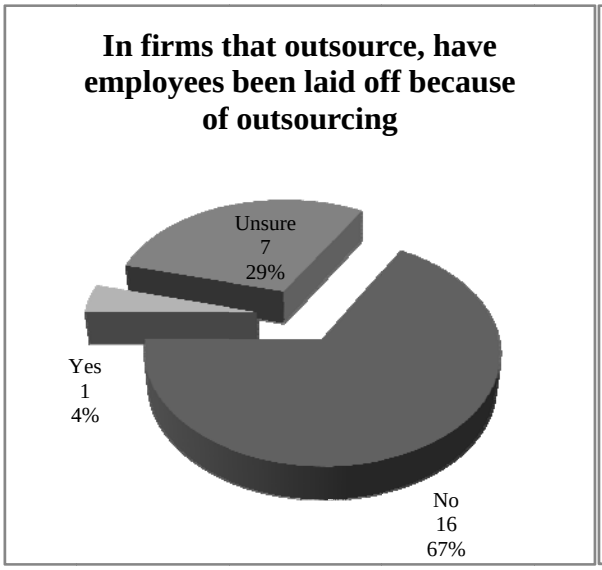

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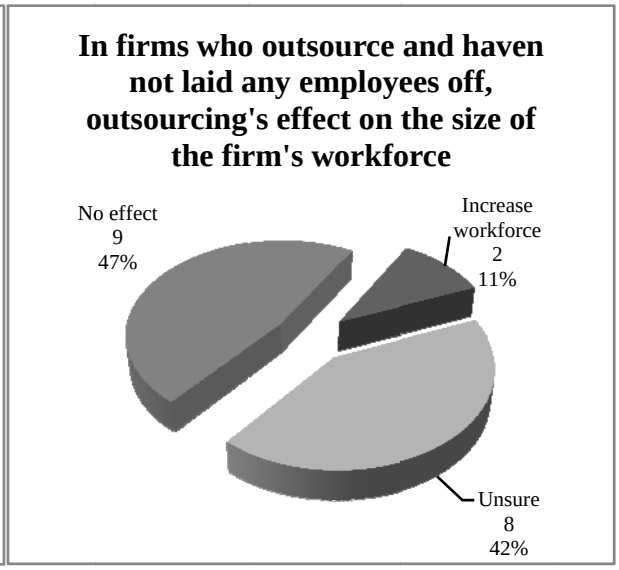

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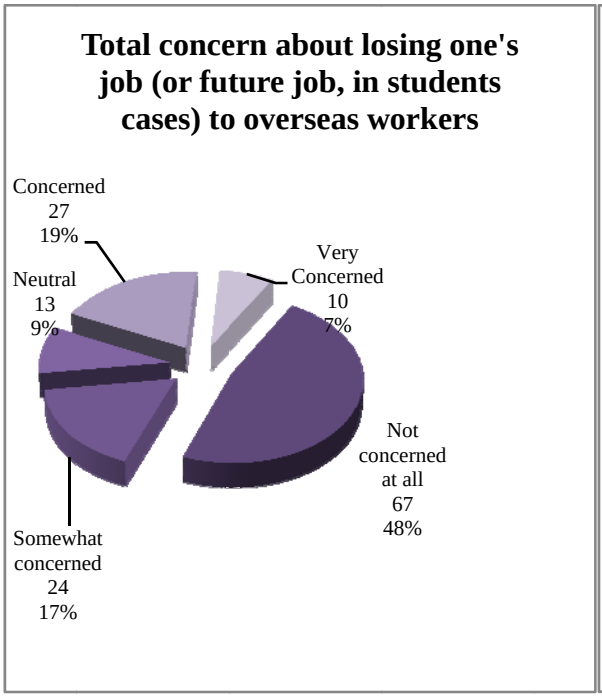

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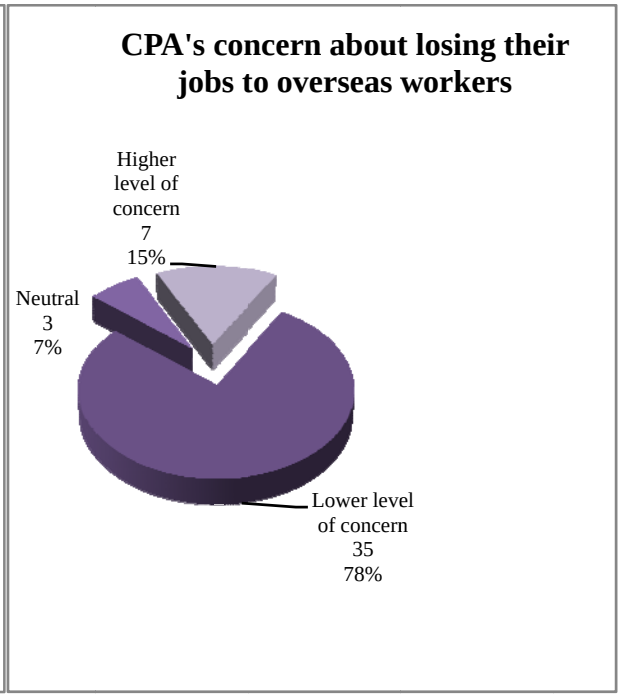

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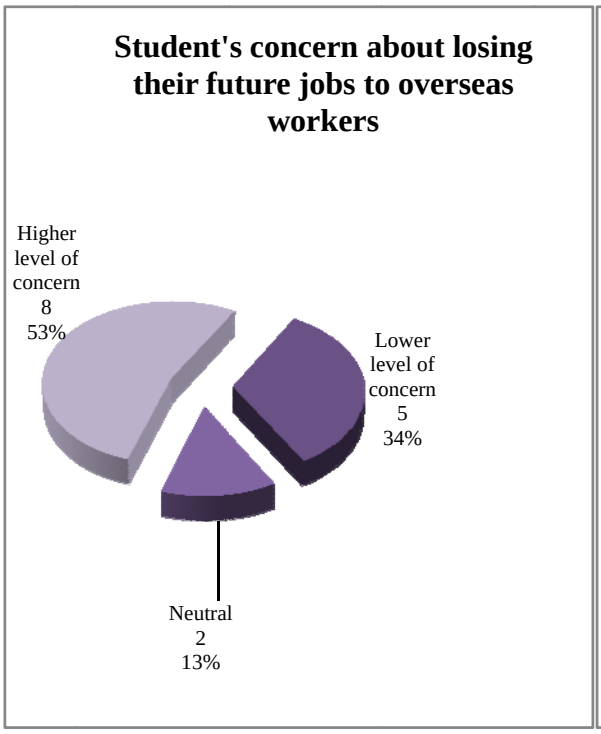

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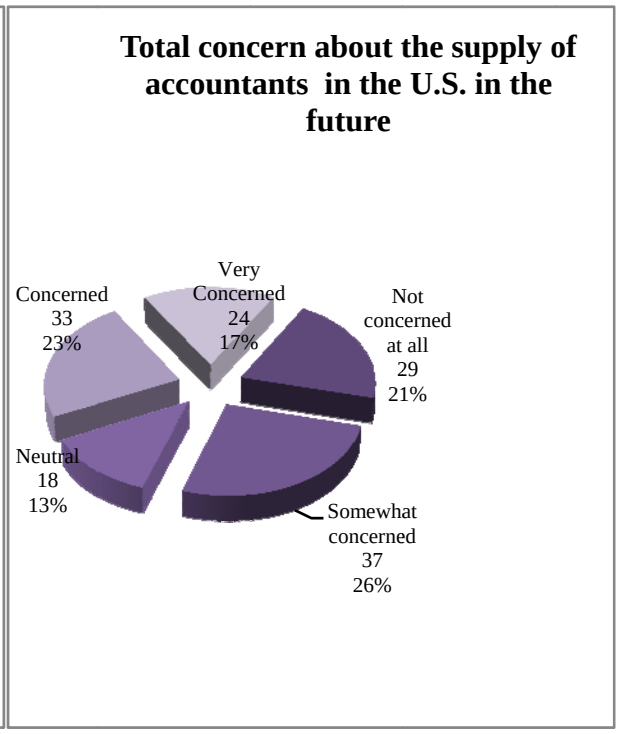

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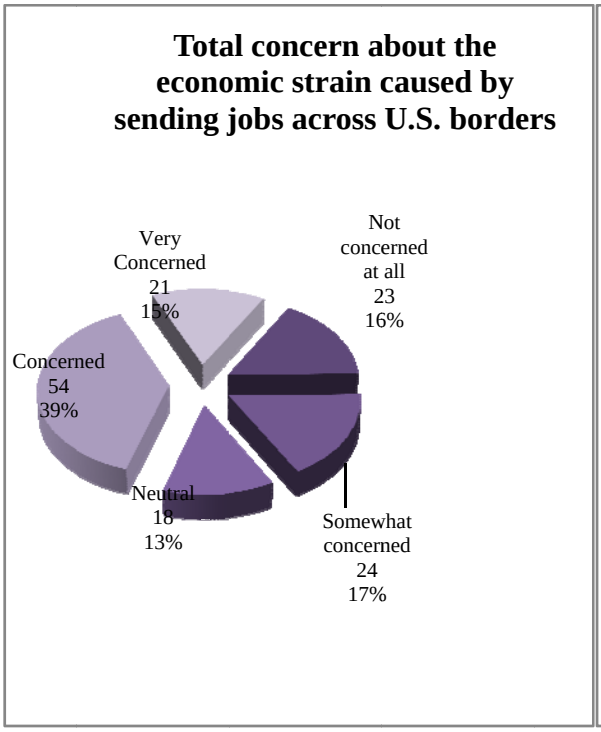

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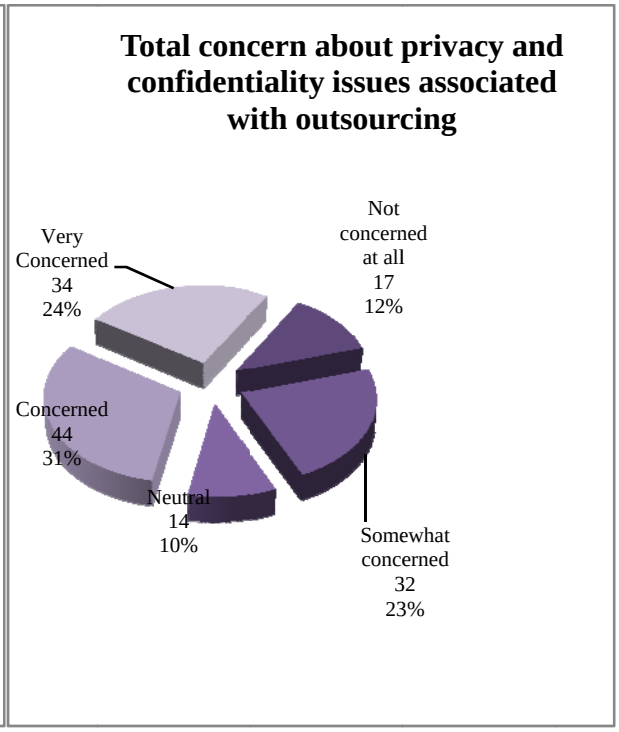

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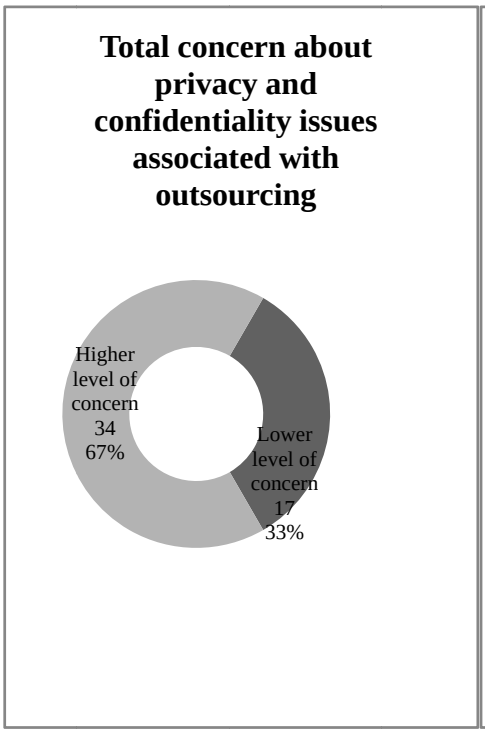

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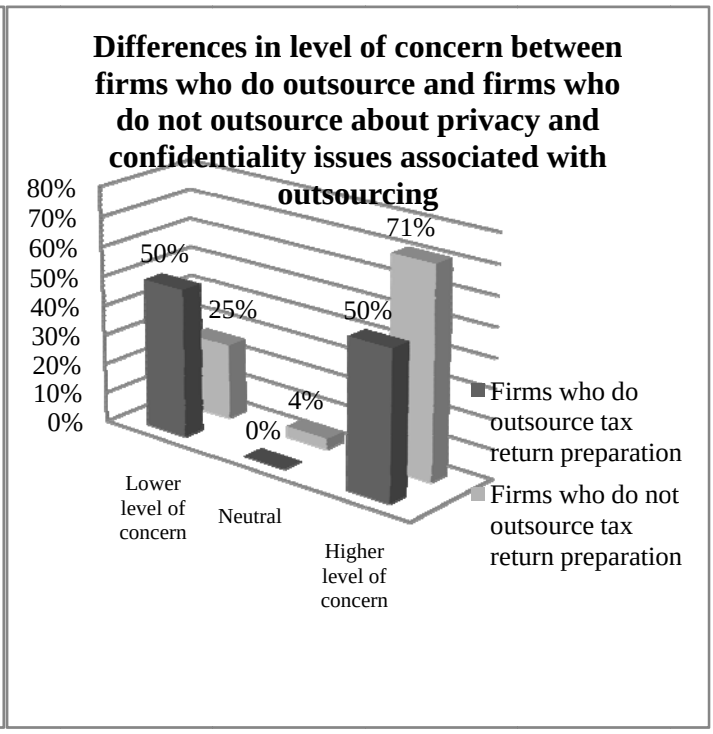

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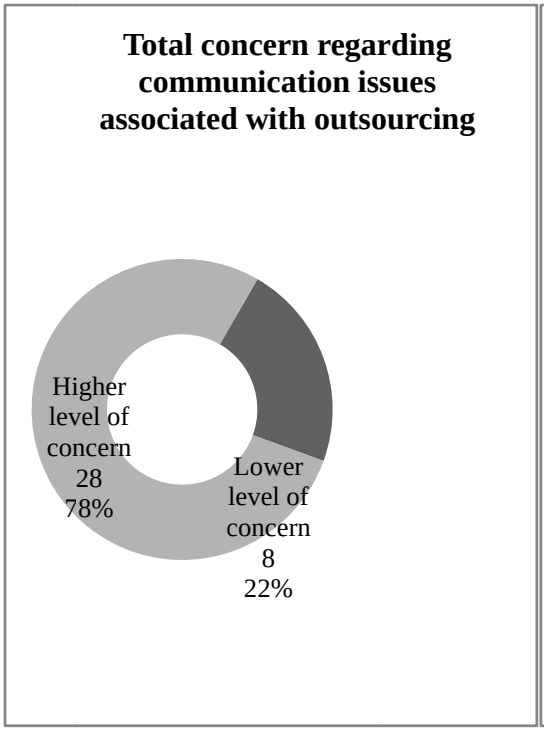

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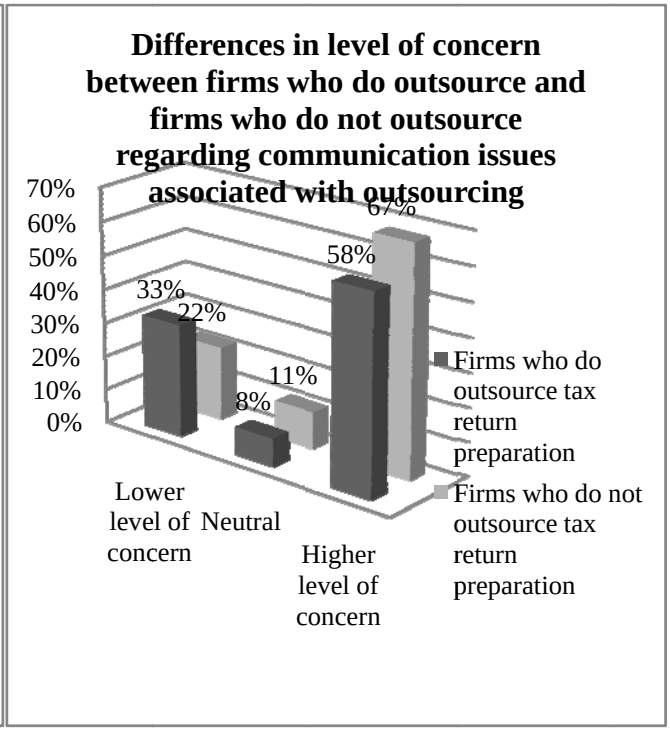

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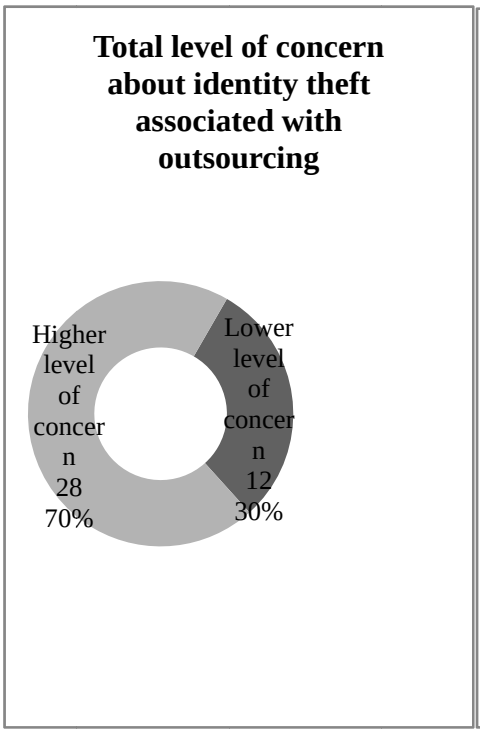

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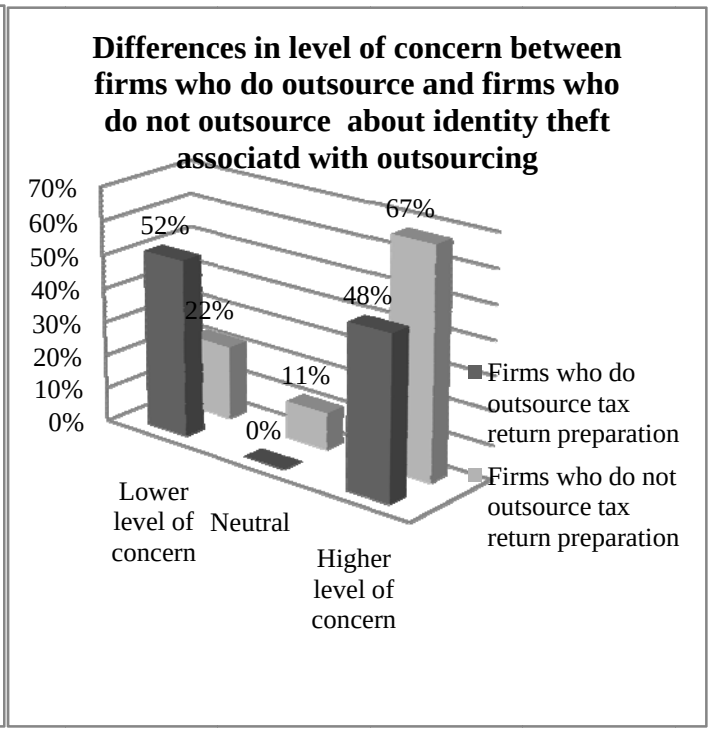

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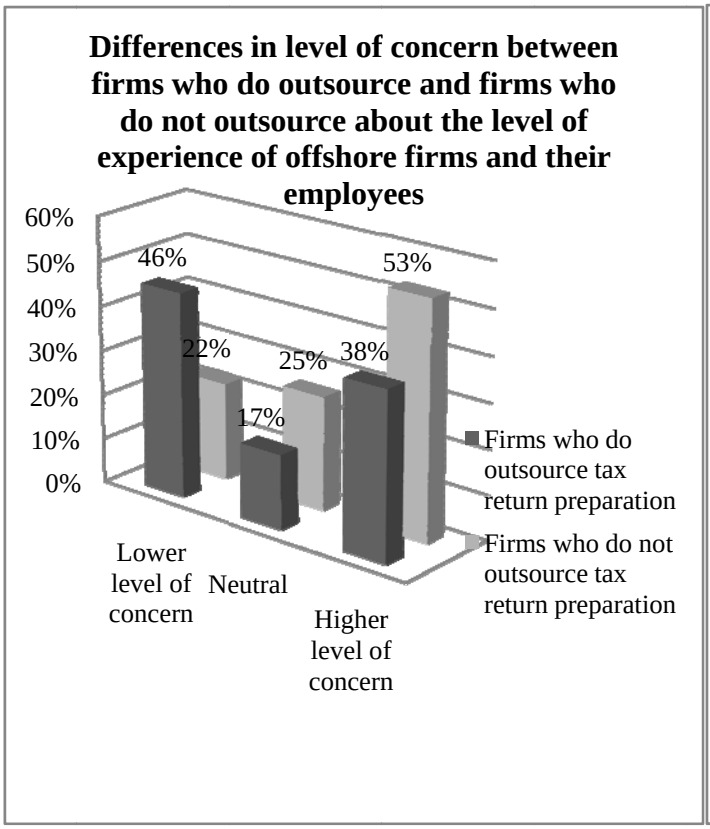

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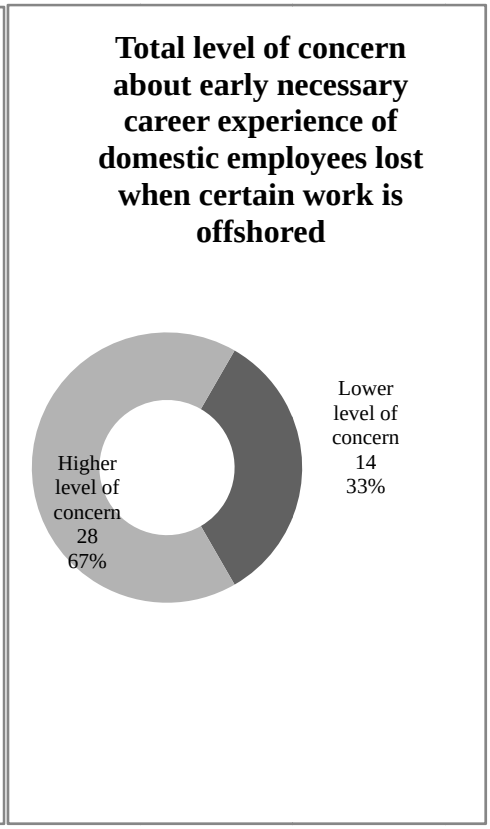

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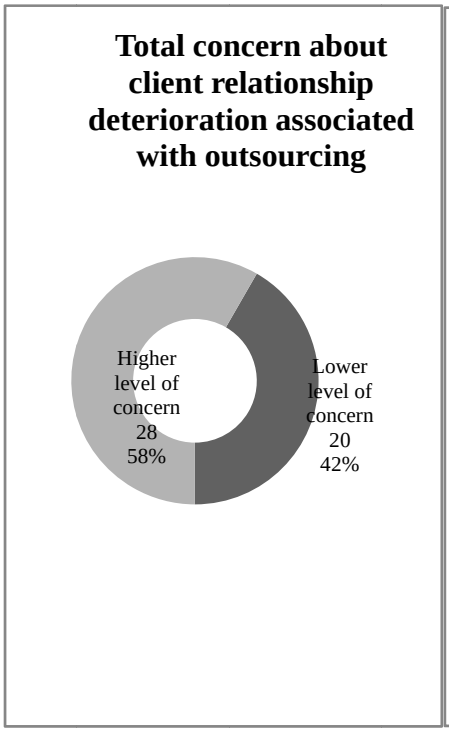
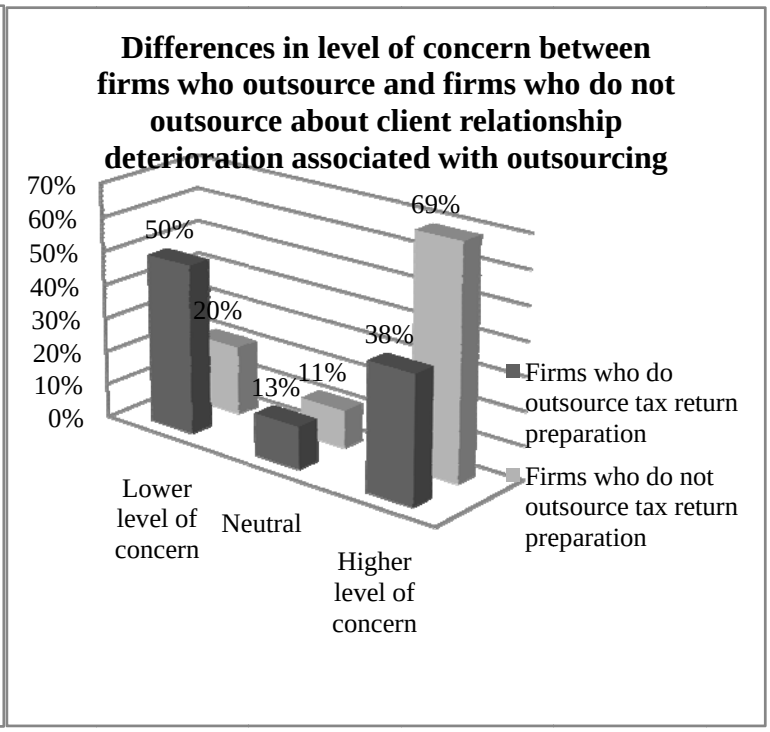


Figure 32



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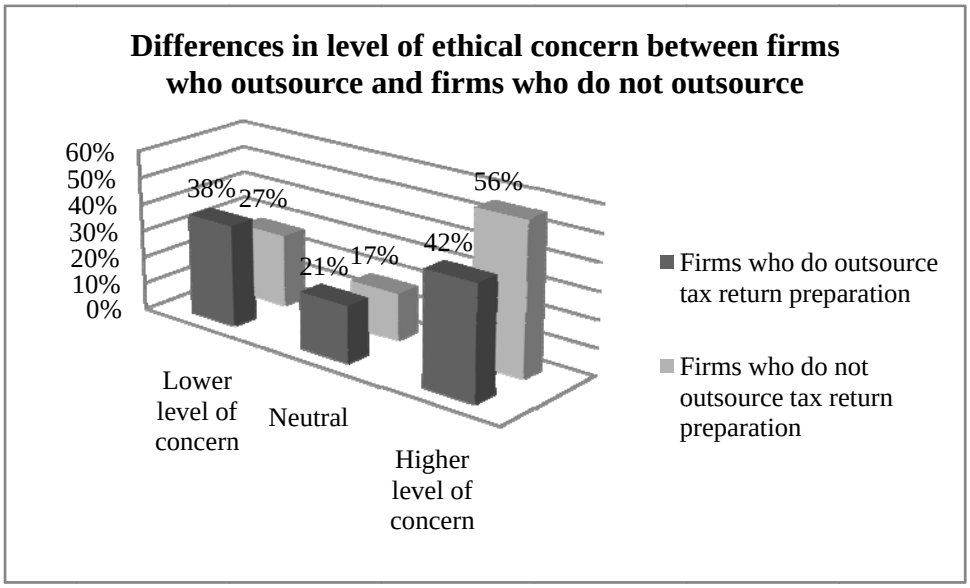

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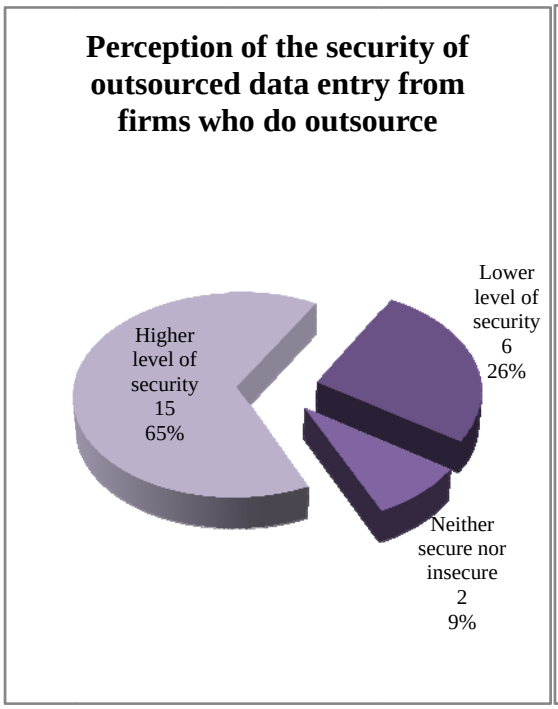

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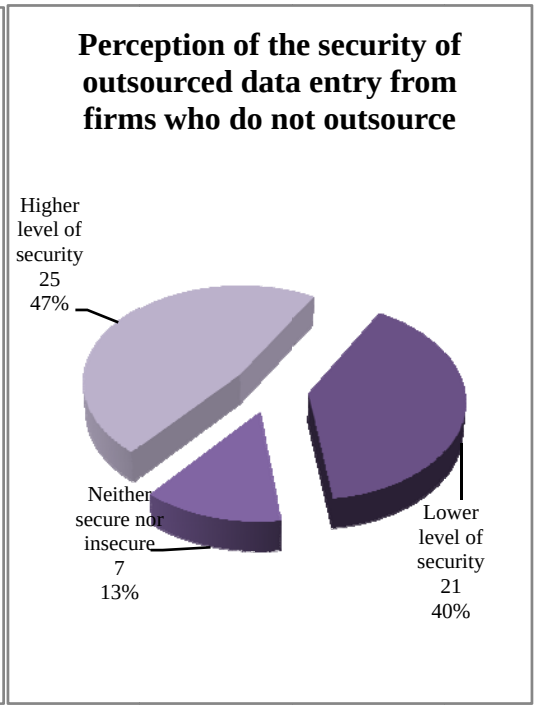

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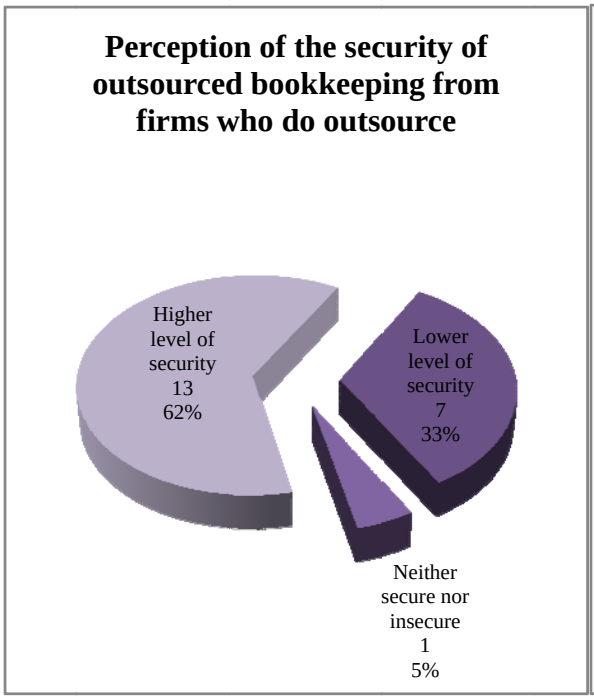

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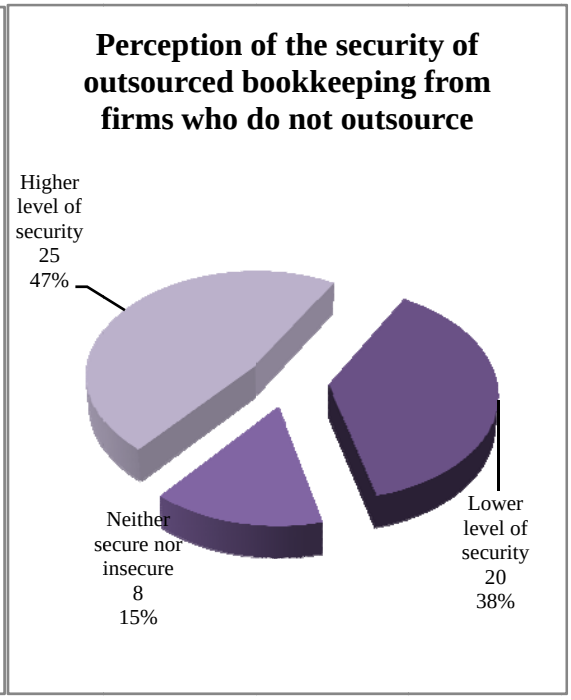

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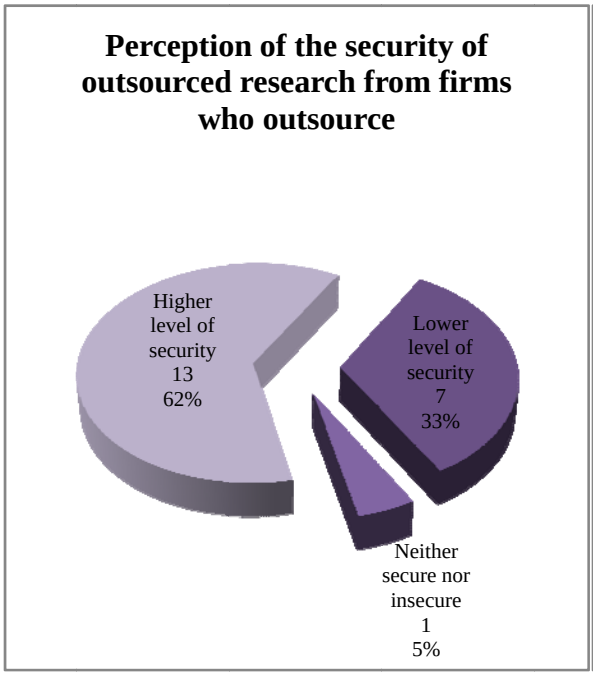

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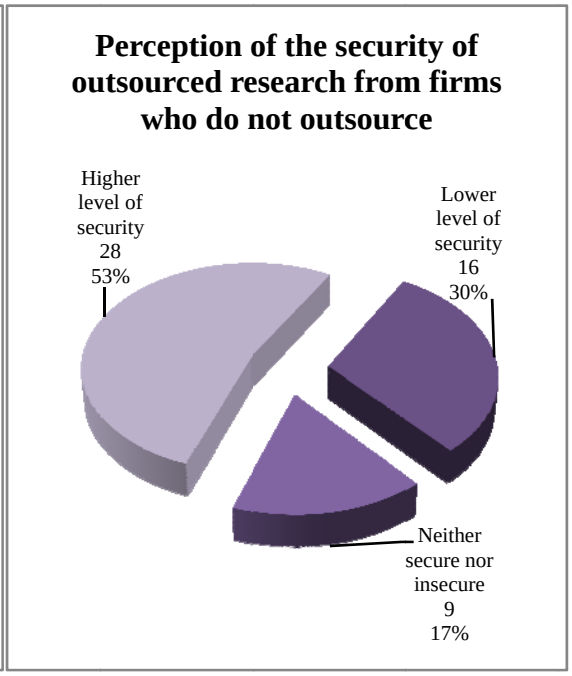

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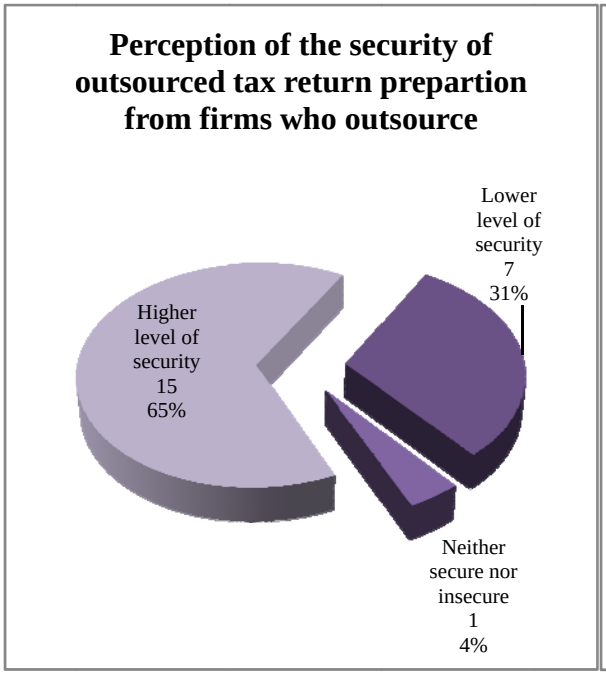

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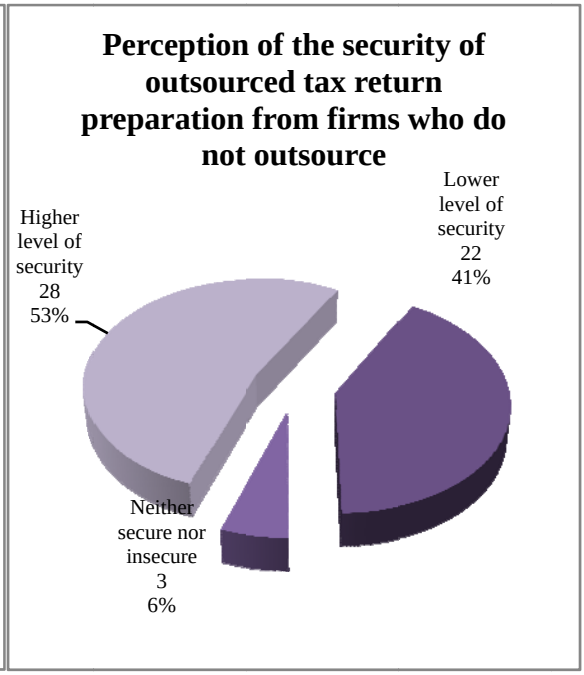

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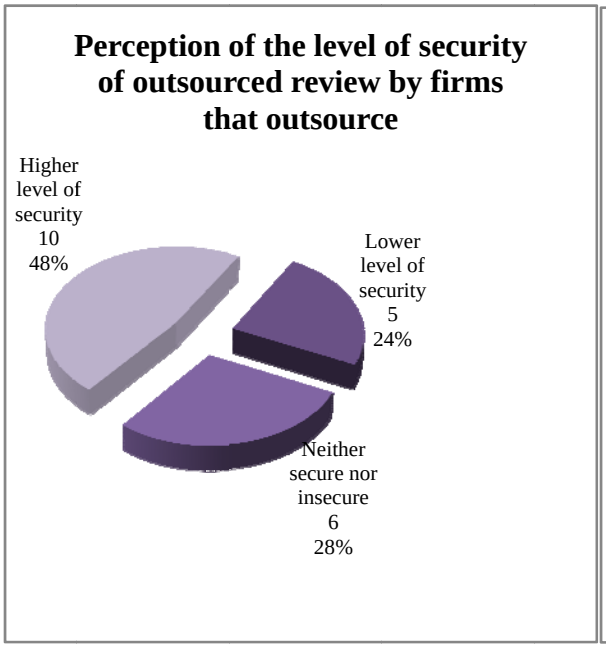

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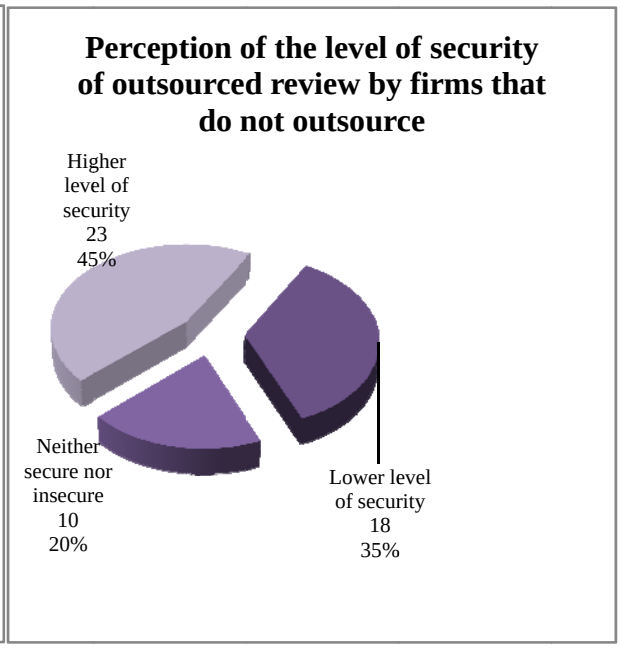

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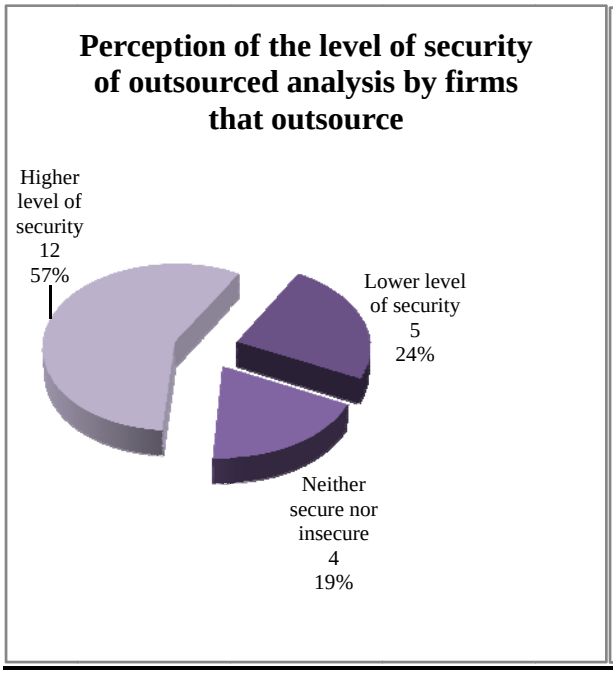

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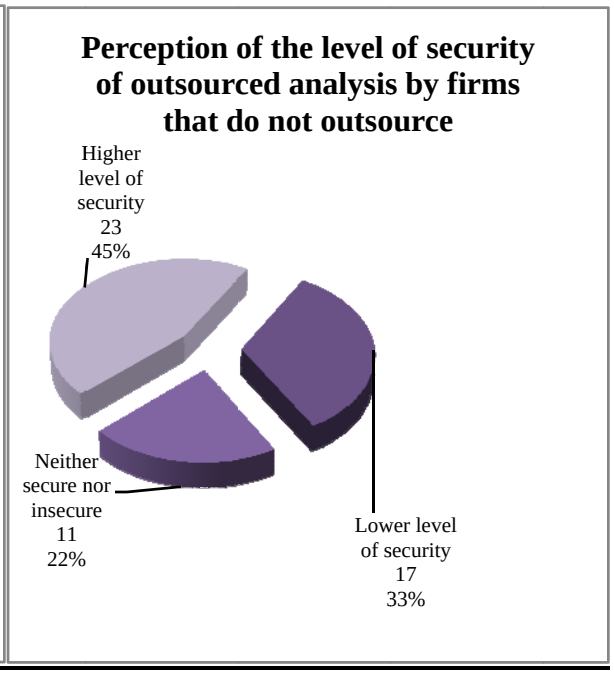

APPENDIX
Survey

Offshore Outsourcing in the Accounting Industry: Perceptions and

1. Perceptions

Hello,

My name is Ryan Daley and I am a senior at Bryant University (Smithfield, RI) working on a senior honors project analyzing the economics behind, and the perception of offshore outsourcing in the accounting industry. My paper, "The Accounting Industry in the Age of Globalization and Offshore Outsourcing," will be presented on April 15, 2008, at 2 P.M. in room MRC4 at Bryant University, as part of the Honors Colloquium, and is open to the public. The paper focuses on the recent increase in practices of offshore outsourcing in the accounting industry--sending jobs and work overseas in the bookkeeping, financial services, research, and even tax return preparation areas, among others.

I am e-mailing you with the hopes that you will take 5 minutes to complete a short survey (less than 10 questions) on the topic. Your contribution is valuable since not much significant or widely-known research, data, or analysis has been broadly published on the subject.

With that said, I would like to thank you very much in advance for taking the time to complete the survey; the results will be used for academic purposes only, and any personal information will be kept private. Also, I would very much appreciate it if you would share this survey with coworkers, colleagues, friends, or anyone else who you think may be insightful.

Please feel free to contact me with any other questions, comments, or suggestions you may have.

Sincerely,

Ryan P. Daley
Bryant University Class of 2008
rdaley@bryant.edu
774-245-0034

For further information, please contact:

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Assistant Professor, Economics
Bryant University
rmohan@bryant.edu
401-232-6379

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Offshore Outsourcing in the Accounting Industry: Perceptions and

1. To what extent do you view the following functions of the accounting industry as offshorable due to the nature of the work?

	Not offshorable, work must be completed domestically	Somewhat offshorable, but most work must be conducted domestically	Offshorable, with little work completed domestically	Complete offshorable	Not sure whether or not this is offshorable
Data entry	○	○	○	○	○
Bookkeeping	○	○	○	○	○
Research	○	○	○	○	○
Tax return preparation	○	○	○	○	○
Review	○	○	○	○	○
Analysis	○	○	○	○	○
Other (please specify below)	○	○	○	○	○

Comments:

2. In your opinion, how secure are the following areas in the accounting industry during the process of offshore outsourcing?

	Not secure at all, there is private and confidential information at stake	Somewhat insecure	Neither secure nor insecure	Somewhat secure	Completely secure, private and confidential information is safeguarded by offshore outsourcing firms
Data entry	○	○	○	○	○
Bookkeeping	○	○	○	○	○
Research	○	○	○	○	○
Tax return preparation	○	○	○	○	○
Review	○	○	○	○	○
Analysis	○	○	○	○	○
Other (please specify below)	○	○	○	○	○

Comments:

Page 2

Offshore Outsourcing in the Accounting Industry: Perceptions and

3. What concerns do you have about offshore outsourcing?

	Not concerned at all	Somewhat concerned	Neutral	Concerned	Very concerned
Losing my job (or future job) to overseas workers	○	○	○	○	○
Supply of accountants domestically in the future	○	○	○	○	○
Economic strain from sending jobs across US borders	○	○	○	○	○
Privacy and confidentiality issues	○	○	○	○	○
Communication issues	○	○	○	○	○
Identity theft	○	○	○	○	○
Experience of offshore firms and its employees	○	○	○	○	○
Early necessary career experience of domestic employees lost when certain work is offshored	○	○	○	○	○
Client relationship deterioration	○	○	○	○	○
Ethical concerns	○	○	○	○	○

Comments:

Page 3

Offshore Outsourcing in the Accounting Industry: Perceptions and

4. To what extent does sending jobs overseas:

	Disagree completely	Disagree somewhat	Neither disagree or agree	Agree somewhat	Agree completely
Hurts the American economy by increasing the unemployment rate by sending American jobs to lower paid workers.	○	○	○	○	○
Hurts the American economy by perpetuating workforce uncertainty and reducing morale.	○	○	○	○	○
Neither hurts nor helps the American economy because it is so large and the effects of offshore outsourcing are minimal.	○	○	○	○	○
Mutually benefit both domestic and foreign firms.	○	○	○	○	○
Helps the American economy by reducing costs on products at home produced abroad.	○	○	○	○	○
Helps the American economy by allowing firms to focus on value-added activities and work requiring a more highly skilled workforce.	○	○	○	○	○

Comments:

Page 4

Offshore Outsourcing in the Accounting Industry: Perceptions and

5. Which countries/areas do you associate with offshore outsourcing of the following activities? (Select all that apply)

	Brazil	China	India	Indonesia	Malaysia	Mexico	Thailand
Data entry	☐	☐	☐	☐	☐	☐	☐
Call centers	☐	☐	☐	☐	☐	☐	☐
Manufacturing	☐	☐	☐	☐	☐	☐	☐
IT	☐	☐	☐	☐	☐	☐	☐
Accounting/finance	☐	☐	☐	☐	☐	☐	☐
Tax	☐	☐	☐	☐	☐	☐	☐
None	☐	☐	☐	☐	☐	☐	☐
Other (please specify below)	☐	☐	☐	☐	☐	☐	☐

Other (please specify)

Page 5

Offshore Outsourcing in the Accounting Industry: Perceptions and

2. Firm data

1. To the best of your knowledge, to what extent does your firm offshore outsource accounting functions?

	I know for a fact that my firm offshore outsources this function	I think my firm offshore outsources this function	I am not sure whether or not my firm offshore outsources this function	I do not think my firm offshore outsources this function	I know for a fact that my firm does not offshore outsources this function
Data entry	○	○	○	○	○
Bookkeeping	○	○	○	○	○
Research	○	○	○	○	○
Tax return preparation	○	○	○	○	○
Review	○	○	○	○	○
Analysis	○	○	○	○	○
Other (please specify below)	○	○	○	○	○

Please comment on the number of approximate units your firm offshore outsources (for example, "4,500-5,500 tax returns"), or share any other comments you may have in this area:

If your firm does not outsource, please go to section 3.

Page 6

Offshore Outsourcing in the Accounting Industry: Perceptions and

2. If your firm offshore outsources, what are the forces driving offshore outsourcing within your firm?

	Major cause	Somewhat major cause	Somewhat of a cause	Somewhat no cause	No cause
Cost (savings as a result of outsourcing)	○	○	○	○	○
Firm size (too small to handle work)	○	○	○	○	○
Firm focus (desire to focus attention on other services)	○	○	○	○	○
Personnel availability (not enough accountants)	○	○	○	○	○
Personnel experience (staff not experienced enough)	○	○	○	○	○
Physical space (not enough office space available for personnel)	○	○	○	○	○
Other (please specify below)	○	○	○	○	○

Comments:

3. What effect has offshore outsourcing had on wages at your firm?

- ○ Fallen drastically
- ○ Fallen slightly
- ○ No effect
- ○ Risen slightly
- ○ Risen drastically

Comments:

Page 7

Offshore Outsourcing in the Accounting Industry: Perceptions and

4. Has your firm laid off any workers due to offshore outsourcing?

- ◯ No (Please answer Question 4)
- ◯ Yes (please elaborate to what extent below and move to Section 3)
- ◯ Unsure

If yes, please comment:

5. If your company has not laid any employees off, then what result has offshore outsourcing had on your firm?

- ◯ Offshore outsourcing has enabled us to increase our domestic workforce
- ◯ I am not sure whether offshore outsourcing has had any effect on our domestic workforce
- ◯ Offshore outsourcing has had no affect on our domestic workforce

Comments:

Page 8

Offshore Outsourcing in the Accounting Industry: Perceptions and

3. Demographics

1. In what accounting role and area do you currently work? (Select one)

	Audit	Tax	Consulting	Private or publicly traded company	Personal financial services	Other (Please specify below)
Intern	○	○	○	○	○	○
Associate/staff	○	○	○	○	○	○
Senior	○	○	○	○	○	○
Manager/director	○	○	○	○	○	○
Partner/principal	○	○	○	○	○	○
Student (I plan on working in the accounting industry after graduating)	○	○	○	○	○	○
Professor	○	○	○	○	○	○
Non-profit/government	○	○	○	○	○	○
Other (please specify below)	○	○	○	○	○	○

Other (please specify)

2. What credentials do you have? (Select all that apply)

- ☐ No college
- ☐ Some college
- ☐ Bachelor's degree (accounting)
- ☐ Bachelor's degree (non-accounting)
- ☐ Master's degree (accounting)
- ☐ Master's degree (non-accounting)
- ☐ Ph.D. (accounting)
- ☐ Ph.D. (non-accounting)
- ☐ CPA (Certified Public Accountant)
- ☐ CA (Chartered Accountant)
- ☐ CMA (Certified Management Accountant)

Other (please specify)

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Offshore Outsourcing in the Accounting Industry: Perceptions and

3. Approximately how many domestic employees does your firm employ?

- ◯ Less than 10
- ◯ 10-25
- ◯ 25-100
- ◯ 101-1,000
- ◯ 1,001-10,000
- ◯ More than 10,001

*** 4. Please share as much of the following information as you are comfortable. All personal information will be kept private.**

Name (optional):	
Company/institution (optional):	
Address (optional):	
City/Town (optional):	
State (required):	
ZIP/Postal Code (optional):	
Please type "YES" here if it is OK to contact you with any follow up questions:	
Email Address (optional):	
Phone Number (optional):	

5. Please share any other comments or thoughts you may have:

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