

## **Effect of accounting services outsourcing on SMEs performance in Nigeria: evidence from garment, apparel and footwear enterprises**

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This study analyses the direct effect of Accounting Services Outsourcing (ASO) on the performance of Small and Medium Enterprises (SMEs) in Nigeria with evidences taken from Garment, Apparel and Footwear industries. The study design is an exploratory quantitative approach employing secondary data to obtain objective information on Key Performance Indicators (KPI) peculiar to Nigerian SMEs. This is a three year time series analysis from 2010 to 2012. Three Hundred and Sixty (360) SMEs were sampled and data was obtained from the data base of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The study revealed that the key driver of this productivity growth was the product of Other Woven Fabric (OWF), which dominates the activity with output valued at NGN 683 million in 2010 and an output value improved by NGN 283 million in 2011, to reach NGN 966 million of the manufacturing total. In 2012 OWF production increased further, attaining NGN 1,369 million of the total output of the manufacturing sector in that year. Leather Shoes (LS) followed after OWF, though with a fluctuating growth. LS contributed NGN 36.03 million in 2010, impressively NGN 81.04 million in 2011 but declined to NGN 74.05 million in 2012. The results of the regression analysis reveal that there is positive correlation between all the performance variables and the outsourcing intensity. Furthermore, it also uncovers a positive association between ASO and SMEs performance. This is supported by regression coefficient of  $R^2 = 0.657$ , adjusted  $R^2 = 0.649$ . Hence, the hypothesis is being supported to establish a positive link between ASO and SME performance. Thus, the study recommends that outsourcing strategy be embraced by SMEs to take advantage of improved performance to ensure continuity, expansion and strategic positioning in the competitive business environment.