Underlying factors of the demand for advisory services - a study of small, private companies

Bachelor Thesis in Business Administration
Financial Accounting
Fall 2015
Tutors: Marita Blomqvist
Anna-Karin Pettersson
Authors: Johanna Bratell
Sissela Ekdahl
# Table of content

1. Introduction .......................................................................................................................... 3  
   1.1 Background .................................................................................................................... 3  
   1.2 Problem discussion ...................................................................................................... 3  
   1.3 Research question ........................................................................................................ 4  
   1.4 Objective .................................................................................................................... 4  
   1.5 Disposition .................................................................................................................. 5  

2. Framework .......................................................................................................................... 6  
   2.1 Advisory services ........................................................................................................ 6  
      2.1.1 Basic and extended advisory services ................................................................. 6  
   2.2 Providers ..................................................................................................................... 7  
   2.3 Previous research ...................................................................................................... 8  
      2.3.1 Trust ..................................................................................................................... 8  
      2.3.2 Longevity of relationship .................................................................................... 9  
      2.3.3 Competence ....................................................................................................... 9  
      2.3.4 Ambition for growth ......................................................................................... 10  
      2.3.5 Education .......................................................................................................... 10  
      2.3.6 Changing Market ............................................................................................. 10  
      2.3.7 Information asymmetry ................................................................................... 10  
   2.4 Summary of framework ............................................................................................. 12  

3. Method .................................................................................................................................. 13  
   3.1 Model of analysis ........................................................................................................ 13  
   3.2 Research method ........................................................................................................ 14  
   3.3 Collection of References .......................................................................................... 14  
   3.4 Selection of companies ............................................................................................. 14  
   3.5 Collection of Empirical Evidence ............................................................................ 17  
      3.5.1 Preparing the interviews ................................................................................... 17  
      3.5.2 Conducting the Interviews ............................................................................... 19  
      3.5.3 Processing the material .................................................................................... 19  
   3.6 Analyzing the data ..................................................................................................... 20  
   3.7 Method criticism ....................................................................................................... 20  

4. Empirical evidence ............................................................................................................ 22  
   4.1 Company B ................................................................................................................ 22  
   4.2 Company E ................................................................................................................ 24  
   4.3 Company F ................................................................................................................ 26  
   4.4 Company G ................................................................................................................ 27  
   4.5 Company M ................................................................................................................ 28  
   4.6 Company W ................................................................................................................ 30  

5. Analysis .................................................................................................................................. 33  
   5.1 Trust ............................................................................................................................ 33  
   5.2 Longevity of relationship ......................................................................................... 34  
   5.3 Competence .............................................................................................................. 34  
   5.4 Ambition for growth ............................................................................................... 35  
   5.5 Education .................................................................................................................. 35  
   5.6 Changing market ...................................................................................................... 35  
   5.7 Information asymmetry ........................................................................................... 36
Figures and tables

Table 1 Companies’ use of different providers of advisory services ........................................ 8
Table 2 Summary of factors ........................................................................................................ 12
Table 3 Summary of company facts ........................................................................................ 16
Table 4 Research used for interview guide ............................................................................. 18
Table 5 Summary of the 8 factors ............................................................................................. 37
Table 6 Use of basic advisory services ..................................................................................... 38
Table 7 Use of extended advisory services ............................................................................. 39

Figure 1 Model of analysis ....................................................................................................... 13
1. Introduction

1.1 Background

Business advisory services is the strongest growing sector on the Swedish accounting market and thus plays an increasingly important role in accounting firms. A market study among the six biggest Swedish accounting firms conducted by FAR has shown that in 2012, the advisory services sector increased by more than 6% in comparison to 0.9% for the rest of the accounting industry (Norberg, 2014). The same conclusion regarding a change in importance for advisory services was drawn in a recent study conducted by Kairos Future (2013) on behalf of FAR. The study showed that advisory services are believed to become the most important part of the accounting industry while auditing loses ground to become the least important (Kairos Future and FAR, 2013).

On the basis of this prediction it is of interest to further deepen the knowledge about advisory services. Which companies will make use of the increasingly important advisory services? In Sweden 99.4% of all companies are small companies (Ekonomifakta, 2015). Small companies are those with 1-49 employees. These companies therefore constitute a significant target group, and thus also an important group to study.

A study focusing on what kind of advice small companies request, from their accounting firms and other external advisors, could therefore contribute to the understanding of the shift in the Swedish accounting market.

1.2 Problem discussion

Because advisory services, as already mentioned, are expected to become increasingly important (Kairos Future and FAR, 2013) it can be of interest to investigate what drives this change from a company point of view. Many studies have been conducted based on surveys with both companies and accountants in order to identify what drives companies’ demand for advisory services.

Gooderham et al. (2004) have, based on surveys with small Norwegian companies, reached the conclusion that it is the quality of the relationship with the accountant rather than the longevity of the relationship that is an important determinant to the demand of business advice from companies' accountants. The study also showed that in order for a small company to want to purchase business advice from their accountant at least two conditions must be fulfilled. The conditions are that the company must be satisfied with the perceived quality of the accountancy and it must also have the ambition to grow or develop in a way that makes it susceptible to advisory services.

A result partly contradictory to the study by Gooderham et al. (2004) was yielded by Svanström and Sundgren (2012) when Swedish SMEs (small and medium-sized enterprises)
were studied. This study showed that the longevity of the relationship to the accountant is positively related to the demand of advisory services from accountants.

The two studies mentioned above are based on the assumption that accountants are an important provider of advisory services. According to the report by Kairos future (2013) it is not at all obvious that it is auditing, and accounting firms in effect, that will be most influential in the future. In this study it is therefore of greater interest to investigate which external providers of advisory services are in fact used and what drives that choice, rather than to focus solely on advisory services from accounting firms. This can be deemed all the more interesting since a shift in the industry is already in motion, making demand for advisory services greater, not only from accountants but also from other providers.

To summarize the discussion above, this study will aim to achieve a greater understanding of the demand for advisory services that small companies have. What explains their demand for advisory services? Who do they turn to in order to fulfill this demand? In what areas do they need advice? These questions unmistakably steer us towards the chosen research question for this study.

1.3 Research question

1. What are the underlying factors explaining where small, private companies turn when in need of advisory services?

2. Which advisory services are demanded?

1.4 Objective

The objective is to investigate underlying factors explaining where small, private companies’ turn when in need of advisory services from external providers. This will be done in order to understand why said companies turn to their chosen providers in order to fulfill the demand.

In order to answer the main research question the demand of different kinds of advisory services must also be explored. The objective is therefore also to investigate which advisory services that are demanded by the companies and from which providers.
1.5 Disposition

The study consists of six chapters for which the content is described below.

Chapter one begins with a background, followed by a problem discussion which culminates into the research question and objective of the study. In chapter two the framework is presented. The framework aims to center around the previous research that has been conducted within the field, but also includes descriptions and definitions relevant to the study. Chapter three describes the chosen method of the study, including what choices have been made, how the interviews were conducted and the course of action for the analysis.

In chapter four the material gathered for the study is presented, consisting of abstracts from six different interviews conducted with representatives from an equal amount of companies. In chapter five the empirical data is connected to the previously presented framework through an analysis. Lastly, chapter six presents what conclusions can be drawn based on the study.
2. Framework

In order to investigate the underlying factors explaining where small companies turn when in need of advisory services the thesis’ framework is now introduced. Initially, the term advisory services is explored and defined, followed by a discussion of what providers are available for small companies to choose from. Thereafter, previous research within the advisory services field is presented, organized into 7 different factors which have been identified. Lastly, a summary of the different factors is presented.

2.1 Advisory services

The provision of advisory services can be defined as a way of fulfilling small companies’ need of external help. This need exists due to a lack of information and limited management experience within small companies. The advisory services, which are provided by professional advisors, act as a supplement to the companies’ competency by adding new knowledge to the business from the outside which the companies can learn from and incorporate into their businesses. (Johansson, 1997)

There is a fine line between advisory services and external services. Just like in the case with advisory services, external services are used to supplement the existing knowledge within a company. The difference is that the external services do not involve any learning effects, but rather imply that an external provider is hired to use its own knowledge to complete a task without teaching the company how to complete it themselves. An example of the difference between advisory services and external services is the closing of accounts. The execution of the closing of accounts is classified as an external service while answering the company’s questions linked to the closing of accounts is considered as an advisory service. (Johansson, 1997)

2.1.1 Basic and extended advisory services

When investigating small companies’ demand for advisory services from accountants, Svanström (2008) conducted an explorative analysis in order to identify possible differences in demand between basic and extended advisory services. He defines basic advisory services as advisory services within the areas accounting, tax and law. These areas are all mentioned as being within accountants’ core competencies. The extended advisory services are explained as those advisory services which are beyond accountants’ core competencies. The areas included in this category were generation transfer, business and administration systems and routines, investment projects, personnel issues, insurance questions, follow-up of results, financing queries, questions regarding budgeting and planning, company acquisition, handling contacts with authorities and banks, organizational questions, marketing issues and questions regarding personal finance.

Among the companies which used their accountants as advisors Svanström found that 56%
use the accountant for both basic and extended advisory services. A bit more than a quarter of the companies got only basic advisory services from the accountant, 8% only got extended advice and 10% did not qualify the advice they got from their accountant as either basic or extended. He found this as an indication that companies primarily use their accountant as a provider of services within their core competencies and secondly as a supplier of services outside of their core competencies.

2.2 Providers

In most countries there are multiple sources of advice available for businesses to turn to (Bennet & Robson, 1999). In the private sector the providers of advisory services range from professional and technical specialists to general consultants. Private sector providers can also be found in the social networks of the company managers, sector-based associations and among suppliers and customers. In most countries advisory services can furthermore be sought in different public sector establishments. (Bennet & Robson, 1999)

The most commonly used advisory service providers used by the companies in Svanström’s study (2008) are listed in table 1 below. It can be seen in the table that Svanström’s study (2008) indicates that the primary provider of advisory services among SMEs is the accounting firm. That conclusion was also drawn by Bennet and Robson (1999). Lawyers/solicitors were used as providers of advisory services in 43% of the companies. Bennet and Robson’s study on the other hand showed a 56% use of the source lawyers/solicitors. As can also be seen in the table banks are only used as a source of advice for 31% of the companies. Bennet and Robson got a different result in their study with 69% of companies using banks as advisors.
Table 1
Companies’ use of different providers of advisory services. (N 414-418)

<table>
<thead>
<tr>
<th>Provider of advice</th>
<th>Number of companies</th>
<th>Share of all companies (%)</th>
<th>1-9 employees (%)</th>
<th>10-49 employees (%)</th>
<th>50-249 companies (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting firm (auditing)</td>
<td>275</td>
<td>66,0</td>
<td>61,3</td>
<td>79,4</td>
<td>92,9</td>
</tr>
<tr>
<td>Lawyer/solicitor</td>
<td>177</td>
<td>42,6</td>
<td>33,7</td>
<td>67,7</td>
<td>92,6</td>
</tr>
<tr>
<td>Insurance advisor</td>
<td>157</td>
<td>37,8</td>
<td>29,8</td>
<td>62,3</td>
<td>80,8</td>
</tr>
<tr>
<td>Bank</td>
<td>130</td>
<td>31,4</td>
<td>29,2</td>
<td>46,8</td>
<td>22,2</td>
</tr>
<tr>
<td>Trade association</td>
<td>111</td>
<td>26,6</td>
<td>20,9</td>
<td>50,8</td>
<td>35,7</td>
</tr>
<tr>
<td>Employers’ organisation</td>
<td>96</td>
<td>23,2</td>
<td>13,2</td>
<td>55,6</td>
<td>69,2</td>
</tr>
<tr>
<td>Accounting firm (no auditing)/ finance firm</td>
<td>66</td>
<td>15,9</td>
<td>16,6</td>
<td>6,5</td>
<td>26,9</td>
</tr>
<tr>
<td>Private sector consulting company</td>
<td>63</td>
<td>15,3</td>
<td>10,4</td>
<td>35,5</td>
<td>25,9</td>
</tr>
<tr>
<td>Other accounting firm</td>
<td>43</td>
<td>10,3</td>
<td>7,4</td>
<td>8,1</td>
<td>50,0</td>
</tr>
<tr>
<td>Public sector advisory bodies</td>
<td>38</td>
<td>9,1</td>
<td>8,3</td>
<td>14,5</td>
<td>7,4</td>
</tr>
</tbody>
</table>

Source: Svanström, 2008. The table has been translated from Swedish.

2.3 Previous research

In this section underlying explanatory factors which have been identified in previous research will be presented. Bennet and Robson have studied multiple different providers of advisory services, which is in line with the approach of this study. The other previous research presented below has circled mostly around accountants as sources of advisory services.

2.3.1 Trust

In an extensive survey of 2,547 British SMEs, trust was found to be an important factor in deciding to whom companies turn when in need of business advice. The most popular sources of advice where accountants, lawyers and banks. These groups are characterized by a high degree of institutional trust, meaning that their trust is gained on account of their specialization and professional self-regulation. Other popular sources were customers, suppliers, business connections and relatives. These alternate sources are considered to be linked to another form of trust, which is personal trust. Personal trust is based on
acquaintance and social relations between the person seeking advice and the provider. (Bennett and Robson, 1999)

Svanström (2004) conducted a case study on accountants as advisors based on interviews with six different SMEs. All of the companies interviewed stated that they had a high degree of trust in their accountant, which is of great importance for the impact of the advisory services (Svanström, 2004, Bennett and Robson, 1999). Trust as a driver of demand for advisory services has been further studied among small companies in Norway by Gooderham et al. (2004), who found that a good quality of the services provided to small companies increases the trust in the accountant providing them.

2.3.2 Longevity of relationship
In Svanström’s study (2008) the longevity of the relationship has been shown to affect the demand for advisory services from the accountant. The longer the relationship with the accountant, the higher was the degree of use of the accountant’s advisory services. The use of said services was significantly higher for companies who had used the same accounting firm for longer than nine years than for those who had used the same firm for up to three years.

A study conducted by Svanström and Sundgren (2012) also showed that the longevity of the relationship to the accountant is positively related to the demand of advisory services from accountants.

Gooderham et al. (2004) investigated whether or not trust could be a result of the longevity of the relationship with the accountant. However, their study indicated that so is not the case and that trust is rather based on the perception of the quality of the services provided. If the services are of good quality the degree of trust also increases.

2.3.3 Competence
A study by Svanström (2008) indicates that the competence of an accounting firm and the relationship it has with a small company matters more than the accounting firm’s ability to supply a broad range of services. This is a probable reason to the fact that small companies do not prefer bigger accounting firms over small firms (Svanström, 2008).

Research has unsurprisingly indicated that small businesses are more inclined to using their accountant as a business advisor if the accountant is believed to have a high competence when it comes to providing business advice (Gooderham et al., 2004). The use of business connections and relatives as advisors is also affected by their perceived level of competence. According to Bennet and Robson (1999), the use of business connections and relatives as advisors to the firm is limited by the extent to which the relevant experience can be found in the network of the person seeking advice.
2.3.4 Ambition for growth
Gooderham et al. (2004) points out the ambition for growth as an important factor that drives small companies’ demand for advisory services from their accounting firm. A company must have the intention to grow or develop in order to find itself receptive to the advisory services available, i.e. to be interesting in the accountant’s attempts to sell said services. Provided this is the case, it has been shown that there is a greater tendency among small companies for demanding advisory services (Gooderham et al., 2004).

Fast growing companies, in terms of number of employees, were in general found by Bennet and Robson (1999) to use external providers most among the company groups they examined.

2.3.5 Education
A negative relationship between the level of education of the person seeking advice and the demand for advisory services from the accounting firm has been found by Svanström (2008). Consequently, those who lack university education are more inclined to use their accounting firm for advisory services. His findings appeared to be linked to weaker competence and less experience with dealing with administrative and economic issues for advice seekers with a lower level of education (Svanström, 2008). In addition, Bennet and Robson (1999) too show that companies’ contact with accountants and banks decreases as the level of the educational level increases.

2.3.6 Changing Market
Small companies’ need for advisory services are, according to Svanström (2004) linked to the fact that they need to adapt to an ever changing and complex world. He mentions technological changes, increased internationalization, new conditions for competition and increasingly complex regulations and circumstances which drive the need for advisory services from external providers.

According to the study conducted by Kairos Future (2013) on behalf of FAR, different types of advisory services are growing in most markets. The study, like Svanström (2004), mentions that in an an increasingly complex world the need for advisory increases. One of the forces which are forecasted to have increasing effect specifically on the accounting market is international regulation. Among listed companies 67% believe that laws regarding accounting introduced by the European Union will affect their business more during the coming 10 years, while only 34% of smaller companies have that belief. The significant difference between the groups could, according to the study, be explained by the fact that smaller companies do not always know where the Swedish law changes originate, and that some of the changes thus are consequences of laws constituted by the European Union.

2.3.7 Information asymmetry
An agency relationship is defined by Jensen and Meckling (1976) as a contract under which one or more persons (the principal or principals) engage someone else (the agent) in order to provide a service on their behalf. Delegating some decision making authority from one party,
the principal, to the other, the agent, is also involved in the concept of the agency relationship (Jensen and Meckling, 1976). The circumstances surrounding the relationship are normally that the agent is paid to maximize the principal’s profit. The agent is paid by the principal, but is also given some possibility to maximize its own profit by acting in ways that do not necessarily coincide with the principal’s interests. The fear of the agent acting in its own interests poses a considerable uncertainty and risk for the principal. Jensen and Meckling (1976) also point out that it is virtually impossible to, without cost, make sure that the agent makes optimal decisions from principal point of view.

On the basis of agency theory, information asymmetry is an important factor towards understanding the behavior of organizations (Eisenhardt, 1989). Information asymmetry means that one party has access to more information than the other and has been stated by Gooderham et al. (2004) as a plausible reason for small firms’ reluctance towards changing accountant even when they are dissatisfied. In that case the owners of small firms do not change accountant because they have difficulties assessing whether another accountant would do a better job, which indicates a lack of information from the small firm’s (principal’s) side.
2.4 Summary of framework

Several different advisory services which companies can demand, and the categorization of these advisory services into the sub-divisions basic and extended advisory services have been identified in Svanström’s (2008) study.

Through the exploration of previous research within the area, eight potential factors have also been identified as possible underlying factors explaining where companies decide to turn, when in need of external advice. These factors are briefly summarized in table 2 below.

Table 2
Summary of factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>Short explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>Institutional trust is based on the advisory service provider being specialized and often involves a professional self-regulation (Bennet &amp; Robson, 1999). Personal trust is based on social relations with the provider, for example customer, supplier or other business connection (Bennet &amp; Robson, 1999).</td>
</tr>
<tr>
<td>Longevity of relationship</td>
<td>The longer the relationship with the accountant, the higher is the degree of use of the accountant’s advisory services (Svanström, 2008).</td>
</tr>
<tr>
<td>Competence</td>
<td>Small businesses are more inclined to using their accountant as a business advisor if the accountant is believed to have a high competence when it comes to providing business advice (Gooderham et al., 2004).</td>
</tr>
<tr>
<td>Ambition for growth</td>
<td>An ambition for growth drives small companies’ demand for external advisory services from their accounting firm (Gooderham et al., 2004).</td>
</tr>
<tr>
<td>Education</td>
<td>Small owner-led companies of which the owners lack university education are more inclined to using their accountants’ external advisory services (Svanström, 2008).</td>
</tr>
<tr>
<td>Changing Market</td>
<td>In an increasingly complex world the need of advisory services increases (Svanström, 2008; Kairos Future &amp; FAR, 2013).</td>
</tr>
<tr>
<td>Information asymmetry</td>
<td>Since the advisory service provider has access to more knowledge and expertise than the small company’s owner, there is a reluctance towards changing distributor even when there is dissatisfaction (Gooderham, 2004).</td>
</tr>
</tbody>
</table>
3. Method

This section contains a presentation of the research method used for the study.

3.1 Model of analysis

The model of analysis below (figure 1) provides a clarification as to how the analysis has been conducted. Firstly, previous research has been studied in order to provide definitions of the relevant terms and identify areas of interest, more specifically seven possible underlying factors, which could be used as a starting point in regard to answering the research questions. Secondly, case studies in the form of company interviews were planned based on the previous research and then conducted. The interviews resulted in the provision of empirical evidence of the need of advisory services, both basic and extended, in the interviewed companies and also evidence of which providers were chosen to fulfil that need. Thirdly, the gathered empirical evidence was coded and analyzed in search of underlying factors explaining why the companies made the choices they did in regard to which providers were used to supply the needed advisory services.

In the following parts of the method, these steps will be explained more extensively.

Figure 1
Model of analysis
3.2 Research method

The research method chosen for this study was a multiple case study consisting of semi-structured interviews with six different companies. By choosing a qualitative approach it is possible to gain in-depth knowledge concerning the needs and specific reasoning for each company, which can thereafter be analyzed and compared in order to find interesting patterns, behaviors or possible common denominators (Bryman and Bell, 2015).

In order to ensure that a qualitative method provided a sufficient amount of information the decision was made to conduct a test interview. As the test interview ran smoothly and a satisfactory amount of information could be gathered, the assessment was made that the chosen method could be used.

Even though the majority of the cited references had conducted quantitative studies, the conclusion was drawn that it would not be an appropriate method for this thesis. A majority of the cited references only address advice from the accountant and the intent of this study was to broaden the scope to also include other possible advisory sources. It was not clear beforehand whether the same, similar or completely new underlying factors would be identified in the research process. If the choice had been made to use a survey based on a quantitative approach, the worry was that possible new underlying factors would be overlooked. Therefore, a qualitative study, with semi-structured interviews, giving the possibility to dig deeper, was chosen.

3.3 Collection of References

The data for the framework, used to analyze the empirical evidence, is foremost based on scientific articles that were collected from scientific databases on the internet. The first step in the process of formulating the research question was to investigate existing contemporary research, while simultaneously collecting a list of possible references. The original list has throughout the writing process been revised; several possible references have been disregarded and a few new ones have been added. The keywords used for the search were: advisory services, accounting firm, Swedish accounting market, accountant, advice, non-audit services, NAS, auditing and business advisory. The articles chosen to be used in the study were also searched for keyword and reference ideas.

The reader should be aware that the study by Kairos Future (2013) was done on behalf of FAR, the employers’ organization of the accounting market in Sweden. Consequently, they can be assumed to have a biased interest in the outcome. Kairos Future however has a solid reputation in market research, giving the study sufficient credibility.

3.4 Selection of companies

14
Since small companies are often expected to have a greater dependency on external advice than big companies, as mentioned in the discussion above, the decision was made to focus on this group when attempting to find potential respondents. The selection was then made in accordance with three criteria.

Firstly the number of employees in the chosen companies was limited to 1-49, as a way to make them comparable to each other when analyzing the results. Secondly the ambition was to find companies operating in different sectors, in order to avoid that our findings would merely show what is specific for a certain sector. Lastly, the choice was made only to contact companies that are required to be audited (see definition in section 1.5), as a way to eliminate companies with insignificant business activity.

In table 1 a summary of basic facts about the companies is provided. The information has been gathered from the database Retriever Business. The companies and the respondents have been anonymized and fictitious names have been used.
Table 3
Summary of company facts

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Employees*</th>
<th>Turnover (tSEK) **</th>
<th>Net profit/loss of the year (tSEK)***</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Manufacturing of basic metals</td>
<td>21(16)</td>
<td>22,458</td>
<td>0</td>
</tr>
<tr>
<td>E</td>
<td>Electrical and other construction</td>
<td>4 (1)</td>
<td>3,395</td>
<td>37</td>
</tr>
<tr>
<td>F</td>
<td>Flower shop and florist’s shop</td>
<td>10</td>
<td>7,555</td>
<td>123</td>
</tr>
<tr>
<td>G</td>
<td>Grocery store</td>
<td>7</td>
<td>19,611</td>
<td>801</td>
</tr>
<tr>
<td>M</td>
<td>Manufacturing of machinery</td>
<td>15</td>
<td>40,825</td>
<td>2,496</td>
</tr>
<tr>
<td>W</td>
<td>Wholesale of packaging material</td>
<td>10</td>
<td>77,863</td>
<td>2,835</td>
</tr>
</tbody>
</table>

* The numbers within brackets have been provided by the respondents during the interviews, and are relevant for today.
** Turnover from the most recent reported financial statement
*** Revenue from the most recent reported financial statement

As already stated the objective was to find companies within different sectors. As seen in table 1 it was successful in all but two cases: both Company B and Company M are industrial manufacturing companies. However, they have different specializations within the industry, since they manufacture different products. Also, the fact that they differ in both turnover and number of employees, also supported the decision that both could be used. Further information about the companies will be presented in section 4, Empirical Evidence.

When it came to finding respondents for the study we started out by listing potential candidates from our own networks. Based on that list we excluded the ones that did not meet the above listed criteria. This approach was chosen, in accordance with Svanström’s (2008) method, which was to choose interviewees from his research group’s bank of already established company contacts, as a way to facilitate the access to senior respondents. Consequently, all but one of the CEOs, managers and controllers that were contacted accepted to be part of the study, and this without hesitation. The method proved to be successful as it enabled us to book the required amount of interviews within a few days.

Even though a prior relationship existed with the CEOs of the companies, we did not have any prior insight regarding their need of external business advice. Neither are we involved in any of their ongoing business activities. Therefore the assessment is that the personal
relationships will not interfere with the study. Regardless, it should be stated that two of the companies are operated by people who we have a close relationship with.

3.5 Collection of Empirical Evidence

3.5.1 Preparing the interviews

According to Brinkmann and Kvale (2015) a significant part of the interview work consists of preparation in form of thematizing, which refers to clarifying the theme of the study. Consequently, while preparing for the interview we also worked parallelly with close studies of the chosen references and the formulation of our research question. The process helped us clarify what area of the need for advisory service we felt important to investigate and why there was a need for this.

The interview consisted of a set of prepared questions divided into two categories (see the Appendix). Firstly, the respondents were asked to answer a group of general questions concerning the company and themselves, such as their role within the business and their level of education. The second category consisted of several different questions regarding their need of advisory services. The outline of the interview guide was based on previous research (see table 4). Some more questions were then added in order to be able to receive more descriptive and comprehensive answers. During the interviews the goal was to follow the prepared questions as well as adding follow-up questions as soon as a need was identified. By using this semi-structured technique it was possible to dig deeper when needed and understand the underlying motivations behind certain described actions.
<table>
<thead>
<tr>
<th>Interview section</th>
<th>Interview question</th>
<th>Theme</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions about the respondent and the company</td>
<td>Tell us about the company and your activities.</td>
<td>Company size</td>
<td>Gooderham et al., 2004. Bennet and Robson, 1999.</td>
</tr>
<tr>
<td>Advisory services</td>
<td>Have you experienced a change in your need for advisory services over the years? What are the reasons for that change?</td>
<td>Changing market</td>
<td>Svanström, 2004. Kairos Future and FAR, 2013.</td>
</tr>
<tr>
<td></td>
<td>How do you experience the quality of the cooperation with X?</td>
<td>Information asymmetry Trust</td>
<td>Gooderham et al., 2004</td>
</tr>
<tr>
<td></td>
<td>Do you believe that external factors, such as, but not only, globalization, digitalization and international regulations will affect your need for advisory services?</td>
<td>Changing market</td>
<td>Svanström, 2004. Kairos Future and FAR, 2013.</td>
</tr>
<tr>
<td></td>
<td>For how long have you had the accountant you have now?</td>
<td>Longevity</td>
<td>Svanström, 2008.</td>
</tr>
<tr>
<td></td>
<td>How would you describe your relationship to the accountant?</td>
<td>Trust</td>
<td>Gooderham et al., 2004.</td>
</tr>
<tr>
<td></td>
<td>How do you perceive the quality of the auditing that the accountant conducts?</td>
<td>Trust</td>
<td>Gooderham et al., 2004.</td>
</tr>
</tbody>
</table>
A list of potential areas of advisory services was also included in the interview (see appendix 2), presented to the respondents after they had listed all advisory services they could think of themselves. The list was partly inspired by a list previously used by Døving et. al. (2004), and partly based on areas of advisory services that are mentioned in the study of the Swedish accounting market conducted by Kairos Future (2013). The list used by Døving et al. (2004) was based on different kinds of advisory services billed by accounting firms, consequently meaning that all the external services used by the firms were included. Modifications had to be made so that only the areas related to advisory services were included, and amended to also include the areas found in the study by Kairos Future (2013) that were not already part of the list.

Furthermore, the test interview we initially conducted was used as a way to ensure that our prepared questionnaire was adequate and that our interview technique was satisfactory.

3.5.2 Conducting the Interviews
The interviews were conducted in Swedish, as it is the native language of the respondents as well as for us. The assessment was that by performing the interviews in Swedish we would ensure maximum understanding for both parties. During the interviews one of us were in charge of the questions while the other took notes. All interviews were digitally recorded as it allowed us to fully concentrate on the subject as well as the dynamics of the interview (Brinkmann and Kvale, 2015). Time spent on each interview varied between 45 and 70 minutes, depending on how verbose the respondents were.

One of the interviews was a group interview with both the CEO and a controller, and the other interviews were with the CEO or manager only. In one of the companies the respondent was not the CEO on paper, but since he takes care of the administration and works a lot with plans for future growth he was still considered to be the most suited respondent. All interviews were conducted on the companies’ premises, except for the interview with Company E, which was conducted in a local café. Before the interviews started the respondents were informed about the purpose and the procedures of the study. They were also informed about their confidentiality. The choice of informing the respondents about purpose, procedures and confidentiality have been made based on suggestions by Brinkmann and Kvale (2015).

3.5.3 Processing the material
After conducting the interviews each of them was transcribed by the person taking notes. As the interviews were performed in Swedish, all quotes that appear in the study have been translated from Swedish to English. This means that some expressions may have been lost in translation.

As the transcription phase is of great importance to the coming analysis, we used the formerly mentioned test interview as a way to evaluate our approach to transcription. The process helped us decide on guidelines and rules to follow in regard to what the respondents expressed through tone of voice, hand gestures and laughter. According to Bryman and Bell
(2015), to transform a spoken interview to a written transcription is comparable to translating from one language to another. By determining in advance on how to interpret the different situations we would encounter, our aim was to avoid that the interviews were interpreted, and later on analyzed, in different ways.

As a precaution against bias due to personal relations, the author who did not have a close relationship with the respondent conducted the interview.

3.6 Analyzing the data

There is not an unequivocal guideline as to how the analysis of a qualitative research method should be conducted. However, according to Bryman and Bell (2015), a good place to start is by coding the material in accordance with discovered themes. In this study, the process of coding the material was used and it took the following steps. Firstly, the transcribed interview was read through in order to identify and list all mentioned advisory situations for each company. Secondly, each advisory situation was explained extensively in writing. This part became the foundation for the empirical evidence (section 4). Thirdly, the respondents’ experiences and the factors driving the choice of where to turn, were identified.

When coding the answers there is risk of inter-coder variability, which means that different people do not make the same decisions as to how answers are categorized (Bryman and Bell, 2015). As this study is a two-person collaboration, special care has been taken in order to avoid inter-coder variability. One of the precautions taken is thorough discussions throughout the entire process of working with the study. This approach was possible since the authors constantly had meetings and worked together face-to-face. Another precaution taken is that discussions were initiated before questions arose, that is the attempt was made to foresee what possible decisions would need to be faced in order for a mutual agreement to be reached beforehand. These precautionary steps were taken in order to ensure that a consistent categorization and interpretation of answers would be made.

There is also risk of intra-coder variability, meaning that the coding conducted by one individual varies over time (Bryman and Bell, 2015). In order to detect and avoid possible variations in coding, an overall comparison of the six interviews was made after the coding had been completed.

3.7 Method criticism

Qualitative research has been criticized as being too subjective (Bryman and Bell, 2015). One reason for the critique is the difficulty in reproducing the data analysis in a proper way. Another reason is that the researcher's personal perceptions of the subject in general as well as of the respondents being interviewed, may affect the result of the study.
In order to avoid subjectivity all interviews have been transcribed. The transcription has been conducted word by word in order to enable a starting point for the analysis which has not been affected by personal interpretations and feelings from the interview situations. If doubts regarding the neutrality of the research arises, the transcriptions are available for independent review. To maintain this transparency throughout the study has been considered as crucial, especially since personal relations exist between interviewer and interviewee.

During the interviews the respondents have been allowed to talk freely to a great extent. This has been perceived as positive in regard to the answers received being both candid and extensive. Although, for those respondents who are verbose and very talkative, this interview technique has posed a challenge. Limited interviewing experience has sometimes also been perceived as a disadvantage, since processing the material shows that some respondent answers were incomplete and would have needed follow-up questions.
4. Empirical evidence

In the following chapter the empirical material gathered during the interviews will be presented. The information will be presented for one company at a time, starting out with a brief presentation of the company and the respondent, followed by a table where all used advisors are listed and briefly described, and lastly a presentation of the relevant data from the interviews concerning their need and use of advisory services. The information is arranged in accordance to the structure of the framework chapter.

4.1 Company B

Company B is a family business founded in the 1920s. The business started as a smithy but has evolved into now being a manufacturing company which produces mostly custom-made metal products. The products are sold mostly within Sweden but are also exported to other Nordic countries, USA and Eastern Europe. Company B has 16 employees; five work with administration, one is in charge of finance and current accounts, and the remaining staff consists of workshop personnel. The company experiences a depression at the moment which has led to low revenue and recent downsizing of the staff. Respondent B is the CEO of Company B and one out of three in the management function. He has a university degree in development engineering and previous work experience as a sales representative.

Company B’s previous accountant, from here on called Accountant B1, has been the company’s accountant for many years. Accountant B1 was a personal friend of Respondent B’s father, who he went to school with and performed military service with. Accountant B1 had told Respondent B’s father about his willingness to start his own accounting firm and was then given the tip by Respondent B’s father to buy the accounting firm owned by Company B’s former accountant when it became available for sale. From there on up until his recent retirement Accountant B1 has been running that small accounting firm and also held the position as Company B’s accountant.

Respondent B feels that Accountant B1 is someone whose opinions he has trust in. When Accountant B1 chose to retire, the company therefore followed his suggestion when choosing a new accountant, Accountant B2. Accountant B2 has so far only been introduced to the company by Accountant B1 and has not yet been involved in a closing of the accounts. Respondent B does not think that he will turn to Accountant B2 for advice in the same extent as he has turned to Accountant B1. He thinks that they will find other ways to get advice than from the new accountant and refers to the fact that the personal chemistry was a very good match with Accountant B1. He also expresses that it might even be a good thing that Accountant B1 quits his position as an accountant since that makes him eligible as an advisor in questions that would previously have interfered with his independence as an accountant.

Another source of advice used by Company B is a Business advisor, who they initially met at a course he held by the company which the Business advisor works for. As Company B
found the course very rewarding they decided to establish a relationship with the Business advisor and thereby recruited him to their board of directors. The Business advisor no longer has that role in the company since the board of directors is no longer active.

Company B’s relationships regarding advisory services have generally been long-lasting. As previously mentioned, Accountant B1 was the company’s accountant for a very long time and the relationship shared with the father of Respondent B, upon which the professional relationship was built, went even further back in time. The relationship with the Business advisor goes back to at least 1997, which is when Respondent B entered the company and therefore as far back as he remembers. When discussing a law firm used as an advisor to the company, Respondent B does not state exactly when the relationship was initiated, but expresses that the relationship has been longstanding.

The respondent has on several occasions had reason to turn to certain sources due to their main areas of competence. Some examples of these are insurance companies concerning pension insurances, the employers’ organization concerning personnel questions, the bank concerning financial matters and lastly lawyers in regard to legal issues of different sorts. Further examples are a computer hardware supplier concerning future investments in IT, the Trade Union concerning work environment and workers’ rights and independent inspectors within the industry in regard to construction questions.

Moreover, some of the advisors who have already been mentioned in previous sections are also explained by Respondent B to be used because of their level of competence. The Business advisor has been used for advisory services mostly concerning marketing and sales, which are his main areas of knowledge. However, due to assessing his general competence as high, Company B also recruited him for their board of directors. Similarly, Accountant B1 is also used as an advisory function on all kind of occasions, for example in regard to purchasing companies, choice of company entity and financing.

The respondent states that the company has a constant need for advisory services, especially if the aim is to grow, but that his limited time sets a boundary for the need. He further expresses that the offensive need to attain new knowledge ceases to exist when you have to cut down on the capacity, which can describe the current situation for Company B due to the recent recession.

“...the economy was not really good and then you kind of need to cut down instead. And when you cut down you do not have this offensive need to learn new things in the same way...”

(Respondent B, 2015)

The company strategy at the moment is to have a liquidity target of a certain percentage increase, which they intend to reach by the next closure of the accounts, instead of setting a goal for the turnover. The respondent states that in order to reach the goal they will strive to refine the business and raise the prices.
As an answer to whether the respondent feels that the need for advisory services has changed, he states that things are becoming more and more complex. They are being bound to work systematically on fire protection, work environment and other similar things. New rules and regulations are also experienced as adding to the complexity.

“It is getting more and more complex so, well. So it was easier before.”
(Respondent B, 2015)

The respondent states that he is often contacted by companies who want to sell him their advisory services and mentions that his reaction towards the callers depend on his mood that day and how stressed he is. If the matter is about something which he has already planned to follow through he expresses that he is generally more receptive to try their advisory services. An example of when this turned into a long-lasting relationship is with Business advisor B, where the contact was enabled due to a telemarketer offering the respondent a course held by Business advisor B. Other times the marketing attempts do not play well with the respondent, and for those situations, where he has no interest in the advisory services offered, he expresses a wish for the callers to simply leave him be.

“...there was someone who called just now, who has called and nagged. But I was not really interested in that.”  (Respondent B, 2015)

4.2 Company E

Company E is a company which conducts electrical installations for other businesses as well as for individual households. The company has been owned and run by the respondent since 16 years ago, and recently downshifted from four to one employee. Besides from a consultant who takes care of the current recording of transactions, the rest of the administration is run by the respondent. Respondent E is the owner of the company and he has gone through upper secondary school to become an electrician. Thereafter he worked for his father-in-law in Company E, which he then bought, meaning that he has spent all his working life in Company E.

Respondent E expresses that their banker is sometimes used as a business advisor and a sounding board, besides from being a supplier of services, especially when events out of the ordinary occur. One example of this is when they decided to change accountant. The bank was asked to give suggestions and one of their candidates were hired.

The respondent states that the accountant is someone he trusts, since he does not have any knowledge within that area of competence. Motivated by that same reason he also expresses a perception of the accountant’s services being of high quality. He has contact with the accountant approximately three to four times a year. The respondent also points out that the accountant is not his friend, even though the respondent knew of him before he was chosen as company E’s accountant and has gotten to know him better throughout the years.
Company E has maintained the same accountant, bank and insurance company since the respondent acquired the company from his father-in-law 16 years ago. Moreover, the respondent has kept the same contact persons at all of the listed companies.

Concerning some main areas of competence Respondent E turns to advisors with specific knowledge within those areas. When questions regarding pension insurance occur Respondent E expresses the advisor as being the insurance company. Another party mentioned, which has been used as an advisor once, is the employers’ organization. The matter at hand at that time was a question regarding the dismissal of an employee.

The bank is contacted by Respondent E regarding financing-related questions but has also once, as previously mentioned, been used to help choose an accountant for Company E. The accountant, who is part of a small accounting firm, has in turn been contacted regarding the liquidation of a company, to advice regarding choice of company entity and general questions concerning the annual accounts. In addition to this the accountant has also advised regarding a matter which the respondent does not want to disclose.

Respondent E mentions that he is a member of a buyers’ organization, whose meeting he attends annually. During these meetings he discusses general issues concerning the industry with fellow members.

The respondent claims that he has trust in the quality of the advisory services that the accountant and the banker provide because he does not have another option. As previously mentioned he does not feel that he has time or energy to get more involved in the necessary questions linked to mentioned external providers’ fields himself.

Another provider of advisory services is an insurance company. An advisor from that company helps the respondent with insurances, including pension insurance. The respondent claims to have no choice but to trust the advisor since he himself does not have the knowledge needed in that field. The relationship was initiated when the respondent acquired the company, and the respondent explains that when the pension advisor and the accountant give him advice he usually follows it.

“... I have to trust them, the advice they give me. I neither have the time nor the energy to get involved with these questions. So it is kind of like having the advisor tell you ‘This is what i think you should do.’ ‘Okay, well let us do that then.’ Then if it is right or wrong I do not know...” (Respondent E, 2015)

At first, Respondent E can not recall how he came in contact with the pension advisor, but then states that it probably was when he drove by their office in the city that he thought of getting pension insurance. He went back to the office later on and have had the same insurance provider ever since.
The respondent expresses that he feels a change in the market in regard to being a small company. He has the perception that it is becoming increasingly hard for small companies like company E to stand up to the bigger companies, and believes that big companies will become increasingly influential players on the market of electric installations. In addition to this the respondent feels that there is an increasing amount of rules and regulations that fall outside the trade itself, but still need attention. An example mentioned in regard to this is the stricter demands related to work environment that have been introduced.

4.3 Company F

Company F is a combined florist shop and landscaping company. They partly operate in the construction and maintenance of gardens, and partly sell a wide variety of products needed within gardening. When working in the field, they are hired both by individuals and companies. The current owners acquired the company in 2003. Due to the Swedish weather this is a highly seasonal industry and therefore the number of employees varies greatly during the year. In fact, all employees are let go when winter starts only to be rehired in the spring. One exception from this is a part time employee who handles the current accounts. The interview was held with Respondent F who is the owner and CEO of the company, and he possesses both extensive work experience within the field and relevant advanced studies for the field.

According to Respondent F the company’s need for advisory services is low in general. However, he estimates that they turn to their bank three times a year. As a start, the company hired one of the big Swedish banks, but shortly after ended up switching to a newcomer which originally worked with insurances. He describes the relationship as good and based on a sense of trust. However, when asked about the reasons for switching banks, Respondent F stated a better interest rate as the only reason.

“We had our pension insurances and other insurances with them. When they also became a bank, we got offered a lower interest rate and therefore decided to switch.” (Respondent F, 2015)

Furthermore, the respondent also turns to their accountant who works at a small accounting firm, a few times a year in order to get advice. The company switched accountant four years ago, due to the former accountant passing away. The relationship is described as good and trustworthy.

Even though the relationship to the current accountant is described as good, the relationship was a bit better with the former accountant. This is explained by the fact that the respondent’s father in law, and former owner of the company, had a long-lasting relationship with him. When Respondent F and his wife took over the company, it was the former accountant who served as an advisor as well as an executor, together with the bank.
When initially acquiring the company, Respondent F turned to their insurance company (now bank and insurance company) in order to receive advice concerning pension insurance policies for himself and his wife.

When it comes to what knowledge is needed within this particular industry, the respondent describes his own knowledge as being close to complete.

“After 30 years in the business I am often, if not always, above the course level”
(Respondent F, 2015)

There is no ambition to develop or grow the business. However, in terms of investments there will probably be a need to invest in a new greenhouses and perhaps implement a few other slight modernizations. The respondent also does not feel that there are any possible changes in the market that will affect the business.

“A seedling is a seedling. Even though new plants have different names, the roots still go downwards and the opposite side is turned upwards.” (Respondent F, 2015)

4.4 Company G

Company G is a grocery store located in a small village on the countryside. The store is a franchise to a big chain of grocery stores but is still run and owned solely by the owners. When the current owners required the company in 2001 it was experiencing financial problems, a trend that they worked hard to turn around. The interview is held with Respondent G, who is part of the management function and responsible for corporate development. Respondent G has completed an upper secondary technical education and has previous working experience within that field, which he himself describes as totally different from what he does at Company G.

Respondent G says that there is a basic sense of trust towards the company’s accountant. He calls the accountant, who works at a relatively big accounting firm, a few times a year in order to ask for advice on different matters. One question has been regarding the company’s liquidity and how to handle it, as the company has worked hard to save up a buffer in order to be able to handle any future crisis or recession. The same question has been discussed with their banker.

A network of store owners linked to the same franchisor as Company G is a group which Respondent G sometimes uses as a provider of advice, and also expresses thankfulness for. Respondent G explains that this group often feels as the natural source to turn to, as they are all within the same business and face similar, if not the exact same, challenges. As an example he talks about the importance of getting advice about how to keep up with the development in the business.
“Advice concerning how to keep up with the development in this kind of business is vital. Whether you chose to get on board or not” (Respondent G, 2015)

Furthermore, the respondent has on occasion had reason to turn to other sources with a specific competence in order to get advice. Examples of this is their employers’ organization concerning personnel questions and a legal counselor for various legal documents.

The respondent mentions that the franchisor offers education programs and, as the respondent expresses it, an overload of information which is sometimes inaccurate. Mixed feelings towards the franchisor are expressed by the respondents. He describes their organization with both annoyance and admiration, shifting between emphasizing their weaknesses, such as being too slow paced and reoccuringly distributing incorrect information, and their strengths. In the end he expresses a deep sense of respect and trust in their knowledge.

“Having the franchiser in the back is fantastic, we have something great to draw from. Without being biased I can say that they are a bit of a hero on the countryside”
(Respondent G, 2015)

Although the respondent has addressed the issue regarding liquidity with both his accountant and banker, he does not feel that either of the parties has given him satisfactory advice. In regard to the banker, the respondent simultaneously discusses the countryside’s problem with cash management and therefore it is unclear if his dissatisfaction concerns that specific problem or the relationship as a whole. As for the accountant, when the respondent is asked how he feels about the quality of his work, his only answer is:

“It feels like we are paying a bill of 20 00 SEK. That’s it!”
(Respondent G, 2015)

4.5 Company M

Company M is a manufacturing company of machines for the paint and chemical industry. The company was founded in 1925 and since 2005 it is owned and run by two brothers. Besides the two of them, the office also consists of one sales manager and two administrators, while the rest of the employees work in the factory. The finance function is outsourced, however, the person in charge works out of Company M’s office and is therefore more or less regarded as their own employee. The interview is conducted with Respondent M, one of the co-owners, whose main responsibility within the organization is to overlook the sales department and administration. He has a university degree in engineering and has previously worked at a development department in electronics, in a large Swedish company.

Company M’s financial function is outsourced to a financial consulting company, from here on referred to as Consulting company M, which is owned by a childhood friend of Company M’s owners. Their professional relationship has lasted for about twenty years; ten years in Company M and before that ten years in a previous company the two brothers owned.
However, as Respondent M himself puts it, they have been doing business with this friend ever since childhood. Respondent M has nothing but positive words for Consulting company M’s owner, eagerly telling about him finishing as number one in his class while studying at three times the normal speed.

“We have followed each other all these years, and in everything we have done we have used each other as sounding boards. From the start on a friendly level and at a professional level later on.” (Respondent M, 2015)

Yet another source which Company M has turned to for advice is a large, Swedish engineering and consultancy company. The issues they turn to them about have concerned technical and legislative issues for the industry. Respondent M estimates that they only turn to this party once a year. However, based on previous experience Respondent M has not been satisfied with the quality of their advice. He describes their work as far too expensive and not always of good quality.

“If we bring them a small question they return with a professor’s thesis... and when you read what they gave us it is not even correct.” (Respondent M, 2015)

Currently Company M is in need of expert knowledge and help concerning a technical issue, but based on previously described experience they have decided not to turn to the same consultant company as before. Instead they are cooperating with two technical universities in order to find a student willing to do his thesis work with them. This way they hope to save on what is viewed as an overpriced expense as well as get the needed help from a technically competent source.

As the respondent describes what advisory services are used repeatedly, he talks about the longevity of the relationships as something positive. When describing Consulting company M, the company in charge of their financial function, he repeatedly returns to the importance of the long relationship. The same goes for their contact with the Employers’ organization, where they have had the same contact for almost ten years.

“She knows the company inside out. She can even call just to ask how things are going with the person who is on sick leave.” (Respondent M, 2015)

As Company M are currently involved in a property transaction, they have reason to seek advice from several different sources. Primarily, they have turned to Consulting company M, since their operations consist of both financial and property management. Due to Consulting company M’s competence within the area they are used as a sounding board, but later on in the deal Company M has also turned to a real estate broker in order to gain even more knowledge as well as the needed help to perform the actual transaction. Both Consulting company M and the real estate agency have cutting-edge expertise within this area which is of great importance to Company M in this situation, since the purchase is considered as a significant business transaction. Furthermore, as previously stated, the respondent expresses a
deep sense of trust in Consulting company M, which can partly be traced back to the perception of their competence level.

As previously mentioned Company M has outsourced the financial function to Consulting company M. Furthermore, they also take care of virtually all contact with the company’s auditor.

“The auditor asks them a question and they will ask us... and then handle the rest.” (Respondent M, 2015)

Respondent M expresses a sense of trust regarding other advisors’ skill levels as well. One example of this is the employers’ organization who are consulted regarding personnel questions, and another is the company’s suppliers who act as consultants regarding technical issues. Regarding the latter, an example is if Company M is asked to change a design or make some sort of new construction. On those occasions it is normal for them to use one of their suppliers as a sounding board. By presenting their idea to a supplier, they either get it confirmed or returned with a proposal of changes that can be made. Regarding the employers’ organization, the respondent describes them as the natural party to turn to, based on their skills and expertise but also on their pre-paid membership.

The respondent considers Consulting company M as being a highly skilled operator with excellent skills within several areas, including one that Company M themselves are weak within. Respondent M describes himself and his brother as typical engineers who know nothing about economic queries.

“We are very weak concerning that area [economic queries], but it is okay since there is help to be had” (Respondent M, 2015)

4.6 Company W

Company W is a wholesaler of packaging materials with a main focus on supplying products to the Swedish meat industry. It is a family founded company now run by the fourth generation who acquired the company from their parents in 2009. The two of them equally share the tasks and responsibilities associated with running the company. Together with two employees the owners take care of administrative tasks in the office. While one employee is dedicated to the warehouse and another handles the current accounts, the remaining four are sales representatives spread across the country. The interview was conducted with the two owners, from here on cited as Respondent W1 and Respondent W2. Respondent W1 is the CEO, who prior to joining the family business worked as a consultant within programming and took a few classes at a technical university education. Respondent W2 serves as the company’s controller and is also responsible for HR issues. She has a bachelor in economics and has prior work experience from an accounting firm as well as from being a chief controller at a listed company.
Company W describes their need of advisory services as generally being very low due to the fact that they are wholesalers. According to Respondent W2 the fact that they have no production or work in progress means that the business is simple, with a minimum of strange or complicated situations where advisory services are needed. However, when asked to look back in time to situations when there has been a need of advisory services, their accounting firm, which is a big firm, has been a recurrent party that they turn to. Respondent W1 describes their accountant as competent and says that she can always answer their questions. Respondent W2 continues to explain why she has their trust.

"Above all, sometimes she says that she needs to consult another expert within the firm, and asks to get back to us." (Respondent W2, 2015)

During the audit, the respondents have several conversations with the accountant and her team, and there is often room for additional questions. During the rest of the year they appreciate that the contact is limited to approximately one or two times, due to the simplicity of their business.

One of few occasions when Company W has been in need of advisory services was when the current owners were about to take over. In order to get a proper valuation of the company, the accounting firm’s Corporate Finance division was hired. Even though it was the respondents’ fathers, the selling party, who initiated the contact the respondents agree that they would have turned to the same advisory source.

“It is the only well established contact that we [the company] have, and we know that they have many resources under their roof. So it felt unnecessary to turn to someone completely unknown” (Respondent W2, 2015)

During the process they also had contact with their bank, but during that time they did not consider them as a possible advisory source. The reason for this was that they felt a greater sense of trust towards their accounting company, which is above all explained by the fact that Company W prior to this situation did not have the same kind of relationship with the bank as they had with the accounting firm.

Furthermore, the accounting firm was also consulted when the respondents considered to introduce an incentive program for the company’s sellers. This contact consisted of a meeting with one of the accounting firm’s legal advisors, and was perceived as positive. Although in the end, due to the employees’ request, the incentive program was not introduced.

When asked about how long the company have worked with the current accounting firm one of the respondents answers “from the dawn of time” (Respondent W2, 2015). Although they are unsure of the exact amount of years, they agree that it exceeds at least twenty years. The
accounting firm is one of the Big Four\(^1\) and even though the respondents find the service to be expensive they have not considered changing firms.

As previously mentioned, when preparing for the generation shift as the new owners took over Company W, the decision was to turn to the accounting firm’s Corporate Finance department for advice. During the process they also had contact with their bank due to loans, but even though the bank also had the resources to service as a full advisor on the matter, the respondents did not consider them as a possible advisory source. The reason for this was that they felt a greater sense of trust towards their accounting company, which is above all explained by the fact that Company W did not have the same kind of relationship with the bank as they had with the accounting firm.

“The accounting firm is the only well established contact that we have, and we know that they have many resources under their roof. So it felt unnecessary to turn to someone completely else” (Respondent W2, 2015)

Once every three months, the two respondents meet with a professional coach, a person they sought out because of her competence. The coach works as a consultant and sales trainer at a company at which several of Company W’s sellers have attended courses. During their meetings they talk about what needs to be done, regarding managing the company, and what has not been done.

“She is competent, cheerful and inspiring. So we asked if she would consider coaching us.” (Respondent W1, 2015)

“We talk about the business and it drives us forward.” (Respondent W2, 2015)

Furthermore, on a few different occasions, Company W has had reason to turn to different sources for smaller queries. Examples of this kind of advisory services include review of insurance policies with their current insurance company and going through pensions with the bank.

Currently, the owners’ intent is not to grow or expand the company. As both of them express it, they work as hard as they can and see where it leads.

“We are not super ambitious concerning growth at the moment, but we still keep our eyes actively open to new possibilities” (Respondent W1, 2015)

\(^1\) The four biggest accounting firms are Deloitte, PwC, EY and KPMG.
5. Analysis

In the following sections the evidence from the empirical section is analysed with respect to the framework. In addition to the different factors affecting demand for advisory services presented in the framework, an additional explorative factor has been added. This explorative factor is Timing.

5.1 Trust

Common to all the respondents interviewed is that they have repeatedly talked about trust. According to Bennet and Robson (1999), trust is an important factor when companies decide on whom they should turn to for external advice. Furthermore, trust can be divided into institutional and personal trust.

Institutional trust is most often found in the relationship with accountants, lawyers and banks. Out of the six companies interviewed, five of the respondents clearly express that they have trust in their accountant. The exception is Company M, but this exception can be explained by the fact that they basically do not having any contact with the accountant, as it is more or less exclusively handled by the outsourced financial function.

Examples of institutional trust can be considered as especially evident in the case of Company W, who besides turning to their accountant for advice, also chose to hire the accounting firm when facing a generation shift and when in need of strategic advice on two specific and special occasions. Hence, it can be said that the findings support Svanström’s (2004) research, which similarly found trust to be a continual factor in the companies’ relationships with their accountants.

One slight deviation concerning institutional trust was found in the case of Company B, where the respondent expresses a deep personal trust in regard to their accountant. This is explained by a long friendship between the accountant and the former owner and CEO of Company B (father of the respondent). Therefore, the relationship seems to be based on personal trust rather that institutional. This becomes even more clear as the company recently changed to a new accountant, and Respondent B states that he will most likely take less advice from the company’s accountant due to the shift.

As for the companies’ relationship with their bank, the empirical evidence from the interviews has suggested a connection to their competence rather than an expressed sense of trust, which will be discussed in section 5.3. However, there are some possible connections to trust as well. One example of this is found in Company G. They turned to their bank for advice regarding how to handle their liquidity, an issue also discussed with their accountant who they have expressed trust in. As liquidity is a highly prioritized issue for Company G, the fact that they chose to discuss it with the bank implies that there is a sense of trust in their specialized
knowledge. Another example is found in Company F, who clearly expresses a sense of trust in their bank. However, trust was not a driving factor when they were in the process of changing bank, instead the switch is explained only with the offer of a better interest rate.

Furthermore, Bennet and Robson (1999) describe personal trust as being based on acquaintance and social relations. An example of this was found for Company B, who made an acquaintance on a business course, and later on started to use him as an advisor. Another example is Company M’s frequent use of their childhood friend as an external advisory source.

5.2 Longevity of relationship

In regard to longevity, previous research has given partly contradictory results, indicating that there is a need for further studies on the subject. Findings in the six interviews conducted for this study suggest support for Svanström and Sundgren (2012). Their study showed that the longevity of the relationship between company and accountant is positively correlated to the demand of advisory services from accountants, which is true for Company W. As the current owners acquired the company, the company’s long lasting accounting firm was perceived as the most suitable when in need of advisory services related to the change in owners. The respondent identifies that the bank, seen to their areas of competence and services, could have been another possible advisory source to turn to. However, in spite of their competence, the bank was never seen as a possible advisory source in this particular case, due to the fact that the respondents felt a greater trust towards the accounting firm because of the underlying relationship with the accountant.

Further findings during the interviews show that out of the six companies, five of them state that they have long-lasting relationships with their advisors. Three out of the five companies have more than two long lasting advisory relations. For four out of the five the accountant is one of the long lasting relationships.

5.3 Competence

From the empirical evidence the observation can be made that most companies interviewed use small accounting firms instead of bigger firms. This supports the finding by Svanström (2008), which showed that having a broad range of services is not considered the most important trait from small company point of view.

In the two interviewed companies G and E, which use business connections as advisors, the mentioned advisors work within the same industry as the respondents. The business connections identified are all part of networks, which the respondents are in touch with regularly, and they all work within the same industries as the respondents in the interviewed companies. In accordance with the study by Bennet and Robson (1999) we have found
indications in both of the companies that the business connections used as advisors are most likely perceived as competent and experienced. This deduction can be made on the assumption that others working within the same industry as the company owner probably also have sufficient competence when it comes to giving advice regarding that industry.

5.4 Ambition for growth

Out of the six companies only Company W, F and B express clear thoughts on their ambition for growth. Company W and F have currently no ambition to grow. Neither Company B has growth ambitions, but the respondent states that the need for advisory services would be greater if they did. Since an ambition for growth has not been identified in any of the companies it can not be considered as an explanatory factor for their demand of advisory services.

5.5 Education

In this study little evidence has been found to show that the educational level affects the demand for advisory services. This is contrary to the findings of Svanström (2008) and Bennet and Robson (1999). Both Company B, F, G and W, of which the respondents have a university education and Company E, of which the respondent has no university degree seem to turn to quite similar sets of advisors and have a demand of a similar extent. They also all use their accountants as providers of advisory services. Only Company M can be seen as a confirmation of the previous research since the respondent has a university education and does not use neither the accountant or a bank as an advisor, although this can not be considered as evidence strong enough to support education as being a significant underlying factor. If the parallel is drawn to the use of other advisors than banks and accountants the evidence of the factor can be considered as even weaker, since Company M uses many other providers of advisory services despite having a university education.

5.6 Changing market

The respondent in Company F mentions that he does not think that any market changes will affect his business since it is not especially complex to begin with. Company B and E on the other hand think that the market has changed and will change even more into being more complex than before due to new rules and regulations.

None of the respondents mention that a changing market makes or will make their companies turn to specific advisors to a greater extent than before, but only indicate that the need for advisory services as a whole will increase. Since the answers received were in such general terms the changing market is not adequate as a factor explaining where companies turn when in need of advisory services.
5.7 Information asymmetry

According to Gooderham et al. (2004), small firms do not change accountant because of the difficulty they have in assessing whether another accountant would do a better job, which indicates a lack of information from the small firm’s side. Out of the six respondents interviewed, two of them described situations of information asymmetry.

Firstly, in Company E there are three different advisory relationships where information asymmetry occurs; with the accountant, the bank and the insurance company. Regarding the insurance company, the respondent claims not to have a choice, further explained by stating that he has to trust the insurance advisor due to his own lack of knowledge in the field. As for the relationship to the accountant and the bank, the respondent similarly states that his only option is to trust the advisors. Although, he adds that his reasons for not understanding their field of work can be explained by his lack of time and energy, which differs from his view of the insurance field. Furthermore, in regard to the accountant, the respondent states that the information asymmetry makes him perceive the accountant’s services as being of high quality. In other words, he chooses to believe that the accountant as accomplished within his field since he cannot prove otherwise.

Secondly, in Company M there is a situation of information asymmetry regarding the relationship with Consulting company M. The respondent speaks sincerely about himself and his brother not knowing anything about economic queries, which implies that Consulting company M has a massive information overtake since they take care of the company’s financial function as well as the contact with the company’s accountant. Even though Respondent M expresses high regards for this Consultant company M, in regard to both advisory and financial services, the information asymmetry implies that it is a difficult assessment for the company to make. Indeed the respondent does speak convincingly about Consulting company M’s competence and quality of services, but simultaneously emphasizes their own non-existing knowledge within the field it is clearly implied that there is a difficulty for them to make a fair assessment.

5.8 Timing

This section of the analysis is comprised by an explorative underlying factor explaining where companies turn when in need of advice. This is a factor for which no evidence has been found in the previous research studied. Therefore, this section will only include material from the section Empirical Evidence.

Timing has been found to affect the choice of where companies decided to turn for advice in two cases, which are Company E and B. In the case of Company E, timing can be said to have played an important part when Respondent E initially made the decision to turn to his
insurance company for advisory services. Respondent E saw the office of the insurance company when driving by on the street and came to think of that he might need pension insurance. Since it was the office of that specific company which led him towards identifying the need for pension insurance in the first place, due to the fact that he happened to drive by, he also decided to go back to that same office to fulfill the identified need of advice in the pension insurance area. If he had not driven by, the need might have not been awoken in the first place. However, more importantly, if the need had been awoken in another context Respondent E might just as well have turned to another provider in order to fulfill that need because then he might not even have been aware of the existence of the insurance company.

In the case of Company B the timing can be linked to the receptiveness of Respondent B. Telemarketers who wish to sell different services are a frequent occurrence for Respondent B, and his attitude towards them varies greatly depending on his mood and how much time he considers to have available. A need for advice within the area marketed by the caller must already exist, and in addition to this be a prioritized matter. Hence, if a caller happens to time the call badly or wants to sell something which is of no interest to Respondent B, the attempt will most likely result in no sale of their offered service. If the caller on the other hand manages to time the call correctly and is able to offer an advisory service, in which Respondent B has present interest, the result might be a sale and perhaps even a longstanding business relationship. This was the case when Respondent B was contacted by a telemarketer who promoted a course that he accepted an invitation to. He found the course rewarding but moreover ended up establishing a long lasting relationship to a business advisor who worked at the same company. Consequently, timing is sometimes of great importance.
5.10 Summary of the 8 factors

In order to summarize and clarify the empirical evidence from the six interviews the table below has been constructed. The table shows all factors which have been identified in each of the companies as explaining their choices of where to turn when in need of advisory services of different sorts. The recognition of a factor in the table (marked with X) represents that it has been found to exist in regard to one or more of the company’s providers.

Table 5
Summary of the 8 factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>Company</th>
<th>B</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>M</th>
<th>W</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Longevity of relationship</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Competence</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Ambition for growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Changing market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information asymmetry</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timing</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The companies in the study are from greatly varying business sectors. For some of the companies this has implied a relatively low overall use of advisory services. This has been the case especially for Company F and W. The respondents from these two companies state that their businesses are of such a nature that does not require extensive use of advisory services. Important to note is that this can be partly explanatory as to why no more than three factors have been identified in these companies.
5.11 Basic and extended advisory services

Below are two tables with a categorisation of identified use of basic and extended advisory services in the companies interviewed. The categorisation has been made in accordance with Svanström’s (2008) definitions of basic and extended advisory services. His definition of basic advisory services is based on accountants’ core competencies. In the categorisation below, the different providers’ own core competencies have therefore been regarded as basic advisory services. Similar to the fact that accountants’ key competencies are accounting, tax and law one can connect advice used from other sources to their key competencies. The insurance companies are often used to give advice on insurance, banks are often used for advice regarding finance and employers’ organizations are often used as advisors for personnel questions. These mentioned areas of advice can be considered as also being key competencies, but in the different providers’ own fields.

**Table 6**

**Use of basic advisory services**

<table>
<thead>
<tr>
<th>Provider/Company</th>
<th>B</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>M</th>
<th>W</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountant/accounting firm</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Business advisor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Computer hardware supplier</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consulting company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Employers’ organizations</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering and consulting company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Independent inspectors</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance companies</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance company</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lawyer/legal counselor</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members of buyers’ organization</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Network of store owners</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional coach</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Real estate agent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Suppliers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Trade union</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Based on the empirical evidence the most common providers of basic advisory services appear to be accountants and accounting firms, banks and employers’ organizations (see table 6). Basic advisory services are the most commonly demanded type of advice when compared to extended advisory services. More than half of the companies studied by Svanström (2008) used their accountants as a provider of both basic and extended advisory services, which also seems to be the case in this study. Although the findings in this study are partly in line with Svanström’s study it appears only to be true for accountants and accounting firms. It does not seem to be applicable to other providers of advice except for banks, since no occurrence of use of extended advisory services from other providers has been identified in any of the companies studied. All interviewed companies have used the basic advisory services frequently and each company has turned to many various advisors depending on the matter at hand.
The use of extended advisory services has been identified as relatively common since it can be found in four out of the six companies (see table 7), although it is not as common as the use of basic advisory services. Extended advisory service use has furthermore only been identified in companies which also use the providers’ basic advisory services. As already mentioned, the findings in this study indicate that only a few of the total number of sources of advisory services used by each company are contacted regarding extended advisory services. From this indication one can presume that certain conditions set by the company must be fulfilled in order for them to want to turn to an advisor in situations requiring extended advisory services. One of these factors is trust, which has been previously mentioned in section 5.1 and another is longevity of relationship, which was discussed in section 5.2.

All four companies listed in table 7 as users of extended advisory services from their accountant/accounting firm, which are Company B, E, F and W, have expressed an existence of trust in regard to that provider of advisory services. This indicates that trust is an important determinant to whether a company turns to a provider for extended advisory services. The indication of this becomes particularly clear in the case of Company B. The respondent states that they will not turn to their new accountant to the same extent as to the previous accountant, implying that the extended advisory services might not be demanded, since there is a lack of trust towards the new accountant.

Banks are used as providers of extended advisory services in two companies, Company E and F. Out of these companies the factor trust has been identified in one, which is Company F.

The existence of a long-lasting relationship with the accountant/accounting firm can also be identified in Company B, E, F and W. In addition to this, long-standing relationships with banks can be found in both Company E and F. This indicates that the longevity of the relationship with the provider is also of importance to the use of extended advisory services.

6. Conclusion and discussion

In this chapter the conclusions which can be drawn from this study will be presented. In addition to this the chapter will include a discussion regarding the results of the study and suggestions for future research directions.

6.1 Conclusion

From this study, the conclusion can be drawn that there are five underlying factors that explain where small, private companies turn when in need of advisory services. These factors are explained shortly below.

Trust: All of the companies refer to trust as an important factor. Furthermore, institutional trust occurs more frequently than personal trust.
**Longevity of relationship:** For one company, longevity was identified as an underlying factor as to where they turn for advice. However, long-lasting advisory relationships exist in four more companies, although it was not possible to conclude in what extent it served as an underlying factor affecting where they turn for advice.

**Competence:** Findings imply that when it comes to the advisor's competence, it is more important to have the right competence than to offer a broad variety of advisory services.

**Information asymmetry:** The empirical evidence for two of the companies suggests that information asymmetry exists and affects where the companies turn when in need of advisory services.

**Timing:** An explorative factor identified as an underlying factor in two of the companies.

Conclusions regarding which advisory services that are demanded by the companies can also be drawn based on a categorisation into the sub-categories basic and extended advisory services.

**Basic and extended advisory services:** The findings in this study indicate that the use of both basic and extended advisory services occurs in small companies. The basic advisory services are the most common and are supplied by a wide variety of providers. Extended advisory services are not as common as basic advisory services and are according to the indications in this study only used if basic advisory services are also used and are only supplied by accountants and accounting firms and banks.

The factors trust and longevity of relationship have been identified as possible underlying factors driving small company demand of extended advisory services from their accountants and accounting firms and banks.

### 6.2 Discussion

This study was based greatly on previous research revolving around accountants as providers of advisory services. Before the study was conducted our expectation was that the findings would not differ greatly from the previous research despite the fact that the scope of this study would also include other providers of advisory services than accountants. Therefore we were quite surprised and intrigued to find such great differences in use of extended advisory services from the different providers. To investigate this result further would be very interesting.

If we were to conduct this study anew, the choice to interview companies to which we have personal relations would not have been made. This mainly due to the fact that this choice has been viewed as problematic from the point of view of the people to which the study has been
presented, but also due to the fact that there is always a risk of bias in situations like that no matter how many precautions are made to avoid it.

Important to note is also that the conclusions drawn from our study might be affected by the fact that no more than six companies have been interviewed. For example this could have been the case if Company F and W, who stated that their use of advisory services was limited, would have been excluded and two other companies with a greater use of advisory services had been interviewed instead. If other companies would have been chosen the results could possibly have been different.

### 6.3 Future research directions

This study suggests that the underlying factors explaining where a company turns to get advice, are comparable to why they turn to an accountant. A suggestion for future research is therefore to conduct a study similar to this one in regard to the research question, but to use a quantitative approach such as a survey. This would ensure the possibility of reaching out to a larger number of companies to test the factors statistically. The factors could also be further studied through qualitative studies where other company groups are investigated, such as a group of companies within a specific industry or with another number of employees.

To use a quantitative approach has in fact been the method used by many of the sources referred to in the framework, with the important difference that they chose to only investigate occasions when accountants were asked for advice.

Another suggestion for future research is to further investigate the use of extended advisory services. For example an investigation aiming to identify factors possible additional factors affecting the use of extended advisory services could be of interest.
7. References


Interviews


RESPONDENT E 2015. Interview Company E. In: BRATELL, J. (ed.).


RESPONDENT M 2015. Interview Company M. In: EKDAHL, S. (ed.).

RESPONDENT W1 2015. Interview Company W. In: EKDAHL, S. (ed.).

Appendix

1. Interview guide

Presentation of the interviewers
- Studying Business Administration at the University of Gothenburg School of Business, Economics and Law
- Writing our Bachelor’s thesis within the accounting field
- Focusing on small, private companies’ demand of advisory services
- We will keep you anonymous, meaning that neither your name or the name of the company will be used in the thesis
- Do you approve of this interview being recorded?

We are going to start by asking some questions about you, your background and role in the company as well as ask you to tell us shortly about the company and its organization.

Questions about the respondent and the company
- Tell us about the company and your activities.
- How is the organization made up? (think organizational chart)
- Describe the finance function. *(interesting since there is likely a need for advisory services in this area. Accounting?)*
- What are your plans for the future regarding growth?
- What is your role in the company?
- What is your educational level?
- How is the situation regarding in-service training within the company?
- Is there a need for new knowledge and if there is, how would you describe that need?
- What is your previous work experience?

Advisory services
*The demand for advisory services from external providers can involve multiple areas. What usually comes to mind might be questions regarding accounting, but other areas, such as law, human relations, reorganization and strategic planning can also be included.*

- What need is there for advisory services in the company?
- In which areas have you experienced a need for advisory services? *(if nothing comes up, show the list of potential areas)*
- Have you experienced a change in your need for advisory services over the years? What are the reasons for that change? *(e.g. legal changes, new business areas etc.)*
- *Finally: go through the list of potential areas of advisory services. Ask about the areas that have not been discussed.*
Questions regarding the provider they turn to
- Describe your relationship/cooperation with X.
- In which situations do you consider X to be an appropriate provider of advisory services?
- Do you often take advice from X? Which questions do you ask?
- Has there been any case when X has not been able to answer a question of yours? Has X in that case referred you to someone else?
- How do you experience the quality of the cooperation with X?
- Will you turn to X again?

If the respondent seeks advice from multiple providers
- What decides who you turn to?
- Do the different providers have overlapping competencies?
- Do you prefer one over the other? Why in that case?

Historical and future need of advisory services
- Where have you turned in the past when in need of business advice? Why did you turn to that provider?
- Has there been any situation, now or in the past, when you have had a need for advisory services but have chosen not to turn to an external provider? *(maybe chosen to go through in-service training instead.)* What was the reasoning behind that choice?
- How would you predict the development of your need for advisory services? Why do you make that prediction? *(link back to growth plans if there are any)*
- Do you believe that external factors, such as, but not only, globalization, digitalization and international regulations will affect your need for advisory services?
- How do you picture your future need for advisory services? *(increased/decreased/the same as now)*

Relationship to accountant and accounting firm
- Which accounting firm do you use?
- What is your general view of your accounting firm?
- Have you ever changed accounting firm or accountant? Why in that case?
- For how long have you had the accountant you have now?
- How would you describe your relationship to the accountant?
- How often are you in touch with the accountant? What type of contact occurs?
- How do you perceive the quality of the auditing that the accountant conducts? Does this perception affect your tendency to take business advice from the accountant in other areas/situations?
2. List of potential areas of advisory services

**Potential areas of advisory services**
Administration
Choice of type of company entity
Corporate law
Financial management/budgeting
Insurance
Inheritance issues/generation transfer
HRM (human relations management)
Sustainability accounting
IT
Law
Training and skills development
Liquidity
Debt administration/closure of firms
Salary administration
Management/organization
Marketing/sales
Pension schemes
Software, e.g. accounting software or business system
Taxation
Strategic planning
Valuation
Transference of ownership