ADAPTING ACCOUNTANTS’ COMMUNICATIONS TO SMALL BUSINESS MANAGERS’ OBJECTIVES AND PREFERENCES

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ABSTRACT

Purpose – This paper explores the impact of small business managers’ objectives and preferred methods of communicating on the communications aspect of accountants’ advisory relationship with small business. Through exploring these issues, the paper aims to contribute to understanding of accounting’s capacity to satisfy the communication needs of its users.

Methodology – A mixed methodology, comprising a questionnaire to access evidence from small business managers and semi-structured interviews with accountants which provide a complementary perspective to accountant/small business communications. The analysis of the findings is informed by media richness theory.

Findings – Small business managers prefer direct forms of contact with their accountants and the richness of verbal communications. This is demonstrated in accountants’ use of multiple visual and audio cues, including reinforcing and adjusting techniques, which enhance the appeal and utility of verbal communications. Accountants’ documents have been relegated to a supplementary reinforcing function in the profession’s communications with small business. Small firm managers’ objectives influence their interest in and use of accounting information and the communications approach their accountant implements. The findings indicate that accountants adopt communications approaches with small business managers which satisfy the communication needs of the economically significant small business sector.

Originality/value – The paper contributes to redressing a gap in the accounting discipline’s literature regarding accountants’ communications with small business while offering insights which may be useful to practitioners in their advisory relationships with small business managers.

Keywords Small business, accounting, objectives, communications preferences.
INTRODUCTION

The small business sector comprises 96% of businesses operating in Australia (Office of the Federal Minister for Small Business, 2009; Australian Bureau of Statistics (ABS), 2007). It is a major employer and a nursery for entrepreneurs who are a significant source of growth. Hence, the “small is beautiful” thesis, which western Governments have adopted (AAP, 2008; Peacock, 2004; Dicken, 1998). However, small businesses suffer alarmingly high failure rates with accompanying loss of employment and economic contribution (ABS, 2007). Previous studies have established that mismanagement of the accounting and finance function is a cause of small business distress (Burke and Jarrett, 2004; McMahon, 2001; The Beddall Report, 1990). Governments have advocated and research has determined that the accounting profession is ideally positioned to provide the kind of advisory services that are required by financial management deficient small business owner-managers (SBOMs) (Carter and Van Auken, 2006; Jay and Schaper, 2003; The Beddall Report, 1990). It is contended that effective communication is fundamental to a mutually beneficial advisory relationship between accountants and small business.

Accounting communications research has concentrated on the remote communications disseminated by listed companies to user groups by way of corporate annual reports (Brennan et al., 2009; Hrasky and Smith, 2008; Li, 2008; Courtis, 2004). While this interest is propelled by the significance of global financial and capital markets and the consideration of social and environmental accounting disclosures, a consequence of this emphasis has been a gap in the discipline’s literature regarding accounting’s direct communications with the small business sector. The unique characteristics of small business (Dyer and Ross, 2007; Gooderham et al., 2004; Dalley and Hamilton, 2000) may render the findings of research into accounting/listed company communications inapplicable. When the distinctive nature of small business is considered in combination with the sector’s size and economic importance, it further highlights the significance of this separate field of enquiry.

An arguably significant component of effective communication is establishing and utilising the parties’ preferred methods of communicating. In respect of accountants’ advisory relationship with small business, the importance of using the communications preferences of SBOMs is arguably accentuated by the idiosyncratic culture within and characteristics of the small business sector (Gooderham et al., 2004). For instance, many SBOMs’ preference for achieving primarily personal non-economic objectives, as opposed to financially oriented objectives, and their informal approach to communications may challenge accountants who are trained to assist their clients achieve financial goals and furnish them with information in prescribed written formats (Berry, 2006; Gooderham et al., 2004; Walker and Brown, 2004). Irrespective of these challenges, the small business advisory literature maintains that the onus is on advisors/accountants to adapt to suit SBOMs’ requirements (Dyer and Ross, 2007). This includes accountants’ communications with small business managers (Dalley and Hamilton, 2000).

The study’s focus is the influence of SBOMs’ communications preferences and objectives on the communications aspect of accountants’ advisory relationship with small business. Its purpose is to obtain insights into the impact the two factors have
on the communications approach accountants adopt with SBOMs. By examining these issues, the study’s intention is to expand understanding of accounting’s capacity (or lack thereof) to satisfy the communication needs of users of its information and services and thereby contribute to the users achieving their objectives; in this case, the small business sector. To achieve this purpose, the paper has the following objectives:

- To seek insights into the drivers of a sample of SBOMs’ empirically determined communications preferences through interviews with a sample of accountants.
- To identify and illustrate the influence of SBOMs’ communications preferences and objectives on the communications approach the interviewed accountants adopt with SBOMs.
- To evaluate the communication effectiveness of newsletters, a medium which is used extensively in accountants’ communications with SBOMs.

Knowledge of SBOMs’ preferred methods of communicating with accountants, the principal business advisor to the small business sector (Jay and Schaper, 2003; Bennett and Robson, 1999) is a matter of importance to the sector, its industry associations and the accounting profession. Awareness of the potential impact of SBOMs’ objectives may assist the profession develop a communications approach which contributes to accounting fulfilling its responsibility to communicate effectively with a significant user of its information and practitioners satisfying their considerable small business client base. Newsletters have emerged as one of the profession’s dominant marketing and communications techniques (Heischmidt et al., 2002). An evaluation of the communication effectiveness of accountants’ newsletters permits an assessment of practitioners’ investment in this method of communicating with SBOMs. Given its objectives, the paper restricts itself to accountants’ communications with small business.

The study adopts a mixed methodology. Through a mail questionnaire administered to a sample of SBOMs, evidence regarding small business managers’ communications preferences is obtained. Semi-structured interviews, conducted with a sample of accountants, offer additional insights into the SBOM/accountant communications interface. The interview findings are analysed using thematic analysis, a technique which enables apparent and underlying themes which are relevant to the study to be extracted from the interviewees’ responses.

The paper contributes to the literature and professional practice in a number of ways. Its findings contribute to the generally under-researched field of accountants’ communications with small business while extending knowledge of accounting’s capacity to adapt to satisfy the communication needs of one of its significant stakeholders. Interviewing the advisor is relatively uncommon in small business advisory studies (Dyer and Ross, 2007). Hence, this aspect of the study contributes to filling a gap in the literature. Associated small business research has determined that SBOMs’ objectives may have a considerable impact on the management of their business (Morris et al., 2006; Walker and Brown, 2004; Greenbank, 2001; Stanworth and Curran, 1986). By considering the influence of these objectives on accountant/small business communications, the paper contributes to understanding this arguably significant facet of the advisory relationship. The study uses media richness theory (Daft and Lengel, 1984) to facilitate understanding of the factors which motivate SBOMs’ preferred methods of communicating with their accountant.
and to inform its findings regarding SBOMs’ communications preferences and the communications approach accountants adopt with SBOMs. A review of the application of the theory indicated that this is the first time it has been used in the context of communications between CPA Australia accountants and small business.

The remainder of the paper is structured as follows. The next section reviews the relevant literature and explains the media richness theoretical perspective (Daft and Lengel, 1984). This is followed by a discussion of the methods applied in the study and the study’s results. The paper concludes by discussing the implications of these results and offering an agenda for further research.

INSIGHTS FROM THE LITERATURE

An Overview of the Small Business Advisory Literature
The small business advisory literature offers some insights into communications within small businesses, finding that it is largely verbal and informal (Dalley and Hamilton, 2000). Studies which have interviewed small business advisors and SBOMs indicate that owner-managers are likely to be amenable to external advisors, such as accountants, using a similarly informal communications style as an antecedent to developing a relationship between the parties (Dyer and Ross, 2007; Dalley and Hamilton, 2000). This informal approach typically manifests in face-to-face conversations where advisors aim “to put them (SBOMs) at ease, we talk to them as if they were our friends” (Dyer and Ross, 2007, p.137). Advisors may need to modify their structured and formal “professional business-support system” communications approach to correspond to SBOMs’ “day-to-day” communications style (Dyer and Ross, 2007, p.138). Communications are likely to be primarily verbal and there is evidence of owner-managers being impressed by advisors who are “someone who can talk our talk” (Dalley and Hamilton, 2000, p.56). Thus, small business advisory research suggests that informal verbal communications are widely used within small businesses and SBOMs appear to favour utilising advisors who are adept at communicating in this fashion. The literature contends that advisors may need to immerse themselves in this and other aspects of small business management and adapt to the needs of SBOMs if the advisory relationship is to succeed (Dyer and Ross, 2007; Gooderham et al., 2004; Dalley and Hamilton, 2000).

Small business management research tends to support this contention while further illuminating some of the distinctive characteristics of SBOMs which may impact upon their communications with accountants. Studies have determined that empathy is a significant factor in SBOMs’ advisor selection process (Berry, 2006; Jay and Schaper, 2003; Mole, 2002). A considerable number of SBOMs are adamant that “their” business is unique (Dalley and Hamilton, 2000). Consequently, there is a need for SBOMs to perceive that the advisor has experienced the circumstances which have caused them to seek advice (Berry, 2006; Jay and Schaper, 2003; Peacock, 2000). Irrespective of whether this is a consequence of ego, scepticism about the relevance of external advice or a rational assessment of advisor suitability, it is a persistent theme in small business management research (Gooderham et al., 2004; Dalley and Hamilton, 2000; Bennett and Robson, 1999). Verbal communications facilitate the discussions which develop the empathetic relationships owner-managers appear to seek.
SBOMs’ Objectives
The myriad of players who comprise the small business sector and their numerous forms, ranging from very small home-based ventures which do not employ any staff, to high growth employing firms, renders summarising SBOMs’ objectives problematic (ABS, 2008; Peacock, 2004). Owner-managers may also adjust their goals (Greenbank, 2001). Nonetheless, the small business management literature identifies three broad objective sets: growth-oriented entrepreneurial goals, primarily personal non-economic objectives and an emerging cohort of SBOMs who target achieving a balance between business and personal objectives (Morris et al., 2006; Peacock, 2004; Walker and Brown, 2004; Greenbank, 2001).

Small business managers typically adhere to an idiosyncratic culture (Gooderham et al., 2004; Dalley and Hamilton, 2000). A dominant aspect of this culture is striving to achieve personal non-economic objectives (Walker and Brown, 2004; Greenbank, 2001). Examples include achieving independence through self-employment, being appreciated by staff and customers and a sense of esprit de corps with other SBOMs (Dalley and Hamilton, 2000). Undoubtedly many managers aspire to achieve goals other than profit maximisation. They are not the exclusive domain of small business. It is SBOMs’ preference to achieve personal, rather than (and occasionally at the expense of) business, objectives which defies economic rationalism and provides further insights into the characteristics which may influence the accountant/SBOM communications interface. Research on small business goal setting and success factors has found that SBOMs most commonly cite achieving non-economic objectives as measures of their success (Morris et al., 2006; Walker and Brown, 2004; Greenbank, 2001). Stanworth and Curran’s (1986) social action framework posits the role of SBOMs’ objectives is significant. First, achieving personal objectives is less problematic in small firms which are not captive to the “political processes” inherent in goal setting in larger entities which attempt to satisfy many and diverse stakeholders (Greenbank, 2001, p.108). Second, SBOMs’ objectives tend to be personified in their business. As Peacock (2004, Chapter 3, p.6) noted, in a “very real sense…the owner is the business”. It is contended that this implies a contradiction may exist in the accountant/SBOM association. Achieving non-economic objectives is important to many SBOMs (Walker and Brown, 2004). However, achieving these objectives may require little or no accounting knowledge and information and neglecting the management of accounting is a major cause of small business failure (McMahon, 2001; Reynolds et al., 1994; Williams, 1987). This contradiction may pose challenges for accountants in their communications with the small business sector.

Small Business and Accounting
Gooderham et al. (2004) emphasise that an information asymmetry exists between accountants and the majority of SBOMs. Accountants are educated in analytical techniques and continuously develop their knowledge base and technical skills to maintain their expert status (Dyer and Ross, 2007; Maister et al., 2000). This is in contrast to the recurring finding that SBOMs tend to disregard managing the accounting function of their business (Carter and Van Auken, 2006; McMahon, 2001). Research has also uncovered considerable inertia amongst the small firm management ranks with regard to increasing their accounting knowledge and utilising accounting information for planning and performance evaluation (Dyt and Halabi, 2007; Peacock, 2004). The generally low readability of written accounting
information (Li, 2008; Courtis, 2004; Rutherford, 2003) arguably contributes to this inertia. Related research has determined that most user groups from a non-accounting background would prefer to receive accounting information which utilises descriptive language that is clear and straightforward (Sun, 2007; DuPree, 1985). As put by an SBOM interviewed in Dalley and Hamilton’s (2000, p.56) study of small business advisory relationships, “The advice has got to be in a form I can relate to – otherwise it’s a waste of time and money”.

Written Accounting Communications
If inertia exists amongst the small business management ranks concerning improving its accounting literacy, the literature suggests that a similar degree of inaction has previously been evident in the accounting profession regarding the low readability of its written information. Chambers (1966; 1962 cited in Lee, 1982) drew attention to the need for the clear communication of accounting information more than four decades ago. Subsequent studies chided the profession for neglecting the communication function (Parker et al., 1989; Andrews and Sigband, 1984). The repeatedly low readability of accounting documents led to the conclusion that the findings were “indicative for the need for remedial writing” (Courtis, 1986, p.292).

Accounting is not the only profession that disseminates information which lay readers may have difficulty comprehending. There has been considerable debate about the respective advantages and disadvantages of using so-called “plain language” in the legal profession (Butt, 2002; Kimble, 1994-1995) and coverage of the low readability of documents distributed to patients by the medical profession (Elliott et al., 2007; Kerr, 2007). Further, accounting is in the vexed position where judgements between clarity and precision may be necessary. The Australian Conceptual Framework recognises the challenges inherent in conveying complicated information in an understandable form. It directs practitioners that “information about complex matters…should not be excluded merely on the grounds that it may be too difficult for certain users to understand” (Framework for the Preparation and Presentation of Financial Statements, paragraph 25, AASB, 2007). It is apparent that the profession walks a tightrope between providing comprehensible information and the risks inherent in user misinterpretation occurring due to over simplification. Irrespective of this, the need for change was perhaps most strikingly demonstrated by the Securities and Exchange Commission’s (SEC) “plain English” rule. The SEC requires that disclosures in prospectuses be prepared with reference to a “new style of thinking and writing” that investors can “read and understand quickly and easily” (Reinstein and Houston, 2004; SEC, 1998, p.3). Associated SEC documents advocate the use of plain English in all written communications companies have with their shareholders (SEC Release #34-38164 p.68 cited in Loughran and McDonald, 2009; SEC, 1998).

Accounting Communications – the Pace of Adaptation Quickens
Williams (1993) observed a quickening of the pace of reform in accounting education to incorporate communication skills. In an attempt to fulfil the Australian professional bodies direction that “the ability to communicate clearly and precisely” is a core skill (The ICAA and CPA Australia, 2009, p.12), accounting educators are placing an increased emphasis on accounting students’ communication proficiency (Kavanagh and Drennan, 2008; Lightner et al., 2007). While assessments of the success of curricula advances to improve accountants’ communication skills vary (Gray, 2010; D’Aloisio, 2006; Courtis and Zaid, 2002), accounting education and the
resultant skills that students and practitioners are expected to possess has adapted from a technical knowledge oriented form to an approach which integrates general education (Freeman and Capper, 2000; Williams, 1993).

The increasing research on web-based communication of accounting information (Baker, 2006; Barrett and Gendron, 2006) may provide insights into accounting’s capacity to adapt to satisfy the communication requirements of its users. A segment of this research has discussed the potential the internet presents for radical changes to the dissemination of accounting information (Gallhofer et al., 2006; Paisey and Paisey, 2006; Sikka 2006). Jones and Xiao’s (2004) study of the future of web-based financial reporting found that gradual rather than radical change is most likely. Nonetheless, it forecast that accounting is likely to utilise the internet to adapt and provide customised reports to individual users in an attempt to meet their heterogeneous information needs. Reports using multiple measurements and the disclosure of organisations’ raw data to selected users is foreseeable, while multimedia presentations will become the norm (Jones and Xiao, 2004).

A Media Richness Theoretical Perspective

This study draws upon Daft and Lengel’s (1984) media richness theory to inform its findings regarding SBOMs’ preferred methods of communicating with their accountant and the communications approach accountants adopt with SBOMs. In the context of the direct communications interface between accountants and SBOMs and the delineation between written and verbal methods of communication which are investigated in this paper, media richness theory was considered suitable to facilitate understanding of the communications issues being researched.

Daft and Lengel (1986; 1984) defined media richness as a medium’s capacity to process rich information and considered a medium to be rich if it “can overcome different frames of reference or clarify ambiguous issues to change understanding in a timely manner” (1986, p.560). In what has been described as a media richness hierarchy (Davison and Warren, 2009; Wheeler and Arunachalam, 2009), verbal and written media are ranked in order of richness depending on their capacity to assist the message receiver process ambiguous information (Daft and Lengel, 1984). Vickery et al.’s (2004) review of the criteria which contribute to determining a medium’s inherent richness identified the following four characteristics:

- The medium’s capacity to provide feedback which permits the message receiver and sender to promptly validate understanding and correct misinterpretations;
- The range of cues the medium is capable of communicating. For example, the medium may permit the use of visual and audio cues including facial expression, physical gestures, tone of voice and voice inflections to convey messages;
- The personal or impersonal focus of the medium. A medium facilitates a personal focus when it allows a message to be tailored to the needs and frame of reference of the receiver;
- The variety of languages the medium transmits. While numeric language is suitable for conveying quantifiable information, natural language may transmit a range of meanings and facilitate understanding a broader set of concepts.
With reference to these characteristics, Daft and Lengel’s (1984) original framework ranked five media in descending order of richness: (1) face-to-face communications, (2) telephone, (3) personal documents (for instance, personally addressed letters), (4) impersonal documents (for example, bulletins which are addressed to a group) and (5) numeric documents, including computer output. Subsequent studies have contended that audio-visual communications possess high media richness (Wheeler and Arunachalam, 2009) while electronic media, including e-mail, possess moderate to high media richness capacity. For instance, e-mail permits relatively quick responses to questions and requests for clarification and provides the message sender with the facility to attach accompanying documents which may reduce ambiguity (Vickery et al., 2004). The emerging research on web-based communications contends that it is a potentially richer medium than traditional print media (Cho et al., 2009; Davison and Warren, 2009).

Daft and Lengel (1986; 1984) ranked face-to-face and telephone communications as the media possessing the highest richness relative to the low or moderate richness of written media. This richness stems from the media providing immediate feedback to validate understanding or correct misunderstandings between the parties who are communicating and the use of personalised and natural language, including tone of voice, during the communications process. The face-to-face medium also allows the use of multiple verbal cues, including voice inflection and tone, and permits the parties to observe each other’s body language. This form of language may provide valuable non-verbal cues and sources of information (Peterson and Stratemeyer, 2004). There is evidence of the richness of verbal media in studies of business assistance to New Zealand small-to-medium sized enterprises (SMEs) and accountants’ advice to small companies in Britain where small firm managers tend to seek assistance through verbal methods of communication (Marriott et al., 2008; Lewis et al., 2007). The interviewed managers cited the method’s capacity to provide timely responses to their questions and the opportunity to instantaneously probe the advisor as factors which persuaded them to use verbal communications.

For contrasting reasons, Daft and Lengel (1986; 1984) ranked written forms of communication as the media with comparatively lower capacity to process rich information. Written media do not allow the reader to seek instant clarification by asking questions or the author to promptly correct the readers’ misconceptions and errors. Thus, it does not facilitate the feedback process which confirms understanding and corrects misunderstanding between the message sender and receiver in a timely fashion; a characteristic Vickery et al. (2004) considered to be the most significant contributor to a medium’s richness. Further, written media are unable to transmit the verbal and non-verbal cues which may assist in clarifying ambiguity and achieving a shared understanding between the parties who are communicating (Peterson and Stratemeyer, 2004; Daft and Lengel, 1986; 1984). Thus, if written methods of communication are employed, the author needs to anticipate and clarify possible points of confusion and misunderstanding. Researchers have established that the onus is on the author to reduce confusion in the written communications process (Mitchell, 1982; Albers, 1972 cited in Parker et al., 1989). For these reasons, previous studies have argued that written communications is potentially less effective than instantaneous two-way forms of communication, such as face-to-face and telephone conversations. Such contentions find support in Daft and Lengel’s (1986, p.560) theory when it posits that rich media provide
the capacity to process complex, subjective messages...However, an important point is that media of low richness are effective for processing well understood messages and standard data. Other factors which are likely to determine media choice include the relative cost of information exchange through verbal and written media and organisations’ communications strategy (Dennis et al., 2008; Otondo et al., 2008; Cano et al., 2005).

Media richness and media choice have been the subject of substantial research and scholarly debate (Kock, 2005; El-Shinnawy and Markus, 1997). For instance, critiques of media richness theory argue that the proliferation of electronic communication forms has diluted the currency of the media richness hypothesis; a hypothesis which was developed and tested by evaluating traditional communications methods which predate the internet and emergence of web-based communications (Kock, 2005; El-Shinnawy and Markus, 1997). Subsequent revisions of the theory (for example, Vickery et al., 2004) may have underestimated the richness of electronic communication forms, including e-mail, by concentrating solely on the written aspect of the media and comparing it with traditional print media which possesses low richness (Cho et al., 2009; El-Shinnawy and Markus, 1997). Further, a segment of research in the information systems discipline has questioned the capacity of the media richness framework to predict the effectiveness of complex multi-media communications strategies which are increasingly employed by organisations (Dennis et al., 2008; Otondo et al., 2008). While these perspectives are acknowledged, they are beyond the scope of this study which is restricted to the direct communications between accountants and SBOMs.

**METHODOLOGY**

The principal objectives of this study are to investigate the accounting communications preferences of SBOMs and the impact of these preferences and SBOMs’ objectives on the communications approach accountants adopt in their advisory relationship with small business. These objectives were pursued through a mixed methodology employing both quantitative and qualitative approaches. The mixed methodology approach was specifically selected for the following fundamental reasons. In addition to ascertaining the nature and scope of SBOMs’ preferences and objectives, the study objectives required a drilling down into the potential motivations and rationales that underpin the communications relationship between accountants and SBOMs. It is through this mixed methodology that a deeper set of insights into this communications issue can be obtained. Analysis of questionnaire data and the interview responses of protagonists who play a significant role in the issues being researched have been evaluated as being complementary research methods (Fontana and Frey, 2005; Horton et al., 2004). Both methods have been used in studies which scrutinised the behaviour of managers and/or accountants (see, for example, Morris et al., 2006; Walker and Brown, 2004; Sands and McPhail, 2003). Through a mail questionnaire, evidence of the surveyed SBOMs’ communications preferences was obtained. The questionnaire findings informed the interviews which were subsequently conducted with a sample of accountants; an approach congruent with Greene et al.’s (1989) conceptual framework which proposes purposes for using mixed method research designs. A qualitative approach was warranted to obtain and probe the accountants’ subjective opinions of the drivers of SBOMs’ communications preferences and the influence the preferences and SBOMs’ objectives have on the communications approach the interviewees’ adopt (Horton et al., 2004). Further,
interviews permitted a diversity of divergent views to be heard (Teddlie and Tashakkori, 2003). Concurrence and contradictions between the interviewees’ views were noted with the intention of obtaining further insights into communications between the parties (Horton et al., 2004).

As discussed, the relevant literature maintains that the onus is on small business advisors to adapt their approach to suit the requirements of SBOMs (Dyer and Ross, 2007; Dalley and Hamilton, 2000). However, as interviewing the advisor is relatively uncommon in small business advisory research, “it is a conclusion that comes from talking to just one party in the relationship” Dyer and Ross (2007, p.132). Interviewing the advisor/accountant may illuminate the issues being studied from a complementary yet relatively under-researched perspective by engaging with the party which observes SBOMs’ objectives and communications preferences at close proximity.

**Questionnaire Sampling Frame and Method**
A two-stage sampling method was used to administer the questionnaire to SBOMs:
- Selection of CPA Australia member practices; and
- Selection of SBOM clients of these sampled CPA Australia member practices.

The first stage drew from CPA Australia’s South Australian membership database of 210 member practices which provide business advisory and compliance services to small businesses (CPA Australia, 2008). The CPA Australia organisation was chosen due to the prominent role of its members who practice as accountants in providing business advisory and compliance services to small business (CPA Australia, 2009). With regard to sampling conventions and previous comparable small business studies and the response rates they achieved, it was considered that a sample of approximately 200 questionnaires, inclusive of non-responses and unusable questionnaires, was necessary to obtain a sufficient number of usable responses to facilitate meaningful analysis (Walker and Brown, 2004; Jay and Schaper, 2003; Neuman, 2003; Taylor and Ng, 2001). Thus, a total of 14 practices were randomly selected from the membership database and invited to participate in the study by each distributing questionnaires to 15 SBOMs. The profile of the participating practices is summarised in Table I.

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For the second stage, each participating practice selected 15 SBOMs from their client database. Criteria guided the practices in selecting the small business clients [1]. While the researcher did not directly control the second sampling stage, participating practices were briefed on the criteria to be observed in selecting the clients. Thus, the researcher attempted to achieve a representative sample to whom the questionnaire was administered. The ABS (2001) definition of a small business as one that employs fewer than 20 full time equivalent employees was utilised. The definition is widely applied in small business research (Holmes and Gibson, 2001). Employee numbers has been found to be transferable across industries and sectors and it does not suffer from the valuation and measurement variances of other quantitative measures; for instance, asset bases and valuations (ABS, 2000). It is also a reasonable means of identifying the businesses that possess the inherent qualitative characteristics which are common to most small businesses. These characteristics include closely held
ownership and management (Holmes and Gibson, 2001; ABS, 2000). To enhance
data validity, completed questionnaires were returned directly to the researcher.

Subsequent to pretesting the instrument, 210 questionnaires were posted to SBOMs. Response rates to mail questionnaires administered to SBOMs are traditionally low (Jay and Schaper, 2003). Walker and Brown (2004) achieved an increased response rate by making telephone contact with SBOMs a survey was posted to in their study. In light of the high response rate achieved by this “courtesy contact” strategy (Walker and Brown, 2004, p.583), the practices agreed to a request to contact the SBOMs the questionnaire was distributed to inviting their participation in the study. As a result, 106 usable responses were returned, constituting a 51% response rate. The impact of non-response bias, which has been acknowledged in previous small business research (Taylor and Ng, 2001), was arguably reduced by the practices agreeing to a further request to contact non-responding SBOMs. This contact invariably resulted in more usable questionnaires being received.

Geographically, the evidence collected in the mail questionnaire was confined to South Australian CPA practitioners and small businesses. The researcher has strong linkages with the organisation’s South Australian branch, which indicated its interest in being involved in the project. The sample was also conditioned by the desire to conduct semi-structured interviews with local CPA practitioners to penetrate underlying rationales and themes which inform the accountant/SBOM communications interface. The distribution of small businesses across the Australian states aligns with the population distribution across the states (ABS, 2008). While this indicates that South Australia may be a representative geographic location, assurances that the sample is representative of the wider population of Australian accountant/small firm relationships may not be made.

**The Questionnaire**
The questionnaire consisted of sections which sought:
- respondents’ demographic details;
- contextual information about the frequency of and the reasons for communications between the surveyed SBOMs and their accountant; and
- respondent SBOMs’ preferred methods of communicating with their accountant.

Respondents were asked to rank their communications preferences using a five-point Likert scale with the anchors least preferred and most preferred. This number of categories provides meaningful results and is simple to understand, lessening the risk of respondent error (Neuman, 2003). The communications methods assessed in the preferences section of the questionnaire comprised four written and three verbal methods. The written methods were financial reports/statements, written management advisory reports/letters, e-mail messages and newsletters distributed by CPA practitioners to SBOMs. The verbal methods were face-to-face meetings at the SBOMs’ business premises, face-to-face meetings at the CPA practitioners’ offices and telephone discussions. While it was considered that this was likely to encompass the range of methods used by the parties, respondents were asked to identify other unforeseen methods. Respondents were also given the option of nominating if their accountant did not use a method of communication. Hence, the risk of non-response and respondents nominating a preference for a method their accountant did not utilise was reduced.
Semi-structured Interviews
Of the 14 CPA practitioners who participated in the study, interviews were conducted with the 10 practitioners who agreed to be interviewed. The semi-structured interview style was adopted. This style has been described as a manageable balance between fixed response interviews which restrict interviewee’s replies and potentially unwieldy open-ended interviews (Horton et al., 2004; Patton, 2002). A schedule comprising pertinent themes and questions was designed to guide each interview (Flick, 2002). The questions were pretested on accountants who provide business advisory services to the small business sector. The final version of the schedule incorporated the themes which are listed in Table II.

Interview Limitations
Advocates of interviews as a research technique concede that there is an inherent risk that interviewees will give answers they wish to be reported while these answers may not reflect their genuine beliefs, opinions or accurate accounts of their actions (Glesne, 2006; Fontana and Frey, 2005; Flick, 2002). Whereas this risk cannot be eliminated, it may be reduced by conducting the interviews at a venue where interviewees feel most comfortable and assuring interviewees that their confidentiality will be maintained (Horton et al., 2004). This occurred in this study. Interviews were conducted at the practitioners’ offices. Interviewees appeared to be candid in their responses as will be seen in the next section.

Status differences between the interview parties and their potentially deleterious effect on open communication between the interviewer and interviewee have also been examined in the qualitative research literature (Glesne, 2006; Fontana and Frey, 2005). A “sharedness of meanings” is indicative of a degree of mutual understanding about the subject matter that both the parties possess (Fontana and Frey, 2005, p.660). This fosters rapport between the parties and develops the interviewees’ trust. The researcher had previously worked as an accountant whose professional role had included providing business advisory services to SBOMs. This was communicated to the CPA practitioners before interviews commenced to assist in minimising status differences between the parties.
QUESTIONNAIRE RESULTS
The results of the questionnaire administered to SBOMs are now reported. To place the findings about SBOMs’ preferred methods of communicating with their accountant in context, respondents provided insights into the frequency of and reasons for communication between the parties and the communications methods accountants use. This section commences by discussing these contextual findings and communications patterns.

Communication Patterns
The number of times a year respondents communicated with their accountant and the communications methods utilised are shown in Table III.

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Documents and forms and e-mail were the most frequently used written communications methods while telephone discussions were the most common verbal communications method. More than one-third of respondents stated that telephone discussions occurred more than ten times a year. Meetings were most likely to take place at accountants’ offices.

Reasons for Communicating
Compliance, business advisory and non-business options were listed in the questionnaire [3]. The significant use of accountants’ expertise for compliance and advice on tax issues reflected the traditional accounting/business association (Table IV).

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SBOMs’ Preferred Communications Methods
Respondent SBOMs nominated their preferred methods of communicating with their accountant. The abovementioned three verbal and four written communications methods were included in the questionnaire. A five-point Likert scale, with the anchors least preferred and most preferred, was utilised. To reduce non-response, respondents were given the option of identifying if their accountant did not use a communications method. Respondents were also given the option of nominating unforeseen methods of communicating that were not included in the questionnaire. As no other methods were nominated it may be concluded that the methods listed in the questionnaire comprise the methods used in the communications interface between the surveyed SBOMs and their accountant.

Take in Table V here

An examination of the preference ratings in Table V suggested that meetings at their accountants’ offices and telephone discussions were respondents’ preferred communications methods. Weighted average (WA) and mean ratings regarding respondents’ communications preferences were calculated. Both measures were based on the least preferred method being allocated one point, ranging to the most preferred method being allocated five points. Thus, the weightings were consistent with the Likert scale used in the questionnaire. Where an SBOM nominated that a
method was not used, it was allocated zero in the WA calculation. In the mean ratings measure, not used responses were excluded from the calculation.

**Take in Table VI here**

The WA calculations in Table VI indicated that telephone discussions was the communications method most preferred by respondents. Newsletters was the least preferred method of communicating with their accountant. The two most preferred methods were both verbal methods. The mean ratings tended to confirm the WA results.

**INTERVIEW RESULTS**

The themes explored in the semi-structured interviews with CPA practitioners are listed in Table II. The views expressed by the interviewees informed these themes and are reported in this section.

**SBOMs’ Preferred Communications Methods**

Interviewees identified face-to-face meetings, telephone discussions and e-mail as SBOMs’ preferred methods of communicating with their accountant. The interviewees described how meetings facilitated the use of reinforcing techniques to explain the issues accountants discussed:

> I encourage them to come here to my office and discuss issues…we can look at charts, diagrams and graphs and they understand if somebody explains it to them in layperson’s terms. So that’s why they want verbal communication.

The majority of interviewees agreed that communicating verbally was most likely to reduce the use of technical language and jargon by accountants. Interviewees considered that this increased the appeal of verbal communications to SBOMs. A practitioner provided this analogy:

> An example would be meeting with your doctor. It’s much easier to understand what your doctor is saying to you about what your illness is and the prognosis is face-to-face than getting a letter that’s written in their jargon. I see us as being similar…we’re professionals trying to impart what a set of financial statements and tax returns mean. It’s much easier to do that verbally.

An interviewee believed that SBOMs’ preference for face-to-face meetings was in fact motivated by their perception that the occurrence of the meeting indicated that their accountant valued their business:

> I feel as though they appreciate my empathy for what they’re talking about, the interest that you have taken in the issue.

**Direct Contact Preferences**

The interviewees were in general agreements that SBOMs’ preference for communicating verbally with their accountant was indicative of their preference for direct one-on-one contact. An interviewee felt that “(SBOMs) want to communicate fast”. In this regard, telephone discussions offer direct contact, while enabling an immediate response to questions. A number of practitioners also drew attention to the accessibility of telephone communication; that is, SBOMs perceived their accountant
was accessible to assist them. Nonetheless, practitioners felt that the immediacy and accessibility of the method also diminished its effectiveness. An interviewee argued:

Someone will ring up with a question and they expect you to answer the phone and answer the question when I have got three things already on my desk... Also, their full level of concentration is not there because they are at work. Because they have got exactly the same distractions that I have got in that situation.

Another practitioner reflected a commonly held opinion amongst the interviewees that telephone discussions lacked the visible interactive nature of face-to-face discussions: “You need to be able to look at people, to understand them and to develop the conversation”. Utilising these visible cues and adjusting strategies to achieve and maintain SBOMs’ interest during face-to-face meetings was a common theme amongst the interviewees. Examples of these strategies included:

- monitoring SBOMs’ body language for symptoms of confusion, distractions and/or disinterest: “…you will step through a process really clearly, just watch their eyes…”;
- using the aforementioned reinforcing techniques to facilitate interest and understanding; and
- pausing during meetings and asking SBOMs is they required clarification and further explanation.

Each interviewee nominated e-mail as SBOMs’ preferred written method of communicating with their accountant. Interviewees noted that e-mail possesses aspects of the direct form of contact SBOMs appear to favour. For instance, it permits a quick response to questions and owner-managers perceived their accountant was accessible to assist them.

The Changing Written Communications Landscape

Advisory reports and letters were cited as written communications methods which SBOMs generally preferred less than e-mail. The interviewees observed that neither method allowed SBOMs to seek the immediate clarification which occurred during face-to-face meetings, telephone discussions and, to a lesser extent, through e-mail. In an attempt to enhance the actual and perceived worth of their reports and letters, interviewees emphasised that they were aware of the importance of communicating technical accounting, tax and business advisory issues in a manner the reader could comprehend. This awareness manifested in limited use of accounting terminology: “That’s quite deliberate; speak as much English as we can” and in practitioners altering the format and length of the documents they authored: “layout is important...so no long paragraphs, just key issues”. An interviewee explained their philosophy:

I tend to use a lot of bullet point, headings and prompts and abbreviations...bang, bang, bang, with an introductory paragraph that sets out the facts and then a quick conclusion.

Also, a significant minority of the practitioners had trialled using graphs to represent SBOMs’ financial statement key performance indicators in diagrammatic format. The practitioners reported that client reaction had been positive. Nevertheless, the interviewees believed that small business managers’ perceptible preference for communicating verbally limited the impact of their attempts to improve the
accessibility of accounting documents. A practitioner described reports and letters as a “comfort” to SBOMs when they were sent subsequent to a telephone or face-to-face discussion with their accountant. The practitioner suggested that written forms of communication were optimally utilised as a confirmatory device when used in concert with verbal communications. One interviewee reflected a view commonly held by the practitioners:

If you send them a letter, no matter how well crafted it is, our clients would generally pick up the phone and ring you and say “what does this mean? What’s this about?”

The Communication Effectiveness of CPA Practitioners’ Newsletters
An interviewee contended that newsletters were a trend which was driven by competition within the accounting profession. They recalled:

Going back three or four years ago, everybody seemed to be doing it…so it was more like keeping up with the Joneses.

The interviewee’s present attitude towards newsletters was “…a waste of postage, a waste of paper, a waste of everything”. They believed newsletters were an effective method of communicating with small business when the subject matter was specific, in order to capture SBOMs’ attention, and of sufficient consequence to warrant the preparation and distribution of the newsletter. The interviewee recollected the introduction of the Goods and Services Tax in Australia in 2000 as an exemplar:

That was one that we did, we did the newsletter, we did an article to everybody, we did seminars, we did all those things. But once again what was the most beneficial? Face-to-face seminars. Small groups targeted.

Another practitioner emphasised that the generic content of newsletters signified that they were designed to communicate broad issues to SBOMs. They categorised their newsletters as “trigger points…which might resonate with a particular individual”. In this respect, the newsletters were intended to be a marketing vehicle which may elicit a reaction from small business clients. Another practitioner wished to stress that marketing their practice by conveying general information to clients in newsletters should not be misconstrued as an attempt to educate SBOMs:

We don’t have grand illusions with sending out our newsletter. It’s just about general awareness…they are emotional triggers, not technical tax information.

The majority of interviewees conceded that the generic nature of accountants’ newsletters increased the risk of them being disregarded by SBOMs. This was irrespective of the imaginative use of graphics, photographs, diagrams and colour in the documents’ design in an attempt to capture readers’ attention:

If they get a letter that’s specific to them they don’t want to read the preamble. They just want to know what it specifically means to them. So to get a newsletter, how many pages to go through and see which one is specific to them, they just aren’t going to do it.
**SBOMs’ Objectives Impact on Communications**

Most interviewees detected that an increasing number of SBOMs wish to achieve a balance between business and personal objectives. A practitioner observed “it’s not all about maximising every last cent and wringing every last bit of profit out of what they do”. This suggested that accounting communications, based solely on profit maximisation, may be of limited utility to this cohort of owner-managers. An interviewee described how a communications approach which encompassed achieving both objective sets was increasingly necessary:

> When we can demonstrate a tie between the two and you can help facilitate making their personal lives easier by improving the business, their interest perks up. As soon as someone is interested in something, their ability to retain information and their willingness to try and understand increases.

Interviewees expressed divergent opinions about communicating with SBOMs who aim to achieve both business and personal objectives. Some embraced it as a gratifying element of their practice:

> Business advice is getting your structures and systems in place so you can actually have a lifestyle outside your business and also enjoy your business. I don’t think it’s a challenge. That is what I want to do more of.

Others suspected that it took accountants beyond the relative security of their accounting and tax knowledge bases. An interviewee believed that this posed dilemmas for accountants:

> You have got to be able to draw the line on where you need to seek independent advice in relation to it…communicating and dealing with clients on non-financial issues is more of a strain and a burden on me as an accountant.

The interviewees believed that SBOMs’ objectives had a considerable influence on their approach to management, interest in accounting information and communications interface with their accountant. There was general agreement amongst the practitioners that SBOMs who were primarily motivated by achieving personal objectives have generally low levels of interest in using accounting information for business planning or performance evaluation. The majority of interviewees maintained “you can’t change them into a driven person who wants to make money and grow their business”. Consequently, several practitioners had adopted a similarly conservative approach to their communications with this group of SBOMs:

> Let’s just do compliance and make sure they are doing those things right… that’s where they see themselves… so we just leave it at that.

However, some interviewees expressed frustration in relation to “dealing with people that have a mindset that is at loggerheads with an economic rationale that we (accountants) live off”. A practitioner speculated as to whether accountants should document all instances of when an SBOM chose to disregard the advice they were given “…because I am not going to be held to ransom later to say that you didn’t take my advice”.

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As a result of their low level interest in accounting, this cohort of SBOMs was likely to restrict communications with their accountant to brief annual meetings where compliance matters were settled. They were also inclined to attempt to relinquish some control over the financial aspects of their business. A practitioner described a common reaction:

You can hop on the phone and say to them I have got an issue that I need to discuss with you regarding your financial affairs… the first question they are going to ask is “You’re the accountant, can’t you deal with it?”

The practitioners observed a substantial difference in the communications preferences of growth-oriented owner-managers with comparatively high levels of interest in and understanding of accounting and a strategic approach to management. A recurring theme was that this group of SBOMs pursued a decision making process which entailed initiating regular contact with their accountant, probing their accountants’ advice and seeking additional advice from other advisors and colleagues with similar managerial philosophies. An interviewee noted “that’s a much better outcome…it’s like you are part of an advisory board”. The interviewees nominated face-to-face meetings as this cohort of SBOMs’ preferred method of communicating with their accountant. This practitioner provided some insight into this preference:

We go through their financials and explain how they work. We also usually cover things like their current structure…how things might want to be changed over the coming years. So it’s a forum for them to ask questions based on what we are reflecting about their business.

DISCUSSION OF FINDINGS

Frequency of and Reasons for Communications
The results indicate that telephone discussions, e-mail and documents and forms are the most frequently used methods of communication between the respondent SBOMs and their accountant (Table III). Newsletters are the least frequently used communications method. The finding that compliance and advice on tax issues are the main reasons for the parties to communicate tends to support previous research which has determined that the cost of compliance is a considerable issue to small business (Dyt and Halabi, 2007; Chittenden et al., 2003; Dyt, 2003).

SBOMs’ Preferences
The respondent SBOMs’ prefer to communicate verbally with their accountant (Table VI). Media richness theory contends that verbal media are inherently richer media, with a superior capability to transmit the potentially ambiguous messages present in the accounting and tax information which accountants communicate to small business (Daft and Lengel, 1986; 1984). The interviewed practitioners drew attention to face-to-face meetings facilitating the use of reinforcing techniques, including white board demonstrations, to simultaneously illustrate their verbal explanations to SBOMs. This is an example of rich media’s capacity to utilise natural and visual language to “change understanding in a timely manner” (Daft and Lengel, 1986; p.560). Themes emerged during the interviews which indicate that face-to-face meetings also provide accountants which a valuable source of information through observing SBOMs’ non-verbal cues (Peterson and Stratemeyer, 2004). The practitioners described monitoring SBOMs’ facial expressions and body language to ascertain their level of interest and
understanding and modifying the discussion accordingly. Media richness theory posits that these non-verbal cues contribute to a medium’s richness by allowing the message sender to use the cues as prompts to “regulate, modify and control the information exchange” (Daft et al., 1987, p.359). Daft and Lengel (1984) contend that telephone discussions’ inability to transmit non-verbal cues renders it a comparatively less rich medium. It is argued that the respondent SBOMs’ preference for telephone discussions with their accountant is a result of the method’s convenience and relatively low cost, factors media richness theory does not contemplate.

The findings suggest that written communications, the bulwark of accounting communications, are the respondent SBOMs’ least preferred method of communicating with their accountant. While newsletters have emerged as a leading marketing technique used by CPA practitioners in North America (Heischmidt et al., 2002), their low preference rating implies that small business may be averse to receiving them. This may call into question the utility of accountants investing in newsletters as a marketing strategy. It is contended that newsletters’ low preference rating may be a consequence of the medium’s impersonal focus, a focus which tends to conflict with SBOMs’ characteristic disregard of advisors’ information which is not directly applicable to their business (Dalley and Hamilton, 2000). Media richness theory demonstrates how media with an impersonal focus does not permit a message to be “tailored to the needs and current situation of the receiver” (Daft et al., 1987, p.358). The interviewees tended to support this contention, conceding that the generic content of accountants’ newsletters increases the risk of SBOMs disregarding the documents.

SBOMs’ Preference for Direct Contact
Themes emerged during the interviews which illuminate the underlying causes of SBOMs’ preference for communicating verbally with their accountant. Interviewees consider that the preference is indicative of owner-managers’ preference for direct one-on-one contact with their advisors. The practitioners identified aspects of this form of contact which appeal to SBOMs. First, SBOMs are attracted by its capacity to provide quick responses and instantaneous clarification. Media richness theory contends that a feature of verbal media’s richness is its capacity to provide immediate feedback. This makes it potentially more effective than written media (Vickery et al., 2004; Kahai and Cooper, 2003; Daft and Lengel, 1986). Second, direct forms of contact tend to reinforce SBOMs’ perception that their accountant is accessible to assist them. This is a plausible explanation for the respondents’ preference for telephone discussions with their accountant. Third, direct contact reinforces SBOMs’ perception that their accountant empathises with them about the issues which are being discussed. Empathy is a significant driver of small business managers’ advisor selection process (Berry, 2006; Jay and Schaper, 2003; Mole, 2002). Verbal communications facilitate the discussions which develop the empathetic relationships that SBOMs appear to seek. An aspect of this may be SBOMs’ perceiving that they need to reinforce the significance of the personal objectives that they aspire to achieve to their accountant.

SBOMs’ Written Communications Preferences
The questionnaire analysis indicates that financial statements are SBOMs’ preferred written communications method. This result arguably diverges from a fundamental
The premise of media richness theory; that is, “the richness of the medium should match the level of message ambiguity” (Daft et al., 1987, p.359). The generally low readability of financial statement narratives (Li, 2008; Courtis, 2004), generic and technical nature of the language used to construct them (Sun, 2007) and SBOMs’ generally lesser knowledge of accounting discourse (Dyt and Halabi, 2007) suggest that the messages being communicated are potentially ambiguous to SBOMs. Richer written media include e-mail (Cho et al., 2009; Vickery et al., 2004) and reports and letters which accountants can tailor to personally address SBOMs’ circumstances (Daft and Lengel, 1984). The interview findings offer insights into the respondent SBOMs’ preference for financial statements, a less rich medium. Practitioners who trialled using graphs to summarise SBOMs’ financial statement key performance indicators reported that client reaction has been positive. The capacity of graphs to communicate complex financial information to unsophisticated users in an understandable form has been well documented (Beattie and Jones, 2008; So and Smith, 2004). This finding may be an example of graphs allowing unsophisticated small business users to bypass the opaque language of financial statements and digest information in a visual form that is easier to process and understand.

The Impact of SBOMs’ Objectives and Preferences on Accountants’ Communications Approach

The interviewees believe that SBOMs’ objectives have a substantial influence on the communications approach they adopt with small business managers. The finding that an emerging group of SBOMs place increasing importance on achieving both business and personal objectives contributes to the literature which has previously identified this cohort of managers in small firms owned and operated by women and the HBB sector (Morris et al., 2006; Walker and Brown, 2004). Irrespective of their different opinions on the scope of matters about which accountants should advise small business, the interviewees acknowledge that the emergence of this cohort has implications for accountants’ communications approach. Previous small business management research has tended to regard the two objective sets as being mutually exclusive (Greenbank, 2001; Stanworth and Curran, 1986). However, the findings suggest that accounting communications which demonstrate a connection between business and personal objectives facilitates SBOMs’ willingness to understand and utilise accounting information. The interviewees contend that this connection is best illustrated during face-to-face meetings, a rich media which may “overcome different frames of reference” between the message sender and receiver (Daft and Lengel, 1986, p.560). The different perspectives that Daft and Lengel (1986) contemplated are apparent in the contrasting idiosyncratic culture and characteristics of small business and accountants’ structured and formal view of business advice (Dyer and Ross, 2007; Gooderham et al., 2004).

The interviewees report that growth-oriented SBOMs’ who are primarily motivated by achieving economic objectives are likely to exhibit a high level of interest in using accounting information. This cohort of SBOMs regularly initiates contact with their accountant, seeks and probes their advice and considers the counsel of likeminded business colleagues and other advisors. The interviewees contend that the discussions which occur during this process are likely to further increase the SBOMs’ familiarity and experience with accounting information. The resultant development of these attributes enhances the SBOMs’ “accounting sophistication” (Smith and Taffler, 1992, p.85), understanding of and interest in using accounting information for
business planning and performance evaluation. The interviewees nominated face-to-face meetings as the optimal media to facilitate the business advisory communications approach they adopt with this cohort of SBOMs.

This may be contrasted with the practitioners’ communications approach with SBOMs who are primarily motivated by achieving personal non-economic objectives. The interviewees concurred that this cohort of SBOMs tends to measure its success according to achieving objectives which are not financially oriented (Walker and Brown, 2004; Greenbank, 2001). Hence, the SBOMs exhibit a low level of interest in accounting information. When communicating with this cohort, the majority of interviewees adopt a correspondingly minimalist approach and concentrate on compliance. Communications may be restricted to a brief annual meeting where compliance matters are settled. The cohort’s propensity to attempt to delegate financial decision making to their accountant further restricts communications between the parties. A significant minority of interviewees also expressed frustration about communicating with SBOMs who have minimal interest in achieving business goals and a concomitant low level of interest in accounting information.

Themes emerged during the interviews which indicate that the practitioners attempt to adopt communications approaches which satisfy the communication needs of SBOMs. This is most apparent in the practitioners’ awareness of the importance of communicating information in a manner SBOMs can comprehend. This manifests in the interviewees altering the format, style and length of the documents they author and avoiding using technical accounting terms. Notwithstanding the merit of this strategy, the majority of interviewees concede that their documents are consigned to being used as a supplementary device to reinforce and confirm issues discussed in face-to-face or telephone discussions with a significant number of SBOMs. The evidence reported in this study suggests that potentially ambiguous compliance, tax and decision support advice are the main reasons for communications between the respondent SBOMs and their accountant (Table IV). Media richness theory posits that comparatively richer verbal media is more likely to reduce ambiguity and achieve a shared understanding between the parties to the communications process (Daft and Lengel, 1986; 1984). Thus, the theory contends that the practitioners’ attempts to enhance the comprehensibility of their documents may have a limited impact on SBOMs’ communications preferences unless the documents convey reasonably straightforward information. To compensate for the limited utility of their written communications, the interview findings suggest that accountants are attempting to enhance the benefits SBOMs derive from face-to-face meetings. In an example of the message sender using the multiple visual and audio cues which rich verbal media facilitates to convey messages (Daft and Lengel, 1984), the practitioners employ the abovementioned reinforcing and adjusting techniques to explain issues and engage SBOMs.

**CONCLUSION**

The purpose of this paper was to explore the impact of SBOMs’ communications preferences and objectives on the communications aspect of accountants’ advisory relationship with small business. Through exploring these issues, the paper aimed to contribute to understanding of accounting’s capacity to satisfy the communication needs of its users. The respondent SBOMs’ preference for communicating verbally with their accountant is maintained despite the interviewed practitioners attempts to
increase the appeal and utility of the documents they author. Indeed the interview findings indicate that accountants’ documents are merely a confirmatory device in a communications interface dominated by SBOMs’ preference for verbal communications methods. Daft and Lengel’s (1984) media richness theory informed the study’s findings and helps to explain owner-managers’ preference for rich verbal media. For instance, verbal media facilitates SBOMs seeking instantaneous feedback to validate understanding and correct their misconceptions in a timely manner. The preference may also be symptomatic of the appeal of direct forms of one-on-one contact which provide quick responses to SBOMs’ questions and appear to reinforce their perception that their accountant empathises with them and is accessible to assist them. In contrast, newsletters are the respondent SBOMs’ least preferred method of communicating with their accountant. The evidence reported above suggests that practitioners’ newsletters are an ineffective method of communicating with small business; a user which is likely to disregard generic information and which necessitates accountants employing the personal focus in their communications which rich media permits.

Small business manager’s communications preferences and objectives are likely to have a considerable bearing on the communications approach accountants adopt. The emerging cohort of SBOMs who place increasing emphasis on achieving a balance of business and personal objectives presents accounting with a bridge between:

- SBOMs who are primarily motivated by personal objectives and have a concomitant low interest in accounting; and
- SBOMs with predominantly economic goals and a comparatively high understanding of and interest in accounting information.

To be effective, the profession’s communications with this cohort are likely to need to integrate both objective sets and demonstrate connections between accounting information and achieving personal objectives. This may challenge accountants who are more at ease providing compliance and financial services in written form.

Geographically, data collected for the study was confined to South Australian CPA practitioners and small businesses. Hence, the sample selection may not be representative of the wider population of accountant/small business relationships in Australia. Due to the limited nature of the interviewee sample, no claim is made that the interviewees are, in a statistical sense, representative of Australian accountants as a whole. Non-employing businesses and small businesses which had operated for less than one year were under-represented in the sample which completed the questionnaire. Similar variances have been encountered in the samples of other recent studies of the Australian small business sector which administered mail questionnaires to SBOMs [4], [5]. Other demographic groups, in relation to business size with regard to number of employees and business age, were well represented in the sample.

This study’s findings indicate that accountants are adapting to satisfy the communication needs of the economically significant small business sector. The evidence reported above indicates that verbal communication skills are fundamental to accountants’ association with small business. Thus, the findings provide substantial justification for the accounting profession’s and accounting educators’ increased emphasis on accountants’ verbal communication skills. Ongoing research may further examine the effect of this pedagogical emphasis. Additional studies might productively monitor the emerging group of SBOMs who aspire to achieve a
balance between business and personal objectives and their use of accounting information. A limitation in recent research on the Australian small business sector has been an under-representation of SBOMs who have operated their business for less than one year, relative to the Australian small business population (ABS, 2008; Dyt and Halabi, 2007; Walker and Brown, 2004). Future research which focuses on the requirements, perspectives and preferences of this cohort of fledgling owner-managers would arguably provide further understanding of the accountant/small business communications interface.
Notes
1. The criteria regarding the selection of SBOM clients were:
   - The SBOM must be the person who is the point of direct contact for most of
     the written communications from the CPA practitioner.
   - The SBOM’s business must have actively engaged the accounting, taxation
     and/or business advisory services of the CPA practitioner during the past year.
   - The SBOM’s business must meet the ABS definition of a small business
     (ABS, 2001). While it was likely that CPA practitioners possessed a sound
     knowledge of their client’s employee numbers, a question that determined the
     surveyed SBOM’s employee numbers was included in the questionnaire as a
     confirmatory device.
   - Selection needed to have regard to involving SBOMs who had owned and
     managed their businesses for varying periods of time.
   - Selection needed to aim to include a range of business forms in the sample.
     For example, businesses which are home-based (HBBs) and micro businesses
     which employ fewer than five employees are prevalent in the Australian small
     business sector (ABS, 2002).

2. The probe techniques included the use of silence, seeking further explanation of
   interviewees’ responses and requesting examples from interviewees to further clarify
   the issues being explored.

3. Compliance encompassed the preparation of tax returns and financial statements
   and any accompanying documents, such as minutes for a Proprietary Limited
   Company. Decision support included advice on budgets, cash flows and the
   management of cash, business planning and the preparation of accounting reports and
   information for performance evaluation purposes.

4. For example, Dyt and Halabi (2007) and Walker and Brown (2004). Non-
   employing businesses are less likely to need to consult with an accountant (Australian
   size and the levels of external advice sought by the business proprietor. Thus, it is
   arguable that the under-representation of this category of owner-managers will have a
   negligible impact on this study, being an investigation of the communications aspects
   of the accountant/SBOM association.

5. Businesses which have operated for less than one year are likely to have not
   established an association with an accountant. Previous research has found that small
   business survival and business duration and management of the critical accounting
   function are associated (Peacock, 2004; McMahon, 2001; Reynolds et al., 1994; Williams,
   1987). It is likely that a number of fledgling business operators are inexperienced managers of accounting. The under-representation of this demographic
   may influence the findings reported in this section of the study, where data was
   obtained from the questionnaire.
BIBLIOGRAPHY


CPA Australia. e-mail correspondence on 23 October 2008 with Business Development Executive Ms Jodie Murphy regarding the number of member practices in South Australia.


Office of the Federal Minister for Small Business. Correspondence on 17 March 2009 with the Hon Dr Craig Emerson MP.


Table I. CPA Australia participating member practices

<table>
<thead>
<tr>
<th>Location</th>
<th>Adelaide metropolitan</th>
<th>Regional South Australia</th>
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<tbody>
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<td></td>
<td>13</td>
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</tr>
<tr>
<td>1 – 5</td>
<td>5</td>
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<tr>
<td>6 – 20</td>
<td>Greater than 20</td>
<td></td>
</tr>
<tr>
<td>Practice size (employees) *</td>
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</tr>
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* Practice size included accounting and administrative staff

Table II. Semi-structured interview themes

The CPA practitioners’ observations in relation to SBOMs’ preferred methods of communicating with them.

The CPA practitioners’ observations about SBOMs’ use of and preference for receiving information through accountants’ newsletters.

What impact SBOMs’ objectives have on SBOMs’ preferred methods of communicating with their accountant. For instance, is a tailored communications approach necessary for SBOMs who aspire to achieve personal rather than business objectives?

Table III. Frequency of CPA practitioner/SBOM communications

<table>
<thead>
<tr>
<th>Method</th>
<th>Incidence of communication per annum (% of respondents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Written communication</td>
<td>Nil          1          2 - 5       6 - 10       More than 10</td>
</tr>
<tr>
<td>e-mail messages</td>
<td>25.5         5.7         29.2        12.3         27.4</td>
</tr>
<tr>
<td>Documents and forms</td>
<td>0.0          15.1        52.8        19.8         12.3</td>
</tr>
<tr>
<td>Newsletters</td>
<td>40.6         17.9        29.2        6.6          5.7</td>
</tr>
<tr>
<td>Verbal communication</td>
<td>Nil          1          2 - 5       6 - 10       More than 10</td>
</tr>
<tr>
<td>Telephone discussions</td>
<td>2.8          1.9         40.6        18.9         35.8</td>
</tr>
<tr>
<td>Meetings at accountants’ office</td>
<td>14.2         20.8        50.9        9.4          4.7</td>
</tr>
<tr>
<td>Meetings at SBOMs’ business premises</td>
<td>48.1       18.9        20.8        4.7          7.5</td>
</tr>
</tbody>
</table>
**Table IV.** Reasons for CPA practitioner/SBOM communications

<table>
<thead>
<tr>
<th>Reason</th>
<th>Sample (n)</th>
<th>Sample (%)</th>
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<tbody>
<tr>
<td>Compliance</td>
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<td>40.3</td>
</tr>
<tr>
<td>Advice on tax issues</td>
<td>72</td>
<td>27.4</td>
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<tr>
<td>Decision support</td>
<td>54</td>
<td>20.5</td>
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<tr>
<td>IT related advice</td>
<td>14</td>
<td>5.3</td>
</tr>
<tr>
<td>Non-business (e.g. social reasons)</td>
<td>17</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>263</strong></td>
<td><strong>100.0</strong></td>
</tr>
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**Table V.** SBOMs’ preferred communications methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Preference rating (% of respondents)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Least</td>
</tr>
<tr>
<td>Financial reports/statements</td>
<td>3.8</td>
</tr>
<tr>
<td>Written management advisory reports/letters</td>
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</tr>
<tr>
<td>e-mail messages</td>
<td>8.5</td>
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<tr>
<td>Meetings at SBOMs’ business premises</td>
<td>8.5</td>
</tr>
<tr>
<td>Meetings at accountants’ office</td>
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<tr>
<td>Telephone discussions</td>
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<tr>
<td>Newsletters</td>
<td>25.5</td>
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**Table VI.** SBOMs’ preferred communications methods – weighted average and mean ratings

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<th>Method</th>
<th>WA</th>
<th>Mean</th>
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<tr>
<td>Telephone discussions</td>
<td>437.0</td>
<td>4.16</td>
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<td>Meetings at accountants’ office</td>
<td>388.0</td>
<td>4.04</td>
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<td>Financial reports/statements</td>
<td>375.0</td>
<td>3.91</td>
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<tr>
<td>e-mail messages</td>
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<tr>
<td>Meetings at SBOMs’ business premises</td>
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<tr>
<td>Written management advisory reports/letters</td>
<td>264.0</td>
<td>3.47</td>
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<td>Newsletters</td>
<td>193.0</td>
<td>2.30</td>
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