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The accountants' perspective on sustainable business practices in SMEs

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Abstract

Purpose – *This paper aims to explore the accountants' perspective towards their role and function as business advisors in assisting with the adoption of sustainable business practices (SBPs) in small and medium enterprises (SMEs).*

Design/methodology/approach – *A questionnaire-based study was conducted on members from one of Australia's leading professional accounting organizations.*

Findings – *Key findings from this research highlighted deficiencies in the effectiveness of the accounting profession in assisting SMEs in implementing SBPs despite a desire from clients for accountants to provide this advice and a belief that accountants are best placed to do so. Further, an expectations gap is evident between the level of involvement accountants believe they should be having in assisting SMEs and the level of involvement that is currently occurring.*

Research limitations/implications – *This finding has implications for the accounting profession, with accountants needing to examine their current business approaches in an effort to close this gap. If this does not occur, SMEs will most likely seek this much-needed advice and support from outside the profession.*

Originality/value – *Little attention has been given to the accountant's role in respect of sustainability from an accountant's perspective. The findings contribute to understanding the accountant's importance in advancing their involvement in assisting SMEs in the uptake of SBPs.*

Keywords *SME, Environmental, Accountant, Sustainable business practices*

Paper type *Research paper*

Introduction

Small and medium enterprises (SMEs) are an integral component of economies, representing approximately 99 per cent of businesses in the UK (Revell and Blackburn, 2007) and 99.7 per cent of businesses in Australia (DIISR, 2011). They are a major source of job creation and bring both innovation and competition to the market (Simpson *et al.*, 2004); with it being estimated that SMEs account for 70 per cent of the Australian workforce. While SMEs have relatively minor importance individually, collectively they undoubtedly have a significant impact on the environment (Revell and Blackburn, 2007). The need for SME businesses to actively drive the uptake of sustainable management practices is advocated as a realistic starting point to create the change necessary in an effort towards a sustainable future (Stewart and Gapp, 2012). However, the typical SME is often cash-poor (i.e. both in terms of time and money) and frequently lacks the management will and/or capability to engage with issues that are beyond the core business of the firm (Gonzalez-Benito and Gonzalez-Benito, 2005; Cassells and Lewis, 2011).

Consequently, many SMEs regard environmental sustainability to be peripheral to their business practices (Rutherford *et al.*, 2000). As such, they are often found to have limited ability and willingness to engage with pro-environmental issues (Hamann *et al.*, 2009; Spence, 2007; Biondi *et al.*, 2000; Gerrans and Hutchinson, 2000; Hillary, 1995 and 2000; Williams and Schaefer, 2013). Nevertheless, recent studies have highlighted that a growing

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number of small businesses are starting to engage in some environmental activities (Brammer *et al.*, 2012; Cassells and Lewis, 2011; Revell *et al.*, 2010; Lawrence *et al.*, 2006; Williams and Schaefer, 2013; Grayson and Dodd, 2007). However, SMEs do not necessarily have the funds to employ environmental sustainability managers, often do not fully understand environmental sustainability and are still in the early stages of planning for sustainability (AIM, 2008).

External service providers provide valuable support to SMEs in providing business support and advice in areas where SMEs lack the necessary resources (e.g. knowledge, skills or expertise and competence) (McIvor, 2009). External business advice is becoming increasingly important to SMEs (Bennett and Robson, 2004; Blackburn *et al.*, 2014) and by seeking one of the leading sources of external business advice, the accountant, on this topic, it may help to contribute a better understanding of their role and function as business advisors in assisting SMEs to engage in sustainable business practices (SBPs). With accountants having expertise in a range of areas (e.g. taxation, financial management/budgeting, succession planning, human resource management, salary administration and strategic management), studies have highlighted the valuable role that they can play as external sources of advice for SMEs (Devi and Samujh, 2012; IFA, 2010; Jay and Schaper, 2003; Berry *et al.*, 2006; Bennett and Robson, 1999; Carey *et al.*, 2005; Blackburn *et al.*, 2010). With the increased focus on the environment within SMEs, this provides the accountancy profession an opportunity to diversify their business service offerings into sustainability.

There are positive signs of greater engagement with sustainability issues within SMEs, but academic research is largely still focused on the larger corporate, with research in the area of SME sustainability being fragmented, underdeveloped and limited (Fenwick, 2007). Whilst business practices and structures are very different in SMEs in comparison to large corporate entities, collectively SMEs potentially have a greater negative impact on the environment and, thus, cannot be ignored.

This paper provides an opportunity to explore different ways SBPs in SMEs have been adopted and, in doing so, seeks to gain an understanding from the perspective of the external professional, specifically the accountant. In addition, Parker *et al.* (2009) highlight that SME research has tended to focus on what has occurred, rather than on hypothesizing what strategies might be developed in the future to reverse the trend of poor SME engagement with environmental management. This paper also proposes strategies to help broaden the accounting profession's role in this area.

This paper is divided into four sections. The first section focuses on a review of the literature on the sustainability practices of SMEs, with particular focus on environmental practices, followed by a discussion on the role of the accountant in SMEs. The research methodology used for this project is then presented, followed by the findings of the study. Finally, we provide our conclusions discussing implications for the accounting profession.

Environmental SBPs in SMEs

In an effort to understand what motivates owner-managers of SMEs to engage in environmental practices, the literature has identified a number of drivers including legislative compliance motivations (Patton and Worthington, 2003; Lawrence and Morrell, 1995; Parker *et al.*, 2009), with SMEs generally preferring legislation to voluntary approaches. Other drivers focus on stakeholder pressure from customers, local communities and environmental interest groups (Lawrence and Morrell, 1995; Williams and Schaefer, 2013); financial opportunities through cost reductions and savings (Battisti and Perry, 2011; Studer *et al.*, 2006; Gonzalez-Benito and Gonzalez-Benito, 2005); and personal motives focusing on the values and attitudes of the owner-manager (Ervin *et al.*, 2013; Cassells and Lewis, 2011; Gonzalez-Benito and Gonzalez-Benito, 2005; Quazi, 2003; Fuller and Tian, 2006). For example, as Petts *et al.* (1998) noted in their case study focusing

on British SMEs with a pro-active environmental attitude, the key to the performance of these companies was a senior individual who was seen as a champion of environmental policy and its implementation.

Environmental business practices that appear to be more commonly adopted by SMEs are those that produce a cost reduction effect, as well as having a positive change in environmental benefits (Ilomaki and Melanen, 2001). However, as argued by Williamson *et al.* (2006), it is the cost reduction element that tends to be motivating the change, with the environmental benefit simply as the by-product. This implies that if there was no cost reduction benefit attached, the environmental dimension of a proposed change in itself would not have been enough to stimulate a change in business practice (Cassells and Lewis, 2011). Conversely, Grayson and Dodd (2007) identified other business benefits that may be driving SBPs, including the recruitment and retaining of staff, and customer loyalty.

Previous literature points to a range of factors, including time, finances, lack of skills and knowledge, as common constraints to increased environmental activity in SMEs (Studer *et al.*, 2006; Gerstenfeld and Roberts, 2000; Hitchens *et al.*, 2003; Pimenova and van der Vorst, 2004; Ammenberg and Hjelm, 2003; Simpson *et al.*, 2004; Tilley, 1999) alongside competing priorities (Grayson and Dodd, 2007). Even where SME managers are aware of environmental management principles, they are often convinced that it is too costly and it cannot offer them any benefits (Gerstenfeld and Roberts, 2000; Simpson *et al.*, 2004; Studer *et al.*, 2006; Revell and Rutherford, 2003). Furthermore, where environmental management practices are implemented, the small size of SMEs can limit possible cost savings (Fineman, 2000) and other direct benefits (Drake *et al.*, 2004; Baylis *et al.*, 1998), with further engagement hampered by restricted access to relevant information and the SMEs' lack of expertise to plan and implement environmental initiatives (Studer *et al.*, 2006; Gonzalez-Benito and Gonzalez-Benito, 2005). The lack of resources, whether it be finances, lack of skills or knowledge, then translates into an unwillingness and/or inability to commit to environmental improvements in any systematic and ongoing fashion, if at all (Cassells and Lewis, 2011).

However, as was pointed out by Hitchens *et al.* (2003), even where appropriate external advice is readily available to assist SMEs, they often fail to take up this advice, as they are notoriously difficult to engage and influence (Rowe and Hollingsworth, 1996; Studer *et al.*, 2006). Other barriers discussed in the literature include lack of legislative requirements (Hillary, 2004; Petts *et al.*, 1999; Rowe and Hollingsworth, 1996; Rutherford *et al.*, 2000) and the perception that as individual businesses, SMEs have little individual impact on the environment (Brouwers, 2010; Ammenberg and Hjelm, 2003; Hillary, 1995; Simpson *et al.*, 2004; Lawrence *et al.*, 2006; Revell and Blackburn, 2007). The role of the accountant as an external adviser to SMEs is now discussed.

The accountant's role in SMEs

Previous studies have highlighted the extensive use of external accounting services by SMEs (Bennett and Robson, 1999; Carey *et al.*, 2005; Doving and Gooderham, 2008; Gooderham *et al.*, 2004; Carey and Tanewski, 2009; Blackburn *et al.*, 2010), with a number of studies indicating that accountants are the most frequently used source of external advice, ahead of banks, solicitors and government providers (IFA, 2010; Jay and Schaper, 2003; Berry *et al.*, 2006; Bennett and Robson, 1999; Carey *et al.*, 2005; Blackburn *et al.*, 2010).

In a recent review of the literature, Devi and Samujh (2012, p. 168) found that the percentage of SMEs that use accountants for business advice and support appears to lie between 72 and 94 per cent. Research has also shown that external accountants have broadened their service offerings in recent years beyond that of "traditional" services, to include a broad range of business advisory services with the view of "adding value" to the client (Blackburn *et al.*, 2010; Fogarty *et al.*, 2006; Greenwood *et al.*, 2002). Few studies,

however, have sought to distinguish between the type of business advice – for example between statutory and monitoring business advice (e.g. taxation, compilation and audit) and voluntary business advice, with notable exceptions including *Carey et al. (2005)* and *Blackburn et al. (2010)*. *Carey et al. (2005)* in highlighting this distinction found that 67 per cent of SMEs surveyed voluntarily purchased business advice from their external accountant.

In focusing on why the external accountant is used as a business adviser, a number of studies have highlighted that SMEs tend to turn to known and trusted sources for business advice (*Hoevenagel and Wolters, 2000; Bennett and Robson, 2004; Gooderham et al., 2004; Blackburn et al., 2010*). Others have found the perceived competency levels of the business adviser to be a significant motivating factor (*Gooderham et al., 2004; Collis and Jarvis, 2002; Robson and Bennett, 2000*), while others have focused on geographical proximity (*Johnson et al., 2007*), timeliness (*Berry et al., 2006*) and cost competitiveness in using external accountants (*Kirby et al., 1998; Cameron, 1995*).

In examining the accountant–SME relationship, academic research has largely been dominated from the perspective of the SME (*IFA, 2010*). However, there are a limited number of studies that have focused from the accountants' perspective, such as *Blackburn et al. (2010)*, *Devi and Samujh (2010)*, *IFA (2010)*, *Samujh and Devi (2008)* and *Marriott et al. (2008)*. *Blackburn et al. (2010)*, in conducting interviews with accountants, financial advisers and SMEs across Australia and the UK, found that an expectation gap exists between what the SME owner needs in terms of external business advice and the perception of what the external accountant can supply. SMEs expressed mixed views as to whether external accountants are capable of providing useful business advice (beyond that of statutory and monitoring advice), yet all external accountants interviewed perceived themselves as having the necessary skills to provide this advice. While *Blackburn et al. (2010)* considered accountants to be well-placed in providing business advice, they argued that the accountant needs to convince clients that they have the necessary business expertise to provide specific business advice in areas not traditionally linked to the role of the accountant. However, it was concluded that as accountants have not been traditionally seen to be good at communicating and marketing the business services they offer, many of the other services that are offered are often captured by other professional advisers.

One business advisory area that is expanding is environmental sustainability. Accountants are increasingly being called upon to take a more active role in assisting and advising SMEs towards sustainability (*Wiesner et al., 2010*). With the increased awareness surrounding sustainability issues and growing pressure on businesses to adopt SBPs, there is, however, little understanding of management processes and practices necessary for organizations to implement sustainable practices, particularly for SMEs (*Wiesner et al., 2010*). This was echoed by *Studer et al. (2006)*, who raised the point that while there is engagement between external business associations and SMEs, there are specific failings occurring when it comes to advising SMEs on environmental initiatives. With the literature suggesting that the accountant is one of the leading sources of business advice (*Hoevenagel and Wolters, 2000; Bennett and Robson, 2004; Gooderham et al., 2004; Blackburn et al., 2010*), this paper seeks to contribute towards the limited research on who is best placed to and the best way to advise SMEs on environmental sustainability issues by focusing from the perspective of the accountants themselves. Accordingly, three research questions were developed to investigate these issues:

- RQ1.* What do accountants see as the key benefits and impediments to SMEs regarding the adoption of SBPs?
- RQ2.* What factors do accountants consider important in encouraging SMEs to implement SBPs?
- RQ3.* How do accountants view their role and ability to be facilitators in this process?

Research method

To examine the research questions within this paper, a questionnaire focused on the accountant's perspective towards SBPs in SMEs was conducted. The questionnaire was initially pilot-tested with three organizations, with two changes made to the survey document based on this process.

From a review of the literature, 13 questions were developed for the questionnaire using interval-scaled response questions, multiple-choice questions with options made available for respondents to provide additional information and one open-ended question. To provide clarification to potential respondents, at the commencement of the survey, a number of key terms were defined, including SMEs and SBPs. While the term SME covers a wide range of definitions and measures, it is generally acknowledged that the number of employees and annual turnover are seen to be two of the more commonly accepted approaches in defining SMEs (Peacock, 2004; Salimzadeh *et al.*, 2013).

For the purposes of this research, SMEs were defined following the Australian Bureau of Statistics (ABS) definition, with a small business defined as an actively trading business with 0-19 employees, while a medium business was defined as an actively trading business with 20-199 employees (ABS, 2012). In an effort to focus on environmental sustainability, SBPs was defined as:

Environmentally-friendly practices implemented to enhance the long-term viability of an organization. Examples include actions to reduce the environmental footprint through waste reduction, recycling and reduced energy use.

With the survey seeking the accountant's perspective, assistance was provided by the Institute of Public Accountants (IPA) via a two-staged approach. First, members of the IPA were surveyed at an annual conference in Tasmania, with a response rate of 27 per cent achieved. Second, the survey was then distributed to all public practice members of the IPA via email from the national head office. Similar to other SME surveys (Hitchens *et al.*, 2003; Pimenova and van der Vorst, 2004; Studer *et al.*, 2006), response rates to this stage of the project were low, despite email reminders, with a response rate of 7 per cent achieved. This provided for a total of 118 valid surveys from both stages. Non-response bias testing was conducted, with no significant differences found between early and late respondents and in comparing respondents responses from both sources, highlighting the quality of the data collected. In addition to descriptive analysis, coded data were analysed through one-way ANOVA and paired-sample *t*-test techniques.

Results

Of the 118 responses, 72 per cent indicated that they currently worked in a public accounting practice, with the remainder spread across other forms of SMEs (16.1 per cent), government organizations (3.4 per cent) and educational institutions (6.8 per cent) (Table I). Of those respondents working specifically in public practice, 89 per cent had worked for more than 10 years in this field providing advice and working with SMEs, indicating the depth of experience and knowledge of the respondents.

In focusing on the respondents' role within the organization, 40 per cent were in the position of business owner/director, 43 per cent were in the position of accountant/chief financial officer and 17 per cent were in other management roles such as project management and commercial management. Sixty-seven per cent of the respondents had greater than 10 years' experience in their current position, again indicating the breadth of experience and knowledge of the respondents. Testing was conducted to determine whether there were significant differences in responses between the three differing respondent roles (owner-manager/accountant/other management role). Using one-way ANOVA tests, no significant difference were found for all questions contained within the survey, with the exception of Question 11, which focused on the level of involvement accountants currently have in assisting SMEs in implementing SBPs. However, with each respondent group

Table I Respondent demographic information

<i>Demographic information</i>	<i>Count</i>	<i>% of Total</i>
<i>Type of organization</i>		
Public accounting practice	85	72.0
SME	19	16.10
Government organization	4	3.40
Educational organization	8	6.80
Other	2	1.80
<i>Level of experience in providing advice to SMEs</i>		
Less than 2 years	2	2.22
2-5 years	2	2.22
6-10 years	5	5.55
More than 10 years	76	88.89
<i>Position experience</i>		
Less than 2 years	6	5.10
2-5 years	14	11.90
6-10 years	19	16.10
Greater than 10 years	79	66.90
<i>State/Territory reside in</i>		
New South Wales	25	21.20
Northern Territory	–	–
Queensland	22	18.60
South Australia	8	6.80
Tasmania	31	26.30
Victoria	22	18.60
Western Australia	9	7.60
Australian Capital Territory	1	0.80

taking a different perspective of the accountants' role based on their own position, this difference can be clearly justified.

Key benefits/Impediments to SMEs in adopting SBPs

Respondents were asked to indicate their perception of the significance of eight benefits to SMEs in adopting SBPs using a five-point scaled response from very insignificant (assigned a value of 1) to very significant (assigned a value of 5). Mean values were then ranked in order (Table II) and ranged from 3.31 to 3.86, with the most significant benefit to SMEs considered to be "improved customer loyalty" (70.3 per cent of respondents considered this to be a significant or very significant reason). "Cost savings through more

Table II Key benefits to SMEs in adopting SBPs

<i>Benefit</i>	<i>Very insignificant (%)</i>	<i>Insignificant (%)</i>	<i>Neither insignificant or significant (%)</i>	<i>Significant (%)</i>	<i>Very significant (%)</i>	<i>Mean</i>	<i>SD</i>
Improved customer loyalty	–	1.7	28	53.4	16.9	3.86	0.707
Cost savings through efficient resource use	0.8	3.4	26.3	51.7	17.8	3.82	0.791
Reduced risk of government-imposed regulation	1.7	10.2	35.6	38.1	14.4	3.53	0.922
Reduced risk of litigation	1.7	11.9	39.8	32.2	14.4	3.46	0.940
Marketing benefits from a green image	0.8	10.2	42.4	39.8	6.8	3.42	0.801
Improved access to funds	1.7	11	43.2	33.1	11	3.41	0.889
Reduced risk of media negative attention or environmental groups	3.4	11	39	35.6	11	3.40	0.944
Easier to attract staff	5.1	8.5	42.4	39	5.1	3.31	0.892

efficient resource use" (69.5 per cent) and "reduced risk of government-imposed regulation" (52.5 per cent) were the next most significant benefits.

One-way ANOVA testing was conducted with respect to type of organization, level of experience and role, with significant differences found for the benefit "marketing benefits from a green image" and the type of organization the respondents worked for ($F = 4.682$, $p < 0.05$). Post hoc comparisons indicated that the respondents who were employed in public accounting practice considered this to be least significant of all respondent groups (mean score 3.25) and was significantly different in comparison to respondents who were employed in government organizations (mean score 4.50).

In focusing on the accountant's perspective on what is holding back SMEs in adopting SBPs, respondents were then asked to indicate the importance of eight factors by the level of seriousness (not very serious assigned a value of 1 to very serious assigned a value of 5). Mean values ranged from 3.24 to 4.21, with the most serious impediments considered to be "more pressing factors" to deal, with 83.2 per cent of the respondents either considering this factor as serious or very serious (Table III). Other factors included "implementation is too costly" (73.8 per cent) and "insufficient time to devote to implementation" (78.8 per cent). This is consistent with previous literature which found costs and time to be the major barriers towards more proactive environmental behaviour in SMEs (Grayson and Dodd, 2007; Petts *et al.*, 1998; Devi and Samujh, 2010; Revell and Rutherford, 2003; Simpson *et al.*, 2004). One-way ANOVA testing was conducted, with significant differences found between the level of respondents' experience in their current position and the impediment "insufficient information to make a reasoned decision about implementation" ($F = 2.850$, $p < 0.05$). Post hoc comparisons indicated that respondents with greater than 10 years' experience (mean score 3.83) found this impediment to be more serious than respondents with less than 2 years' experience (mean score 2.75).

Key factors in motivating SMEs to adopt SBPs

In focusing on the factors perceived by respondents in motivating SMEs to take up SBPs (using a scaled response from very unimportant, value of 1 to very important, value of 5) (Table IV), the mean values ranged from 3.10 to 4.09, with two key drivers having a mean value of 4.00 and above highlighting the importance of these factors in motivating SMEs. They were "an expectation of cost reductions" (82.2 per cent of respondents considered this to be an important or very important factor) and "an expectation of market expansion" (80.5 per cent). It is interesting in comparing these results to that of Simpson *et al.* (2004), whose questionnaire study focused on the ability of SMEs to gain a competitive advantage through adoption of environmental practices. In that study, differing results were found, in that the majority of SME respondents believed that a competitive advantage would not be gained and that certain markets would be close to them in adopting environmental practices and improvements. This highlights a difference in perspective between this

Table III Key impediments to SMEs in adopting SBPs

Impediment	Not very serious (%)	Not serious (%)	Neither not serious or serious (%)	Serious (%)	Very serious (%)	Mean	SD
More pressing factors	–	0.8	11.9	49.2	33.9	4.21	0.687
Implementation is too costly	–	3.4	18.6	40.7	33.1	4.08	0.825
Insufficient time	–	3.4	13.6	54.2	24.6	4.04	0.737
Uncertainty surrounding perceived costs and benefits	–	4.2	12.7	57.6	20.3	3.99	0.729
Insufficient information	–	5.1	30.5	45.8	14.4	3.73	0.782
Uncertainty who to turn to for advice	0.8	5.1	30.5	41.5	16.9	3.72	0.851
Belief system of SME owner	0.8	19.5	32.2	29.7	13.6	3.37	0.993
Unsuccessfully attempt in the past	3.4	11	47.5	27.1	6.8	3.24	0.879

Table IV Key factors in motivating SMEs to adopt SBPs

Factor	Very unimportant (%)	Unimportant (%)	Neither unimportant or important (%)	Important (%)	Very important (%)	Mean	SD
An expectation of cost reduction	0.8	3.4	11	53.4	28.8	4.09	0.790
An expectation of market expansion	0.8	1.7	14.4	60.2	20.3	4.00	0.713
Pressure from customers	1.7	4.2	24.6	40.7	26.3	3.88	0.919
Receiving recognition as a responsible business leader	1.7	0.8	22.9	55.1	16.9	3.87	0.767
Sustainability issues are of importance to the owner	0.8	5.1	24.6	45.8	21.2	3.83	0.858
Positive past experience with sustainable business ventures	0.8	7.6	31.4	45.8	11	3.61	0.827
Pressure from the supply chain	2.5	10.2	34.7	37.3	12.7	3.49	0.940
Pressure from environment groups	7.6	17.8	35.6	29.7	6.8	3.10	1.038

current study's focus, being the accountant, and the previous studies' focus, the SME. Perhaps though, this difference in results could also be explained from the perspective that respondents are more informed towards environmental sustainability than they were 10 years ago.

Other factors considered of lesser importance by respondents in this study focused on external stakeholder pressures including pressure from various groups including environmental groups (36.5 per cent), the supply chain (50 per cent) and customers (67 per cent). Personal motives focusing on the values and attitudes of the owner in regards to sustainability were also considered to be of lesser importance (67 per cent). No significant differences were found with respect to type of organization, level of experience or respondent's role in conducting one-way ANOVA testing.

Key strategies in motivating SMEs to adopt SBPs

The literature has identified a number of strategies that can be utilized by external organizations to influence the improvement of SME environmental performance. They include, among others, both voluntary and compulsory regulatory approaches, financial penalties through taxation and levies and financial support through subsidies, grants and tax concessions (Parker *et al.*, 2009; Bradford and Fraser, 2008; Studer *et al.*, 2006). With prior research predominantly focused from the SME perspective, the accounting respondents were asked to consider how important they perceived these strategies were (Table V).

Table V Strategies in assisting SMEs to adopt SBPs

Strategy	Very unimportant (%)	Unimportant (%)	Neither unimportant or important (%)	Important (%)	Very important (%)	Mean	SD
Tax incentives	–	0.8	5.1	55.1	34.7	4.29	0.608
Grants	–	0.8	12.6	49.2	33.1	4.19	0.693
Free advice from government agencies	2.5	3.4	22	42.4	25.4	3.88	0.933
Subsidized traineeship places for adopting sustainable practices	1.7	4.2	21.2	44.9	23.7	3.88	0.894
Free seminars about implementing sustainable initiatives	0.8	6.8	18.6	49.2	20.3	3.85	0.868
Mentoring	0.8	9.3	22.9	48.3	14.4	3.69	0.877
Mandated regulation	2.5	9.3	27.1	37.3	19.5	3.65	0.999
Awards publicly recognizing sustainable business practices	5.1	11.9	32.1	33.9	12.7	3.39	1.039

With mean values ranging from 3.39 to 4.29, the two most important strategies were provision of tax incentives (89.8 per cent of respondents considered this to be an important or very important factor) and grants (82.3 per cent) to support the implementation of SBPs. These results support [Bradford and Fraser's \(2008\)](#) study that found that SMEs believe tax concessions, grants and loans would encourage them to use energy efficiency measures. Findings indicated next importance were free information sessions (69.5 per cent) and free advice from government agencies (67.8 per cent). The literature has identified business advice (via face-to-face interventions or telephone help lines) as an important way to assist SMEs in engaging in environmental improvement ([Parker et al., 2009](#)).

Of lesser importance were awards publicly recognizing SBPs (46.4 per cent) and mandated regulation over particular practices (56.8 per cent). With respondents considering mandated regulation of lesser importance as a particular strategy, these results are in contrast to prior research that has indicated that compulsory regulation is seen as a highly ranked driver by SME owner-managers towards environmental improvement ([Parker et al., 2009](#); [Bradford and Fraser, 2008](#); [Pimenova and van der Vorst, 2004](#); [Revell and Blackburn, 2007](#); [Studer et al., 2006](#); [Williamson et al., 2006](#)). One-way ANOVA testing was conducted, with no significant differences found with respect to type of organization, level of experience or respondent's role.

External organizational involvement in assisting SMEs to implement SBPs

The literature highlights a number of organizations that are known and trusted by SMEs that could serve as credible channels for communication on sustainability issues: chamber of commerce, industry associations and banks, lawyers and accountants ([Grayson and Dodd, 2007](#)). To help determine and achieve an understanding of the perceived importance of external organizations, respondents were asked to rate the level of importance of six organizations/professions (scaled response from very unimportant, value of 1, to very important, value of 5) in providing assistance to SMEs on SBPs.

The results indicate that mean scores ranged from 3.45 to 4.02, with only the accounting profession having a mean score above 4 ([Table VI](#), Section A). This confirms prior research findings that have found accountants to be a frequent source of advice ahead of other providers ([Bennett and Robson, 1999](#); [Carey et al., 2005](#); [Blackburn et al., 2010](#); [Devi and Samujh, 2012](#)), but with 73 per cent of the survey respondents working in public practice, this result is not unexpected. Of noted lesser importance by respondents were the legal profession (3.51), chamber of commerce (3.50) and the banking profession (3.45).

While these results highlight that accountants are in a strong position as providers of external advice, this does not shed any light on how effective accountants are perceived to be in this role. To provide for this, respondents were asked to consider how effective they perceived each of the organizations are in assisting SMEs in implementing SBPs (five-point scaled response from very ineffective, value of 1, to very effective, value of 5). In terms of effectiveness, the mean values ranged from 2.72 to 3.40, with no organization/profession obtaining a mean value of 4 or above ([Table VI](#), Section B), implying that none of the

Table VI Organizations/professions involvement in assisting SMEs

Organization/ profession	Section A Importance			Section B Effectiveness			Section C		
	Mean	SD	Rank	Mean	SD	Rank	Mean gap	t-test	Sig. (2-tailed)
Accounting profession	4.02	0.71	1	3.40	1.028	1	0.615	7.285	0.000
Industry associations	3.91	0.819	2	3.35	0.981	2	0.564	6.139	0.000
Government agencies	3.86	0.957	3	3.14	1.004	3	0.725	7.127	0.000
Legal profession	3.51	0.959	4	2.94	0.998	4	0.569	7.236	0.000
Chamber of commerce	3.50	0.939	5	2.80	0.998	5	0.706	8.537	0.000
Banking profession	3.45	0.938	6	2.72	0.980	6	0.725	8.122	0.000

organizations was perceived to be effectively assisting SMEs in implementing sustainable practices.

To explore the gap between the importance and effectiveness of each organization/profession, mean differences were calculated. Results indicate the greatest differences were in government agencies (0.725), the banking profession (0.725) and the chamber of commerce (0.706) (Table VI, Section C). Paired sample *t*-testing was conducted, with significant differences ($p < 0.001$ level) found for all of the listed organizations/professions, highlighting a gap between the perceived importance of these organizations and their perceived effectiveness in assisting SMEs.

Accountants' involvement in assisting SMEs to implement SBPs

Respondents were asked to consider six specific roles and rate the perceived level of involvement accountants should have in assisting SMEs (using a response from not involved, value of 1, to very involved, value of 5). These roles focused on the different stages of development of sustainable practices, ranging from the initial encouraging of the SME to providing assistance in feasibility analysis and sourcing finance to monitoring the initiatives once implemented. Mean scores ranged from 4.00 to 4.15, indicating that respondents felt that accountants should have an active involvement in all roles and that accountants should be involved in this area of sustainability. Most involved roles were in helping SMEs in conducting feasibility analysis (4.15) and monitoring the success of initiatives once they have been implemented (4.09) (Table VII, Section A).

To gauge these results against what level of involvement accountants *actually* have in assisting SMEs, respondents were asked to indicate the level of involvement accountants are actually having in each of these roles (Table VII, Section B). The mean values ranged from 3.44 to 3.64, being a lower range of results in comparison to the results from the roles accountants should have. No mean score was achieved above 4.00, suggesting that respondents considered that accountants are not involved in any of these listed roles.

In comparing these results, it highlights an expectation gap that exists between the actual involvement of accountants and the perceived level of involvement accountants should have. Mean differences were calculated (Table VII, Section C), with the most significant gaps found in helping SMEs to conduct feasibility analysis (0.574), encouraging SMEs to undertake sustainable business initiatives (0.574) and bringing opportunities to the attention of SMEs (0.556). Paired sample *t*-tests were conducted to determine the significance between these two levels of involvement, with all results significant at the 0.001

Table VII Accountant's involvement in assisting SMEs

Type of involvement by Accountant	Section A Level of involvement accountants should have			Section B Level of involvement accountants actually have			Mean gap	Section C	
	Mean	SD	Rank	Mean	SD	Rank		t-test	Sig. (2-tailed)
Helping SMEs conduct a feasibility analysis on sustainable business projects	4.15	0.830	1	3.57	0.997	3	0.574	6.221	0.000
Monitoring the success of sustainable business initiatives once they have been initiated	4.09	0.912	2	3.64	0.990	1	0.454	5.177	0.000
Bringing sustainable business opportunities to the attention of SMEs	4.05	0.869	3	3.49	0.962	5	0.556	6.012	0.000
Encouraging SMEs to undertake sustainable business initiatives	4.01	0.815	4	3.44	0.899	6	0.574	6.639	0.000
Helping SMEs source finance to fund their sustainable business initiatives	4.00	0.843	5	3.62	0.974	2	0.380	4.134	0.000
Putting SMEs in touch with appropriate sources of advice for sustainable business initiatives	4.00	0.820	5	3.54	0.932	4	0.463	5.165	0.000

level. These findings highlight a significant difference between what roles respondents believe accountants should play in assisting SMEs and the actual role they are currently playing.

Discussion and conclusion

This paper develops an understanding of the accountant–SME relationship, specifically focusing on the provision of business advice around the adoption of SBPs. Specifically, we explore this through an understanding of the accountant’s perception as to the key benefits and impediments to SMEs, factors that are considered important in encouraging SMEs to implement SBPs and the role of the accountant as a facilitator of this process. With the focus of previous research largely geared towards larger corporates (Fenwick, 2007), environmental research in SMEs is somewhat lacking. When further considered from the perspective of the external adviser and their role, research is further limited with only a select number of studies that have focused from the accountant’s perspective (Blackburn *et al.*, 2010; Devi and Samujh, 2010; IFA, 2010; Samujh and Devi, 2008; Marriott *et al.*, 2008).

The results highlight that accountants consider that there are a number of potential benefits for SMEs in implementing SBPs. These include improved customer loyalty, cost savings and reduced risk of government-posed regulation. While key impediments for SMEs were largely focused around time and cost issues, consistent to previous findings focused from the SME perspective, the major drivers considered to be important in helping to motivate SMEs to take up SBPs were found to be focused around cost issues, with an expectation of cost reductions being the key driver, with an expectation of market expansion also considered important, highlighting a difference from prior SME research (Simpson *et al.*, 2004). Key strategies that could be utilized by external organizations to influence SME involvement in environmental practices were found to be focused around the provision of tax incentives and grants. This supports prior research (Bradford and Fraser, 2008) and helps to identify a possible avenue for accountants for expanding their involvement in the external business advice market to SMEs.

These findings are interesting when viewed from the context of how accountants view their role and their ability to provide assistance in facilitating implementation of SBPs in SMEs. Respondents considered the accounting profession as most important in this process in comparison to other organizations/professions. However, results also indicate there is much room for improvement in the effectiveness of the profession, with a significant difference found between the perceived importance and effectiveness of the accounting profession in this role. Similarly, there were significant differences found in focusing on the specific roles that accountants perceived they should play in assisting SMEs to implement SBPs and the actual roles that they are having in this process. These differences highlight an expectation gap that currently exists between the accountants’ current level of involvement in providing assistance to SMEs and the roles they believe they should be involved in.

These findings raise a number of issues. While the literature identifies that accountants are one of the most frequently used source of external advice for SMEs, it appears this may not be occurring in the provision of environmental sustainability advisory services. With there being ever-increasing competition in the business advice arena, accountants need to be seen as being a highly effective and trusted source of business advice. This study’s findings also broaden the issue raised in the research of Blackburn *et al.* (2010, p. 34), who found an expectation gap existing between the business advice needs of the SME and the perception of what the external accountant can supply. In their study focusing on the relationship between owner-managers and their external advisers, mixed views were expressed as to whether external accountants are capable of providing useful business advice, yet accountants perceived themselves as having the necessary skills to provide the business advice. The results from this current study highlight that there is a wider gap at

play between the roles that accountants should be providing and what they are currently providing.

These results raise the question, why is this occurring? Previous studies have highlighted that accountants are utilized by SMEs for a number of reasons, including that they are trusted sources for business advice (Hoevenagel and Wolters, 2000; Bennett and Robson, 2004; Gooderham *et al.*, 2004; Blackburn *et al.*, 2010) and because of their competency levels (Gooderham *et al.*, 2004; Collis and Jarvis, 2002; Robson and Bennett, 2000), while others have considered proximity (Johnson *et al.*, 2007) and cost competitiveness (Kirby *et al.*, 1998; Cameron, 1995) as relevant factors. The literature also highlights that SMEs prefer to obtain advice and support from parties they presently deal with and trust (Blackburn *et al.*, 2010; Gooderham *et al.*, 2004; Hoevenagel and Wolters, 2000), but with the current study's results highlighting that accountants are not being utilized as much as they feel they could be, this highlights that accountants need to be more pro-active in their business advisory offerings.

In an ever-increasing competitive industry for discretionary services, the results from this study highlight a number of practical implications. Firstly, there needs to be an examination of the accountants' profile by the accounting profession. Accountants are not traditionally seen to be good at communication and marketing their business services (Blackburn *et al.*, 2010), but if SMEs prefer to obtain support and advice from their existing trusted business dealings, accountants need to be able to prove to their clients that they have the necessary competencies in providing these additional business advisory services. Thus, there needs to be a more concerted effort by the accounting profession into up-skilling and development of their member's inter-personal skills in dealing with clients. Soft skills (e.g. relationship building skills and personality or charisma) are becoming increasingly more valuable and necessary in the business environment (Devi and Samujh, 2010 and 2012), but there is a lack of emphasis placed on this at either the university level or professional level for accountants at this present time.

Secondly, there needs to be a re-evaluation of the training requirements of accountants. There needs to be a move away from the traditional accountant training; while accountants need to be competent in traditional accounting practices, they also need to be skilled in contemporary business practices to ensure they are relevant for the business of today. This was discussed by Devi and Samujh (2012, p. 180), who pointed out "mind shift appears necessary for 'traditional' professional accountants, accustomed to producing standardized and routinized outputs to clients, is required to successfully move into the consultancy or advisory role".

This study has highlighted opportunities for the accountant to take advantage of the accountant-client relationship and to extend their business offerings to sustainability advisory services. However, it also highlights that the accounting profession needs to be seeking to tailor their professional development programs to meeting these needs. Without action, the profession may find their members overlooked in the quest for expansion of external business advice opportunities.

Limitations and future research

Findings from this research help to contribute towards an understanding of the external business advisors' perspective and the adoption of SBPs in SMEs. It helps to highlight the further development that is required of the accountant's role as a facilitator in these processes as SMEs begin to address sustainability issues on a wider basis. In this research, effort was made to sample a range of accountants in the Australian context with varying experience in dealing with SMEs. While the study focuses on the Australian context, the accounting profession from an international perspective is under constant pressure to broaden their service offerings with the provision of business advice into sustainability providing this opportunity. Thus, these results can be used as a platform for understanding the external business advisors' perspective in environmental sustainability, but could then

be applied to a future wider cross-country study to examine specific cross-country issues and complexities. Specifically, the literature could be extended by seeking to understand the main underlying factors and the extent of the expectation gap of accountants across countries.

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