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**AN APPRECIATIVE INQUIRY INTO THE CURRENT AND FUTURE ROLES OF
THE PROFESSIONAL ACCOUNTANT IN THE SME SECTOR**

by

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920301625

A thesis submitted in fulfilment of the requirements for the Degree

DOCTOR OF PHILOSOPHY IN ACCOUNTING

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DEPARTMENT OF ACCOUNTANCY

at the

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UNIVERSITY OF JOHANNESBURG

Supervisors: Professor Nerine Stegmann

Professor Freddie Crous

2019

DECLARATION

I herewith declare that my academic work is in line with the Plagiarism Policy of the University of Johannesburg which I am familiar with.

I further declare that the work presented in the thesis “AN APPRECIATIVE INQUIRY INTO THE CURRENT AND FUTURE ROLES OF THE PROFESSIONAL ACCOUNTANT IN THE SME SECTOR”, is authentic and original unless clearly indicated otherwise and in such instances full reference to the source is acknowledged. I do not pretend to receive any credit for such acknowledged quotations, and that there is no copyright infringement in my work.

I certify that the thesis submitted by me for the degree Doctor of Philosophy (Accounting) at the University of Johannesburg is my independent work and has not been submitted by me for a degree at another university.

Yaeesh Yasseen

20 February 2020



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ABSTRACT

It is widely accepted that small and medium enterprises (SMEs) play a key role in any developing economy. However, this sector is struggling in the South African (SA) landscape. Given the important role the SME sector plays and will need to play in the South African economy, it is of critical importance to identify ways in which this sector could be supported, and specifically to understand the current and future role of the accountancy profession in supporting SMEs.

Relatively little attention has been given to the role of the accountant in the SME environment. Professional accountants are active in the SME environment, but little is known about the role they currently play, and there is very little existing research on the future role they could play in the SME environment. Based on this, two research questions were formulated with regard to SMEs and the accountancy profession: How do professional accountants and SME owners in South Africa experience the current role of the professional accountant in SMEs? What are their expectations of the future role of professional accountants in providing support to SMEs?

This study was initially motivated by the lack of research on the role of the accountant beyond the multitude of studies on the technical aspects of the profession. The identified gap in the literature demanded a closer look at the current role of the professional accountant in an SME and the extent to which it meets the role requirements at present and what it should aim to achieve in future. As such, the domain of the research was identified as the SME environment.

A qualitative research approach within an interpretivist paradigm was employed. To address the twofold research question, the chosen research design was executed in two independent but interrelated research phases. Phase 1 entailed thematic analysis of data collected through semi-structured interviews, while Phase 2 involved an appreciative inquiry workshop to gain further understanding of the views of participants on the expected role of the professional accountant within the South African SME environment.

The main findings of Phase 1 were that the current role of the professional accountant is significantly influenced by stereotypes, ethics and experiential impressions. Secondly, the current role of professional accountants in the SME environment was also influenced by the nature of their experiential roles (traditional roles, non-traditional

roles and an emergent role). The traditional roles of professional accountants are still dominant, while participants had mixed views on and experiences of non-traditional and emergent roles. The role-influencers were: liability of the professional accountant; the regulatory environment; implied assurance; establishing public interest; and the value of a professional designation. The current role of the professional accountant was further scrutinised to determine whether the role was experienced as being legitimised. The legitimacy of the professional accountant within the SME environment was established as questionable due to a number of factors identified.

The main findings of Phase 2 indicate that the participants were able to envision a successful future role for the professional accountant in South African SMEs. A relevant and sustainable process was conceptualised to achieve the vision of the ideal commitments, as well as the actions required to sustain positive change in the future role of the profession in this regard.

This study has various applications and makes various contributions. Theoretically, the study transitioned from a problem-orientated research approach towards a more solution-focused approach in establishing the current and future roles of the professional accountant within the SME environment. Furthermore, the study responds to the need for qualitative research on the profession. It has also demonstrated on a methodological level how to apply two distinctly independent but interrelated research approaches within a single study, and that accountancy research can harness the strength of interdisciplinary methods such as appreciative inquiry. This study's methodological contribution is therefore seen as progressive.

On a practical level, the systematic manner of combining two research approaches will be of value to other accountancy researchers to generate ideas for embarking on qualitative research.

The findings also provide a holistic view of various aspects that impact on the role of the professional accountant in the SME environment and, as such, provide a framework to rethink the future positioning of the professional accountant.

Keywords: appreciative inquiry, current and future roles, professional accountants, public interest, small and medium enterprises, SME owners, South Africa, thematic analysis.

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ACRONYMS

ACRONYM	MEANING
AAT	Association of Accounting Technicians
ACCA	Association of Chartered Certified Accountants
ACFE	Association of Certified Fraud Examiners
AGSA	Auditor General of South Africa
APA	Auditing Professions Act
BEE	Black Economic Empowerment
CIBM	Chartered Institute of Business Management
CIMA	Chartered Institute of Management Accountants
CIPC	Companies and Intellectual Property Commission
CPD	Continuous Professional Development
FASSET	Financial and Accounting Services Sector Education and Training Authority
GDP	Gross Domestic Product
IAC	Institute of Accounting and Commerce
IASB	International Accounting Standards Board
IBM	International Business Machines
ICAEW	Institute of Chartered Accountants in England and Wales
ICB	Institute of Certified Bookkeepers
ICSA	Institute Of Chartered Secretaries & Administrators
IES	International Education Standards
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IFRS for SMEs	International Financial Reporting Standards for Small to Medium Enterprises
IIA	Institute of Internal Auditors
IIRC	International Integrated Reporting Council
IR	Integrated Reporting
IRBA	Independent Regulatory Board of Auditors
ISA	International Standards for Auditing

NPD	National Development Plan
OECD	The Organisation for Economic Co-operation and Development
PAO	Public Accounting Organisation
PAT	Positive Accounting Theory
ROSC	Reports on the Observance of Standards and Codes: Accounting and Auditing for South Africa
RSA	Republic of South Africa
SA	South Africa
SAA	South African Airways
SAIBA	South African Institute of Business Accountants
SAICA	South African Institute of Chartered Accountants
SAIGA	South African Institute of Government Auditors
SAIPA	South African Institute of Professional Accountants
SARS	South African Revenue Service
SLR	Systematic Literature Review
SME	Small to Medium Enterprises
SMOs	Statements of Membership Obligations
TPB	Theory of Planned Behaviour

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CHAPTER ONE: INTRODUCTION AND BACKGROUND

1.1 Introduction

Small and medium-sized enterprises (SMEs) play an important role in the improvement of a country's economy (Albu *et al.*, 2013; Bohušová & Blašková, 2013; Mohamed, Yasseen, & Omarjee, 2019), particularly in developing countries (Beck & Demirguc-Kunt, 2006; Smallbone & Welter, 2001a, 2001b; World-Bank, 2013). Existing statistics indicate that formalised SMEs contribute up to 45% of total employment and up to 33% of national income (GDP) in emerging economies. These numbers are significantly higher where informal SMEs are included (World Bank, 2015). According to the Finscope (2006) survey as cited¹, 90% of jobs created between 1998 and 2005 in South Africa were in small, medium and micro enterprises (National Development Plan, 2010). The importance of a developing SME sector is also evident in the *World Bank's Review on Small Business Activities* that establishes the commitment of the World Bank Group to develop the SME sector as a core element in its strategy to foster economic growth, employment and poverty alleviation (Ayyagari, Beck, & Demirguc-Kunt, 2007). In the *National Development Plan – 2030 of South Africa* it is asserted that SMEs will play a key role in employment creation over the next two decades. To meet the NDP target of creating 11 million jobs by 2030, South Africa needs over 49 000 SMEs growing at a rate of 20% per annum (Fin24, 2015). This important role arises due to SMEs' substantial involvement in satisfying a number of socio-economic aims, such as the stimulation of job creation, productivity, advancement of exports, and encouragement of entrepreneurship within an economy (Keskőn, Ğentürk, Sungur, & Kėrgėg, 2010). SMEs, being predominately owner-managed, are better able to survive due to their flexible organisational structures (Zellweger, 2007). However, SME owners tend to find it difficult to attract highly qualified employees, and experience challenges in areas such as business consultancy, management accounting as well as statutory compliances services (Habbershon & Williams, 1999; Zellweger, 2007).

An SME needs to be supported in terms of compliance as well as financial and consultancy services in order to accomplish sustainable economic objectives and

¹ The researcher attempted to obtain the original source however, it was not possible after many exhaustive attempts.

conduct their economic activities (IFAC, 2016; Keskin *et al.*, 2010). Research has indicated that SMEs generally utilise professional accountants as their service providers for compliance and business advisory services in order to overcome these constraints (IFAC, 2016). This is important as research also indicates that SMEs with access to professional advice have a higher probability of survival and growth, better decision-making processes as well as improved financial performance (Berry, Sweeting, & Goto, 2006; Littunen & Niittykangas, 2010; Schoonjans, Van Cauwenberge, & Vander Bauwhede, 2013; Watson, 2007).

1.2 Background to the study

Several studies have investigated the success of an SME in relation to its access to compliance and business advisory services (Franco-Santos, Lucianetti, & Bourne, 2012; Hoque, 2014; ICAEW, 2011; IFAC, 2016; Strike, 2012) with a few research studies suggesting that professional accountants are the key service providers rendering business advice to SMEs (Berry, 2006; ICAEW, 2011; Ramsden & Bennett, 2005; Strike, 2012).

Existing research indicates that professional accountants play a crucial role in an SME's success (Cheffi & Beldi, 2012; Kamyabi & Devi, 2012; Kim, Hatcher, & Newton, 2012; Williams & O'Donovan, 2015). Assessing, or even quantifying, their role is more complex, however, because the services that professional accountants provide to an SME often encompass much more than what is formally required of them. There is a perception that the role of the professional accountant has changed over time from providing compliance services to assisting with the advisory decisions of the SME. This is supported by research which found that in numerous countries professional accountants are amongst those who provide an integrated service to SMEs (Berry, Sweeting, & Goto, 2006; Ramsden & Bennett, 2005).

Professional accountants have thus positioned themselves as multidisciplinary practitioners for extensive service offerings, including, but not limited to, financial advisory, management consulting, and legal services (Greenwood, Suddaby, & Hinings, 2002). Professional accountancy organisations are positioning professional accountants as creators, enablers, preservers and reporters of value (SAIPA, 2018). These professional attributes are often applied by professional accountancy organisations when describing the advisory and compliance roles of professional

accountants (SAICA, 2018c). As will be argued in the literature review (Chapter Two), it remains unclear from the perspectives of professional accountancy organisations as well as other similar bodies as to what defines a professional accountant. In practice, professional accountants are often broadly and vaguely marketed as business advisors to their clients (SAIPA, 2017). As such, neither academic literature nor professional practice provides a clear definition of a professional accountant.

1.3 Problem statement

Hopwood (1987) argued that the accountancy profession has evolved into something that influences the organisation it serves, just as much as the organisation may influence accounting. This could also be true regarding the relationship between the professional accountant and the SME owner. Owners of SMEs might be aware of markets that their business operate in, but they may not be trained or proficient in accountancy services and as such need to turn to professional accountants for advice (Berry et al., 2006; Birley & Niktari, 1995; Collis & Jarvis, 2002; Marriott & Marriott, 2000). Professional accountants could potentially play multiple roles in providing a variety of services that would result in their role being perceived as creators, enablers, preservers, and reporters of value to an SME owner (IFAC, 2011a). Therefore, the role that a professional accountant plays to support an SME's success and sustainability should first be investigated and analysed in the context of the traditional and non-traditional roles generally ascribed to the professional accountant. These activities include financial reporting services, taxation services, business advisory services as well as management accounting services (IFAC, 2005; IFAC, 2011a).

The role of the professional accountant in the broader economic and social setting has previously been given scant attention (Hopwood, 1987). In the three decades since this observation was made, most accountancy studies have remained focused on the technical aspects of the profession (Barth, Beaver, & Landsman, 2001; Barth, Landsman, & Lang, 2008; Mohamed et al., 2019; Omarjee, Yasseen, & Mohamed, 2019). The role of the professional accountant, particularly within the SME environment, is influenced by many factors and is not limited to the technical nature of the work. However, relatively little attention has been given to the ways in which the role of the professional accountant has changed over time, and, in turn, how this role is experienced by SME owners.

The role of the professional accountant has become integrated with many facets of an SME, which encompass social, political and economic factors and tensions, and this poses several challenges. For example, the profession may provide not only the traditional compliance services to the SME, its role may transcend this function and move into various advisory roles within an SME. These advisory roles may be influenced by political and economic factors that the SME has to contend with, such as Black Economic Empowerment (BEE), consumer protection and credit protection legislation within South Africa. The professional accountant, being a service provider to the SME, is therefore not confined to a single defined role. Moreover, the discipline of accountancy is constantly evolving, and is not limited to a set of rules but responds to changes in economic, social, environmental, and political circumstances (Hopwood, 1987; Ravenscroft & Williams, 2009;). This implies that the role of the professional accountant requires regular upskilling.

In South Africa, an additional challenge arises as a consequence of the *Report on The Observance of Standards and Codes Accounting and Auditing* (World Bank, 2013). The accountancy profession operates under an indirect self-regulatory framework through voluntary membership of a professional accountancy organisation. However, the ROSC report calls for appropriate legislation to be enacted to regulate professional accountancy organisations in South Africa.

Furthermore, automation is threatening several jobs with obsolescence, and professional accountants are purportedly at the top of the automation list (Nagarajah, 2016). It is thus important to understand how the profession can continue adding value as the accountancy landscape changes. The impact of these challenges will be further explored in Chapter Two.

In addition, the researcher is of the opinion that the accountancy scandals of 2017 and 2018 in South Africa necessitate an in-depth review and understanding of what the role of the professional accountant in society should be. Although this is not the focus of this study, a thorough investigation of the role of the professional accountant in the SME environment is also required, since, as stated in the introduction, SMEs are expected to play a major role in the creation of employment, particularly in developing countries (Beck & Demirguc-Kunt, 2006; Smallbone & Welter, 2001a, 2001b; World-Bank, 2015b) and SMEs have been identified as productive drivers of inclusive

economic growth and development in South Africa and around the world (Abor & Quartey, 2010; Kongolo, 2010).

Although global trends indicate that the SME sector has sustained growth and is consistently the largest employer across developed and developing nations, these trends are contradictory in the South African context, where SMEs are experiencing stagnation in terms of the turnover generated and employment growth (Leboea, 2017; Olawale & Garwe, 2010). This is of grave concern, since the large SME sector in South Africa consistently continues to shrink and decrease its employment absorption rate (Kesper, 2001). SMEs therefore have a critical role to play in promoting economic growth, increasing employment and reducing poverty in developing economies such as South Africa (Abor & Quartey, 2010; Okpara, 2011).

Furthermore, SMEs in South Africa are expected to function within and contribute to the social and economic transformation of the country by improving the quality of life of citizens and improving growth in the economy (Kesper, 2001). The lack of success of SMEs in South Africa is attributed to factors such as the absence of planning by the SMEs, lack of experience to manage an SME, difficulties posed by the socio-political climate and economic instability, and the sociocultural complexities of the country (Kunene, 2008; Robinson, Jr, 1982). If these factors are not properly mitigated, it could have an impact on the success of an SME (Venter *et al.*, 2015). SMEs therefore need access to relevant expertise to address the challenges that they face in order to improve their chances for success (Husin & Ibrahim, 2014).

Based on the above, and in summary, the research problem is that firstly, SMEs play a key role in a developing economy but are struggling in South Africa and secondly, professional accountants are active in the SME environment but very little is known about the roles they currently play, and, thirdly, there is no existing qualitative research on the future roles that they could play in the SME environment. As indicated in Figure 1 and discussed in Sections 1.2 and 1.3, the core research problem exists within the context of additional complexities.

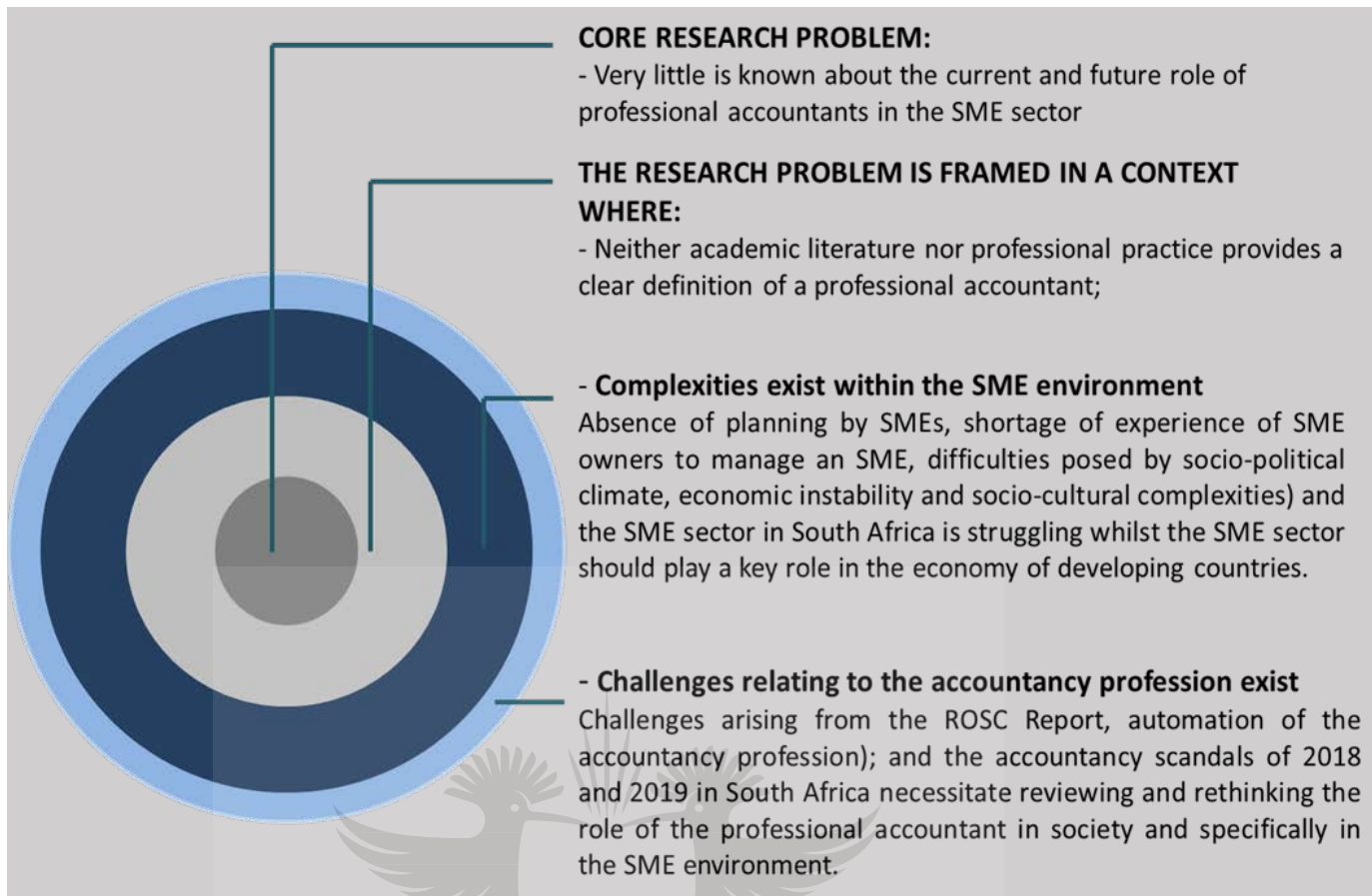


Figure 1: Research problem and contextualisation

1.4 Motivation for the study

The word “role” originated in the context of the dramatic arts where it literally referred to the roll of paper with an actor’s part inscribed on it, and later to the “part or character one takes” (Online Etymology Dictionary, n.d.; Hiebl, 2013). As early as 1599, Shakespeare formulated parallels between acting and roles in society in his play *As You Like It*, in the well-known speech of the character Jaques:

All the world’s a stage,
And all the men and women merely players;
They have their exits and their entrances;
And one man in his time plays many parts

(Shakespeare, 2019, 131).

The implication of this quote is that individuals are role players who take on many different roles in their lifetimes (Newman & Newman, 2017). Applying this notion to the role of the professional accountant in relation to society and particularly in relation to

SMEs, this study seeks to investigate the different roles of the professional accountant with respect to SMEs in South Africa with the understanding that these roles are not static but continuously evolving.

According to Linton (1936), a “role” comprises all of the cultural patterns associated with a position in society. Later, Merton (1957) supplemented this with the notion that a person does not have only one role in society, but rather has an entire role set, from which a particular role is chosen depending on the situation and the counterpart the person faces. Every SME is subject to various expectations from different internal and external role senders (Katz & Kahn, 1978). In the communication process, the sender is the individual who initiates a message and is often called the communicator or source of communication (Leiß & Zehrer, 2018).

Merton (1957) states that the role sender’s expectations form the receiver’s role set. In this study, the role sender is the professional accountant with whom the SME owner interacts. The receiver – the SME owner in this case – perceives these expectations and may act accordingly or not. Role expectations comprise the specified tasks and duties that the role bearer is expected to perform. However, the role is not limited to the sum of these tasks and duties, because role expectations may conflict. Thus, the role bearer must sort out which expectations to honour and, consequently, which tasks and duties to perform (Hiebl, 2013).

For the purpose of this study, a broad and inclusive interpretation of the term role is used because the professional accountant not only acts in an advisory capacity for the SME, but is also deemed to have the knowledge to ensure business survival, for example, and may be expected to provide such knowledge and expertise in its support. Aside from the expectations of owners, the professional accountant may add his or her personal views and interpretations of what their role should entail (IFAC, 2016).

The primary motivation of this study is to explore, in depth, the current and future roles and expectations of the professional accountant in the South African SME environment. Although limited to date, as well as generally quantitatively focused, there has been some research in this regard (Oosthuizen, 2018). The researcher aims to extend this field of investigation with a detailed analysis of the views of practising accountants and owners of SMEs locally.

The researcher also has a personal motivation to embark on this current research, being involved in the training and development of professional accountants in the local SME sector and serving on many platforms playing an advisory role to key stakeholders in the accountancy profession.

1.5 Research question, aims, and objectives

Based on the background and problem statement provided, the following two research questions were formulated:

1. How do professional accountants and SME owners experience the current role of the professional accountant with regard to SMEs in South Africa?
2. What are the expectations of professional accountants and SME owners of the future role of professional accountants with regard to SMEs in South Africa?

Figure 2 illustrates the conceptualisation of the twofold research question.

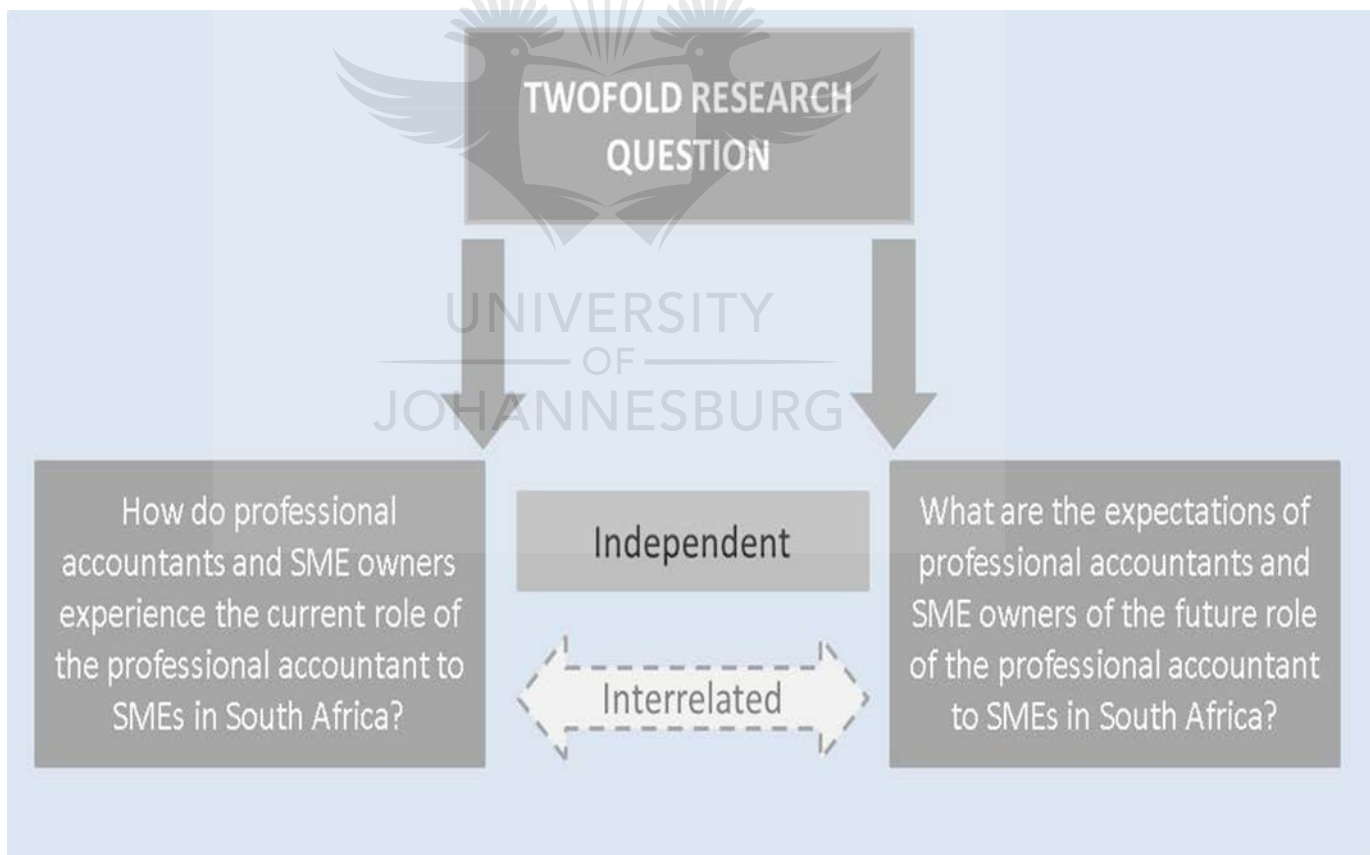


Figure 2: The two research questions

In order to address the first research question, several sub-questions were formulated as indicated in Figure 3. These sub-questions guided the question framework for the

semi-structured interviews (See Appendix 3) and the data from these interviews were analysed thematically as will be discussed in Chapter Three.

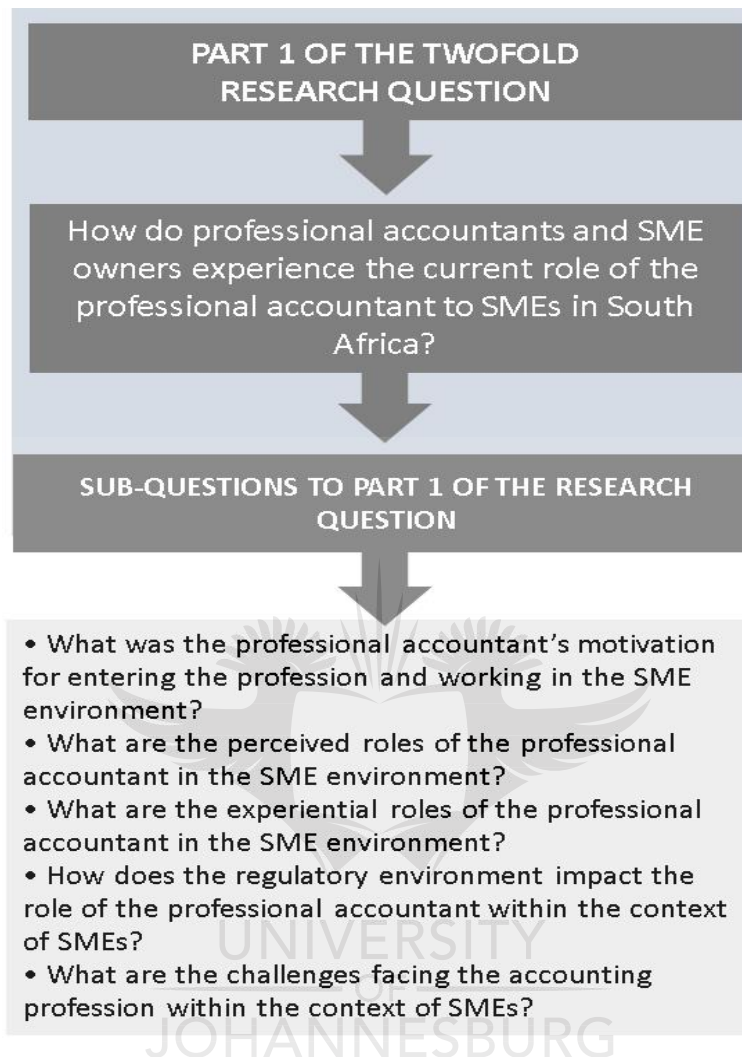


Figure 3: Sub-questions to the first research question

In order to address the second research question, an action-based research method in the form of appreciative inquiry was used for Phase 2 of the study. For this research question, sub-questions in line with the philosophy underpinning the appreciative inquiry approach were formulated, as shown in Figure 4.

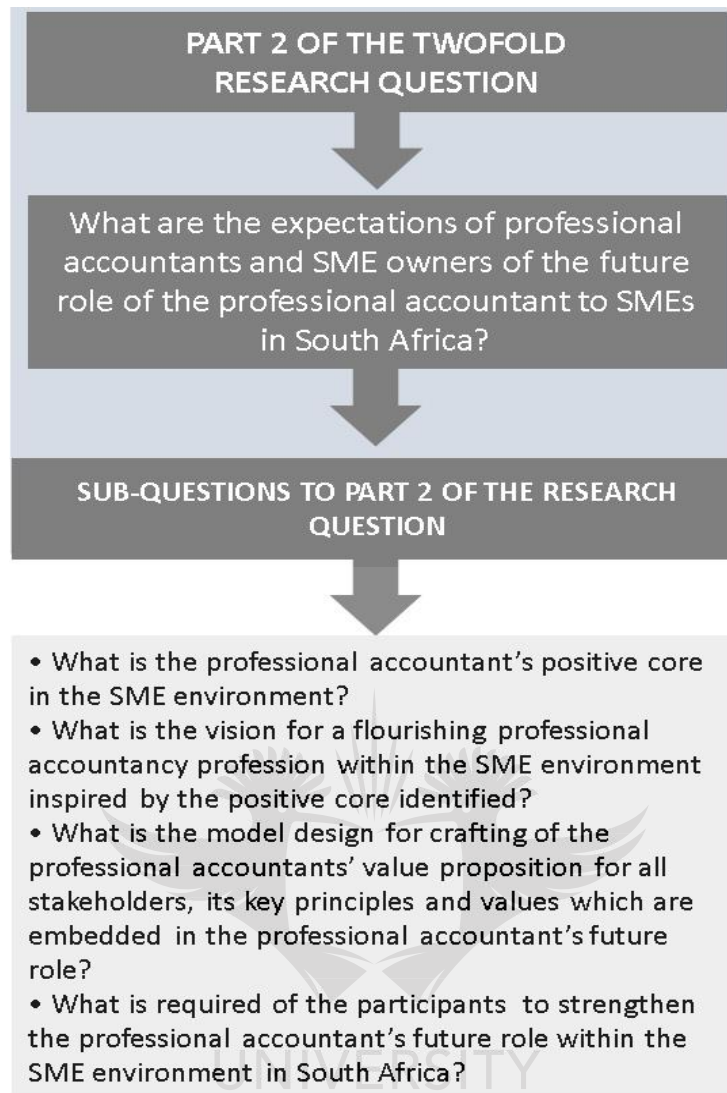


Figure 4: Sub-questions to the second research question

Appreciative inquiry as an action research strategy will be discussed in depth in Chapter Three, but a brief introduction to the appreciative inquiry approach is provided as a footnote² to orientate the reader who might be unfamiliar with this specific research approach.

² Action research aims to bring together action and reflection, theory and practice, in participation with others, in the pursuit of practical solutions to issues identified (Reason & Bradbury, 2001). Appreciative inquiry is an exploration of what brings life to human structures when they function at their best (Whitney & Trosten-Bloom, 2010) and is a positive form of action research that may stimulate change (Grant & Humphries, 2006b). The premise is that "appreciative inquiry provides a positive rather than a problem oriented lens on the organisation, focusing an individual's attention on what is possible rather than what is wrong" (Van Buskirk, 2002: 67). It is further argued that it is only through a connection to this positive

1.5.1 Aims of the study

Informed by the two research questions, the aim of this study is to explore how professional accountants and SME owners experience the current role of the professional accountant and what their expectations are regarding the future role of the professional accountant with regard to SMEs in South Africa.

The primary aim was further sub-divided into two secondary aims:

- To explore the current role of the professional accountant within SMEs in South Africa; and
- To explore what the expectations are of professional accountants and SME owners of the future role of professional accountants with regard to SMEs in South Africa.

Two sets of sub-aims were developed for each of the secondary aims as indicated in Figure 5. The sub-aims for Aim 2 were developed in accordance to the requirements of appreciative inquiry.



form that transformation is conceivable (Cooperrider & Whitney, 2005; Cooperrider, Whitney & Stavros, 2003; Crous *et al.*, 2006). Appreciative inquiry was regarded to be the most appropriate research approach to address Part 2 of the research question because it is a form of inquiry that is collective, collaborative, self-reflective, and undertaken by the participants of the inquiry (Puente, Crous & Venter, 2007; Reason & Bradbury, 2001). Appreciative inquiry adopts a unique approach to issues, challenges, and concerns by concentrating first on what is working particularly well in a certain context, rather than concentrating on problems as in the deficit thinking approach (Kelly, 2010).

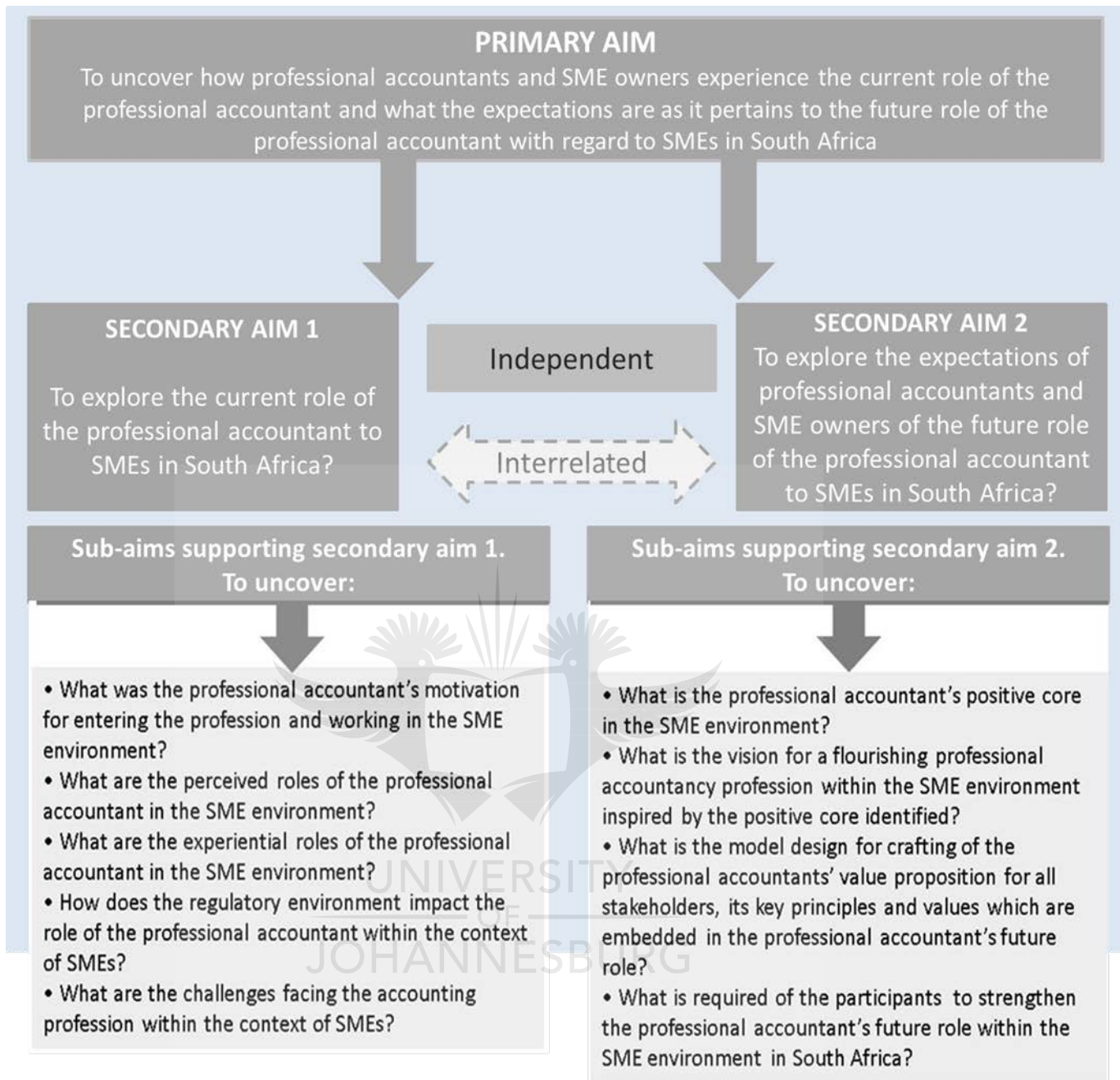


Figure 5: Primary and secondary aims with supporting sub-aims

1.5.2 Objectives of the study

Based on the aforementioned aims and sub-aims, the following theoretical, methodological and practical objectives were formulated:

- Theoretical objectives embedded in a systematic review of relevant literature:

- To discover what is already known in the body of knowledge
- To develop a better understanding of the context in which participants of the research study operate
- To establish the framework and understand the boundaries within which a professional accountant and SME operate, and
- To formulate research questions that have theoretical and conceptual merit and ensure that new studies can enter into a dialogic relationship with the existing body of knowledge.

- Methodological objectives:

- To approach sub-aim 1 using semi-structured interviews guided by a thematic analysis of the content, and
- To approach sub-aim 2 from an action-based research perspective, applying the appreciative inquiry method due to its transformative and generative methodology (Cooperrider, Whitney, & Stavros, 2003).

- Practical objectives:

- To advance the existing academic and professional body of knowledge;
- To develop a model that can be of benefit to stakeholders such as professional accountancy organisations, legislators, SMEs and educational institutions;
- To inspire a positive change that could improve the relationship between the professional accountant and SME owner; and
- To practically demonstrate the use of a positive action-based research approach in organisational development theory.

1.6 Contributions of the study

This study will make the following theoretical, practical, and methodological contributions.

1.6.1 Theoretical contributions

It has been claimed that professional accountants play an important role in the success of any organisation (IFAC, 2016). Several recent commentaries in the professional accountancy literature have highlighted emergent non-traditional roles for professional accountants in organisations (Franco-Santos *et al.*, 2012; Hoque, 2014; ICAEW, 2011; Strike, 2012). Some claim to be describing the actual tasks in today's accounting practice, while others claim to present tasks that professional accountants should assume (Burns & Baldvinsdottir, 2005). The role of the professional accountant within the SME environment remains undefined. This research will contribute to the academic SME accountancy literature in three ways. Firstly, it extends accounting research focused on the SME environment, which is relatively sporadic and not dealt with in mainstream accounting journals but rather seen as a by-product of business advice in general. Secondly, an in-depth understanding of the roles played by professional accountants will provide a framework for understanding how accountancy contributes to the successful functioning of SMEs. Theoretically, this study will make a significant contribution to the use of qualitative research in mainstream South African accountancy studies, as well as demonstrating the use of interdisciplinary methods in accountancy research.

Lastly, this study will illustrate how SMEs access and could access accounting advice in order to create value and ensure growth and sustainability, which are of paramount significance to developing economies such as South Africa. This study goes beyond analysing traditional descriptive statistics on SMEs since the researcher applies qualitative methodologies to address key gaps in the existing literature and find answers to crucial questions which have remained unanswered until now.

1.6.2 Methodological contributions

This study is conducted within an interpretivist research paradigm that employs qualitative research methods. The first methodological contribution of this study is the interpretivist paradigm itself. This is because traditionally accountancy research has tended to align itself with a positivist tradition of association (Coetsee, 2011). In South

Africa the positivist tradition in accountancy research is still the dominant paradigm whilst, on international level, there has been an increase in studies conducted within an interpretivist paradigm (Coetsee & Stegmann, 2012; Maroun & Jonker, 2014). The term “main-stream” accounting research is often used to imply that research conducted within the positivist tradition is epistemologically superior (Chua, 1986; Laughlin, 1995; Williams, 1989). According to Morgan (1988), professional accountants often see themselves as engaged in an objective, value-free, technical enterprise, representing reality “as is”. However, they are not just technicians practicing a technical skill. They are part of a much broader process of reality construction, producing partial and rather one-sided views of reality. As a consequence, in more complex settings, where the research question focuses on the social construction of contemporary systems (such as accountancy) there is a need to use methods that provide detailed insights that mainstream positivist approaches often cannot gain access to (Ahrens *et al.*, 2008; Brennan & Solomon, 2008; Maroun & Jonker, 2014).

The conclusions and inferences drawn from positivist accountancy research have resulted in the literature having a very limited perspective, whereby the political, legal, environmental, and social realities within which the accountancy profession functions are often marginalised (Carruthers, 1995; Humphrey, 2008; Humphrey & Moizer, 1990; Laughlin, 2007; Solomon, Solomon, Joseph & Norton, 2013). It is argued that an interpretive approach supports the idea that, in order to understand circumstances, meaning needs to be extracted from social and cultural variables that impact on the subject matter and, in addition, an interpretive approach recognises that these interconnections cannot be flouted (Maroun, 2012). These arguments will be elaborated upon in Chapter Three, which sets out the chosen research methodology.

The second methodological contribution is the use of appreciative inquiry as the qualitative method of inquiry used in Phase 2 to investigate future roles of the professional accountant within the SME environment. This post-modern method has not been utilised before in the known body of knowledge of accountancy research.

Appreciative inquiry has established itself quite recently in the field of organisational development studies and has received increasing attention for its positive application in facilitating organisational change (Cameron & Dutton, 2003; Coghlan, Preskill &

Tzavaras Catsambas, 2003). The foremost foundation of appreciative inquiry is that this deliberate positive process of knowing is socially constructed (Crous et al., 2006). This denotes that the formation of meaning occurs through dialogue (Cooperrider, Whitney & Stavros, 2003). This is unlike traditional action-based approaches focused on deficit thinking and problem-solving approaches that have the objective of “fixing issues” within a system. In Chapter Three the detail of appreciative inquiry as research strategy will be discussed and its suitability to this study will be argued.

1.6.3 Practical contributions

This study will be of significance to professional accountants, SME owners, professional accountancy organisations, legislators, future regulators and institutions of higher learning, firstly in understanding the current role of the professional accountant within the SME environment. This would be beneficial in the development of sustainable and relevant economic policies that represent what the future roles of the professional accountant ought to be in order to service SMEs within South Africa. Professional accountancy organisations may utilise the research to develop continuous professional development (CPD) programmes that will empower professional accountants with the necessary skills and competencies. Furthermore, institutions of higher learning may reflect on the findings and potentially change academic competencies and skills required for professional accountants embarking on an accountancy career in the SME environment.

The findings and recommendations of this study could potentially contribute to the facilitation of positive change through the strategic alignment of future roles of the professional accountant with the possible expected objectives of all stakeholders within the service relationship with the SME. This study may also benefit key stakeholders reflecting on the issues identified by the ROSC report, the current accounting scandals, as well as the goals of the NDP for 2030, and serve as a pathway towards achieving the transformational changes that are needed to ensure the continued relevance of the role of the professional accountant in the SME environment.

1.7 Structure and integration of the research

The literature review in Chapter Two focuses on three broad themes. Firstly, the three key concepts of this study, namely, SMEs, professional accountant, and public

interest, will be clarified. Secondly, the experience of SME owners as it is reflected in the existing literature will be discussed. Thirdly, the experience of the professional accountant will receive attention by reviewing various aspects that influence and shed light on the experience of the professional accountant based upon the current body of knowledge. Chapter Three provides a systematic outline of the methodological framework and defends the appropriateness of a qualitative research methodology in answering the research question. The research strategies for the two phases are then argued as they relate to the two research questions as depicted in Figure 6 below.

These two phases are discussed within the context of the research process, which includes: the chosen sampling strategy, method of data collection and data analysis. The criteria applied to ensure trustworthiness of the study are provided in Chapter Three as well as the ethical procedures that were followed. Chapter Four is dedicated to the findings from the two phases followed by Chapter Five where the findings are discussed in depth. Chapter Six is reserved for the conclusions, evaluation and recommendations of the study.

1.8 Summary of Chapter One

This introductory chapter contextualised the study in terms of the background to the study. Thereafter, the problem statement of the research and the research questions, aims, and objectives were outlined. Lastly, the anticipated contributions of this study regarding theoretical, practical and methodological contributions relating to the study were discussed.

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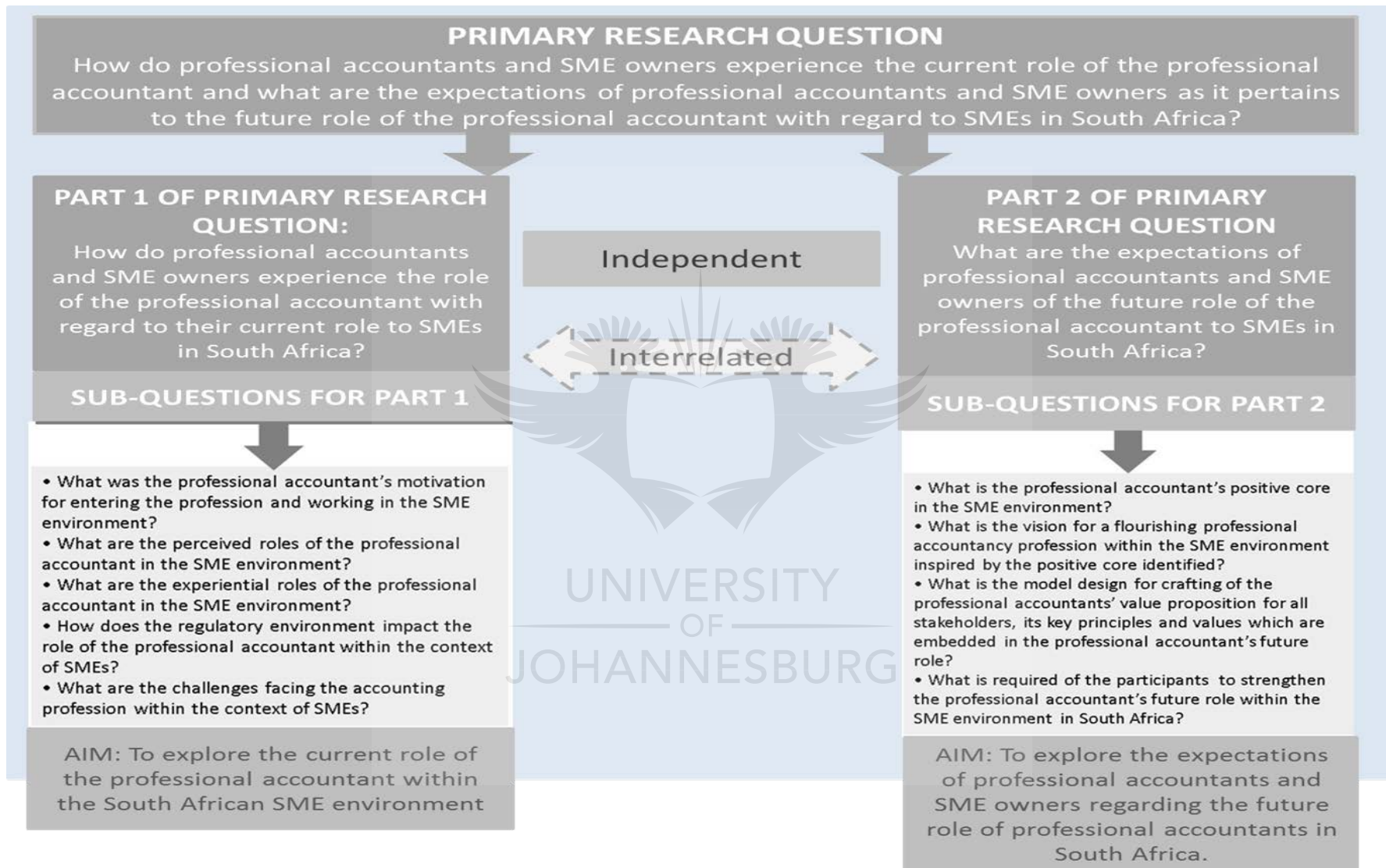


Figure 6: Two phases of the research strategy in relation to the two research questions

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The general objective of a literature review is to collect as many relevant items of literature as possible and read them. The prerequisite to discover what is already known in the body of knowledge prior to commencing any research study should not be underestimated (Hart, 1998). This is an essential step in the research process for various reasons. Firstly, the researcher becomes more informed about the subject and the methodologies used in previous research, which is an essential step prior to critically reviewing the literature (Collis & Hussey, 2009).

Secondly, a thorough review of the literature enables the researcher to formulate research questions that have theoretical and conceptual merit and ensures that new studies can enter into a dialogic relationship with the existing body of knowledge. A critical review of the literature is therefore important to identify gaps in the literature. These gaps become helpful markers to the researcher in conducting the research study and are directly related to the formulation of the research question.

Thirdly, and especially in the case of a qualitative study such as this one, it is important for the researcher to have in-depth knowledge of the environment influencing the stories of participants, to develop a better understanding of the context in which participants of the research study operate (Downe-Wamboldt, 1992). This enables the researcher to formulate relevant questions in preparation for and during semi-structured interviews, and to deeply explore the data during the analysis phase of the study.

Based on the above, the first objective of this literature review is to establish the framework and understand the boundaries within which a professional accountant operates in the SME environment, from a South African and international perspective. Therefore, this literature review is reflective and exploratory and provides an analysis of what is already known concerning the role of the professional accountant within the SME landscape and provides context to this research study (Krippendorff, 2004). Secondly, the researcher also provides justification for the research question by identifying gaps within the existing body of knowledge.

To provide context to the literature review, the researcher's systematic approach to review the literature is discussed in Section 2.2. Thereafter the literature review is structured to reflect various key concepts pertaining to this study, namely, SMEs, professional accountant, and public interest (Section 2.3). Sections 2.4 and 2.5 respectively deal with how the experience of SME owners and professional accountants are described in the existing body of knowledge. This chapter concludes with a summary in Section 2.7.

2.2 Systematic approach to the literature review

The researcher applied the principles of a Systematic Literature Review (SLR) to ensure that the literature review is comprehensive, relevant and aligned with the objectives of a literature review as discussed in Section 2.1. A systematic literature review is a method that is conducted to inform the primary research purpose at multiple stages of the research process (Onwuegbuzie & Frels, 2016). The principles of a SLR were selected for the review of relevant studies as it provides for identifying, evaluating, and interpreting all that is known about a particular issue and identifies the foundation of that knowledge (Budgen & Brereton, 2006; Kitchenham, 2004). Furthermore, the use of the SLR has also been adopted in similar qualitative accountancy studies (Dumay, Bernardi, Guthrie & Demartini, 2016; Engelbrecht, Yasseen & Omarjee, 2018; Massaro, Dumay & Guthrie, 2016; Massaro, Handley, Bagnoli & Dumay, 2016).

The principles of the SLR method were therefore applied to the literature review process to select studies which pertain to SMEs and professional accountants through exploring various aspects relating to the context of the research study and informing the research question, namely, what is known about the current role of the professional accountant in the SME environment and what is known about the potential future role of the professional accountant in the SME environment

In an SLR the scope of the review is predetermined. A comprehensive literature search was undertaken to encompass all appropriate studies; explicit criteria to regard or disregard studies were established; and such established standards were subsequently applied to critically evaluate the study quality (Green & Higgins, 2005). An SLR is not influenced by the research methodology followed in the different studies

and both qualitative and quantitative studies were reviewed (Green & Higgins, 2005; Onwuegbuzie & Frels, 2016).

A methodological review of essential literature is a crucial undertaking for academic research (Webster & Watson, 2002). Therefore, a high quality review of relevant literature was the objective, and in order to achieve this the researcher focused on a critical discussion of the literature to gain insight into and an awareness of differing arguments, theories, and approaches (Boote & Beile, 2005).

Furthermore, a high quality literature review uses a combination of different data sources to document and analyse what has been published on any given topic (Mudavanhu, 2017). The researcher used this principle as a guideline and included different sources of information such as scholarly journal articles, theses and dissertations, books, reference materials, professional journals, government documents and conference materials (Onwuegbuzie & Frels, 2016; Tschirhart, 2012).

The quality and inclusion of different sources also depend on the discipline that the literature review covers (Tschirhart, 2012) and the extent to which aspects of the research problem are covered in the existing body of knowledge. In the context of this study, there is limited information available relating directly or indirectly to the current or future role of the professional accountant in the SME environment. Furthermore, very few of the available research studies were published in peer reviewed scholarly articles.

Since this is an exploratory study, the researcher did not want to discriminate between the traditional scholarly academic sources and other types of publication before each publication had been read and evaluated for relevance. Furthermore, limiting the scope to only peer reviewed scholarly sources would restrict the researcher in discovering what is known about the current role of the professional accountant within SMEs. The following sources and principles were selected and applied in considering data sources for this study:

- A high-quality review is complete and focuses on concepts and covers relevant literature on the topic and is not confined to one research methodology or one set of journals (Webster & Watson, 2002). To this end, the selection of peer reviewed scholarly literature would have been the ideal. However, this was difficult to obtain in the current study. The literature was drawn from the South African Department

of Higher Education's list of accredited journals, which includes the internationally ranked journal lists such as the ISI list and the IBSS list, Norwegian list or the SCOPUS list as a starting point for inclusion. The researcher was very cognisant that the higher impact journals do not cover SME research within the professional accountancy realm and as such it would be prejudicial to limit literature to only predetermined accredited journals.

- Peer-reviewed conference papers were also considered because conference papers provide the researcher with insights into the areas of debate that would later appear in academic journals (Dumay *et al.*, 2016).
- Theses and dissertations from university websites were considered for this particular research as this provided insight into current and technical issues within the field of study which may contain valuable information not published in other sources (Onwuegbuzie & Frels, 2016; Tschirhart, 2012).
- Citation impact analysis has emerged as playing a prominent role in the evaluation of scientific research (Waltman, 2016). The researcher therefore assessed the impact of sources by evaluating how many times they had been cited by researchers. The more times a source has been cited, the higher its impact when constructing arguments. In this regard, the researcher placed a value judgement on citations and referred to more than one source when there was a low citation score.
- Grey literature was considered valuable even though these material sources are not usually indexed in conventional indexing tools (Tschirhart, 2012). Grey literature publications can be defined as non-conventional, fugitive, and sometimes ephemeral publications (Alberani, Pietrangeli, & Mazza, 1990). Grey literature in the form of technical reports issued by professional accounting bodies was therefore factored for inclusion in the literature review. Applicable South African legislation and documents containing relevant standards by regulators within the field of accounting were read and evaluated for relevance for inclusion. The SLR's use of grey literature further involved selecting and analysing other relevant information such as visiting the webpages of professional accounting organisations and regulators.
- Chronology of publications was assessed for relevance. Older sources were considered and incorporated if the content was relevant to the current research

context. Older sources that were incorporated were not deemed inferior, provided that the context of the information could still be applied.

The researcher placed confidence in the SLR strategy that was employed. The approach was considered appropriate in establishing sufficient academic grounding to investigate what is already known about the role of the professional accountant within the SME environment in South Africa.

As stated previously, the scope of an SLR is predetermined and dictated by the research problem. Based on the research problem, a framework was created that formed the basis of the literature search. Based on this framework, three broad themes will be addressed in the literature review, namely (1) key concepts to be clarified; (2) the experience of the SME owner; and (3) the experience of the professional accountant. This framework indicating the broad themes and the detailed aspects of each theme are indicated in Figure 7.



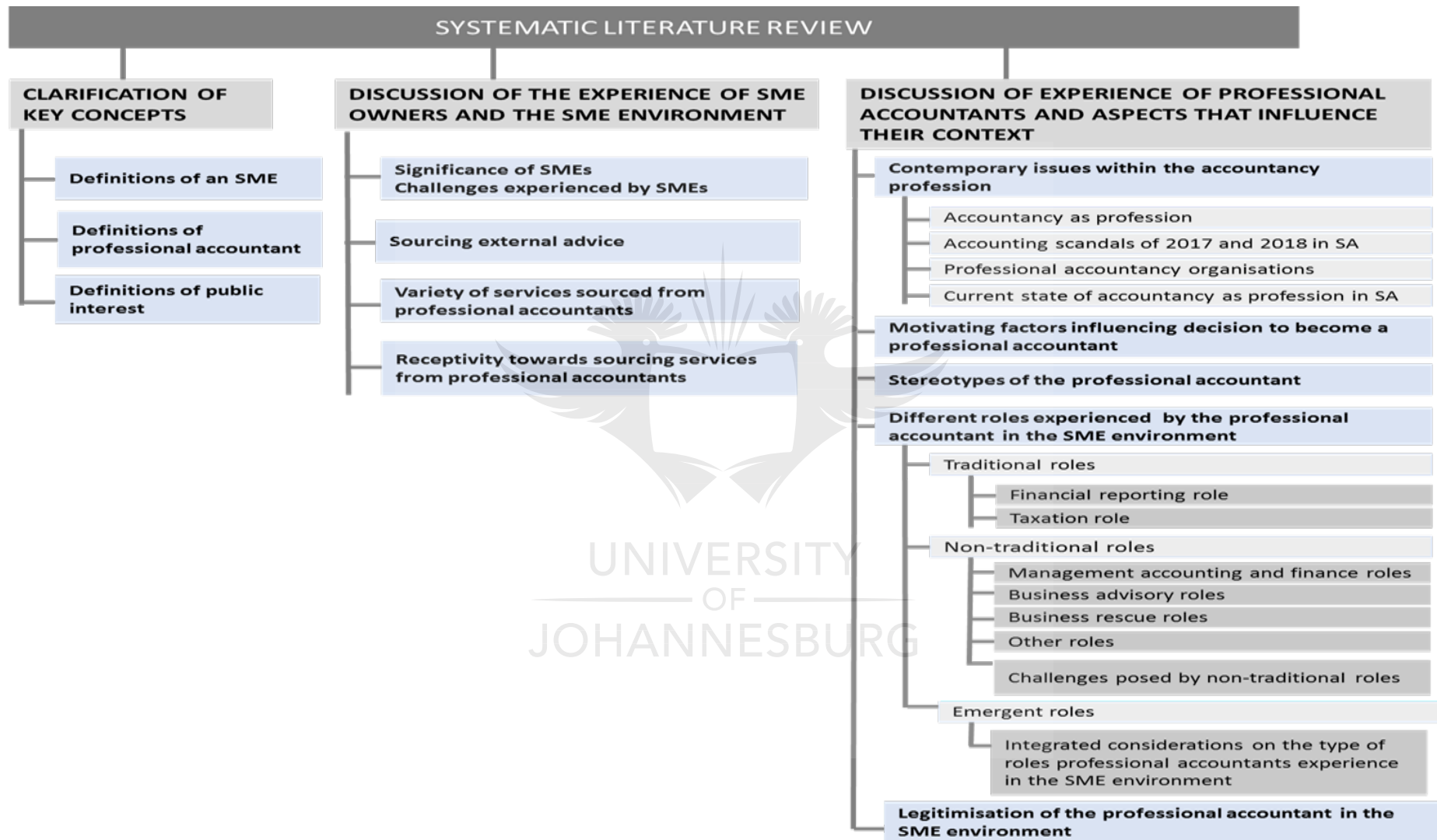


Figure 7: Framework for conducting the systematic literature review

In terms of the framework presented in Figure 7, the three key concepts of this study will firstly be clarified by:

- reviewing the definitions of an SME (subsection 2.3.1)
- reviewing the definitions of a professional accountant (subsection 2.3.2), and
- reviewing the definitions of public interest (subsection 2.3.3).

Secondly, the experience of SME owners will be discussed in terms of:

- the significance of SMEs and the challenges experienced by SMEs in relation to its functioning within an economy (subsection 2.4.1)
- sourcing external advice (subsection 2.4.2)
- the variety of services sourced from professional accountants by SME owners (subsection 2.4.3), and
- the level of receptivity towards sourcing services from professional accountants (subsection 2.4.4).

Thirdly, the experience of the professional accountant will be discussed (Section 2.5) by reviewing various aspects that influence and shed light on the experience of the professional accountant. These aspects are:

- contemporary issues within the accountancy profession (subsection 2.5.1), with specific reference to:
 - the extent to which the accountancy profession is still regarded as a profession (subsection 2.5.1.1)
 - the public accounting scandals of 2017 and 2018 in South Africa (subsection 2.5.1.2)
 - the function of professional accounting organisations (subsection 2.5.1.3), and
 - the accountancy profession as it stands today in South Africa (subsection 2.5.1.4)
- the motivating factors influencing the decision to become a professional accountant (subsection 2.5.2)
- stereotypes of the professional accountant (subsection 2.5.3)
- the different roles experienced by professional accountants in the SME environment (subsections 2.5.4 and 2.5.4.1), with specific reference to:
 - traditional roles (subsection 2.5.4.2) namely, the financial reporting role (subsection 2.5.4.2.1), and the taxation role (subsection 2.5.4.2.2)

- non-traditional roles (subsection 2.5.4.3) namely, management accounting and finance roles (subsection 2.5.4.3.1), business advisory roles (subsection 2.5.4.3.2) business rescue roles (subsection 2.5.4.3.3), other roles (subsection 2.5.4.3.4) played by the professional accountant, and challenges posed by the non-traditional roles (2.5.4.5) as well as:
 - emergent roles, and
 - the legitimisation of the professional accountant within SMEs (subsection 2.5.5).

2.3 Key concepts of the study

As this study is focused on the experience of professional accountants and SME owners of the current and expected future roles of the professional accountant, it was deemed necessary to clarify what is understood by the concepts “professional accountant” and “SME”. In subsections 2.3.1 and 2.3.2, the definitions of an SME and professional accountant will be reviewed respectively. In addition to these two key concepts, the concept of “public interest” will also be discussed in subsection 2.3.3, as it is recognised that the professional accountant’s relationship with the SMEs they service doesn’t exist in a vacuum but has implications beyond the business of the SME.

2.3.1 Small to Medium Enterprise (SME)

In this subsection the existing definitions of an SME are reviewed, and key differences and areas of emphasis are highlighted in order to provide a working definition of an SME in terms of this study. The meaning embedded in the term “SME” was of significance to the objective of the current research study. Without establishing the definition of an SME, the study would lose focus and lack contextualisation. The reason for this is that literature on SMEs does not propose a convincing definition of an SME (Maseko & Manyani, 2011; Mohamed, 2017; Mohamed *et al.*, 2019). However, to understand exactly what an SME is, depends on the criteria prescribed by the relevant authority governing the SME (Carey & Tanewski, 2016; Carey, 2015). It was found that, depending on the geographical locality, what constitutes an SME could have varied interpretations. Despite this, it is a term that is used globally and no one definition can encapsulate its parameters in terms of size, locality, industry and stage of development (Maseko & Manyani, 2011; Mohamed, 2017; Mohamed *et al.*, 2019; Tudor & Mutiu, 2008). The various definitions of SMEs from the perspective of

different professional bodies as well as the legislators operating within South Africa are summarised in Table 1.

Table 1: Definitions of SMEs from Different Professional Bodies and Legislators in South Africa

PROFESSIONAL BODY / LEGISLATOR	DEFINITION OF AN SME
The Organisation for Economic Co-operation and Development (OECD)	Small and medium-sized enterprises are non-subsiary, independent firms which employ fewer than a given number of employees. This number varies across countries (Organisation for Economic Co-operation and Development, 2005)
The National Small Business Amendment Act (29 of 2004)	A separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy mentioned in column I of the Schedule and which can be classified as a micro-, a very small, a small or a medium enterprise by five categories namely, standard industrial sector and subsector classification, size of class, equivalent of paid employees, turnover and asset value – excluding fixed property (RSA, 2004, p. 5). The detailed parameters of the act is specified in appendix A.
International Accounting Standards Board (IASB)	An SME is defined as an entity that: <ul style="list-style-type: none"> • Does not have public accountability; and • Publishes general-purpose financial statements for external users. An entity with public accountability is further defined as an entity that: <ul style="list-style-type: none"> • Has debt or equity instruments traded in a public market (or it is in the process of issuing such instruments); or • Holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. (International Accounting Standards Board, 2015, p. 10)

From the definitions in Table 1 it can be deduced that within South Africa the SME definition is broad and segmented. The National Small Business Amendment Act (29

of 2004) (RSA, 2004), defines SMEs according to five categories established by the original act, namely, standard industrial sector and subsector classification, size of class of the enterprise, equivalent of paid employees, turnover and asset value – excluding fixed property. The definition of the National Small Business Amendment Act (29 of 2004) (RSA, 2004) could be extended to any entity, whether or not incorporated or registered under any law, which consists mainly of persons carrying on small business concerns in any economic sector, or which has been established for the purpose of promoting the interests of or representing small business concerns, and also includes any federation consisting wholly or partly of such association, and also any branch of such organisation (RSA, 2004). Appendix 1 provides the key differences in terms of where the emphasis of classification lies per the National Small Business Amendment Act (29 of 2004).

There seems to be a divergence in the definition between the National Small Business Amendment Act (29 of 2004) and the International Financial Reporting Standards for Small to Medium Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB). The definition of the characteristics of an SME in terms of the IFRS for SMEs affects the type of reporting standard an SME should use. The IASB prescribes the use of a simplified reporting standard should an entity meet its definition of an SME. The definition of “small and medium-sized entities” in the context of the IFRS for SMEs is based on the nature of an entity rather than on its size. Their definition of SMEs encompasses entities that do not have public accountability but rather publish general purpose financial statements (“public accountability” covers entities with, or seeking to have, securities traded in a public market or that hold assets in a fiduciary capacity as their main business activity). It is a matter for authorities in each territory to decide which entities are permitted or even required to apply IFRS for SMEs (IASB, 2015). The adoption of the IFRS for SMEs as a reporting standard has proven to be a challenge due to the broad characteristics of the definition of an SME within the IFRS for SMEs (Mohamed, 2017). Given the broad nature of the principles that have to be applied, there are challenges regarding the adoption of a global reporting framework such as the IFRS for SMEs (Schutte & Buys, 2011b).

The definition of SMEs as per the IFRS for SMEs, however, was neither supposed to be restricted to one form of legal ownership (Van Wyk & Rossouw, 2009), nor was the element of size quantified to define an SME (Aboagye-Otchere & Agbeibor, 2012;

Jermakowicz & Epstein, 2010). The intent of the IASB was that the type of legal entity that an SME constitutes be determined by the specific regulations of each country which adopted the IFRS for SMEs (Tudor & Mutiu, 2008). In South Africa these specific requirements are prescribed in the South African Companies Act 71 of 2008. Table 2 is a digest of the specific requirements as per the South Africans Companies Act 71 of 2008 (RSA, 2008).

Table 2: Digest of Specific Requirements as per the South African Companies Act 71 of 2008

PUBLIC INTEREST SCORE	ACCOUNTING REPORTING STANDARD CHOICE	ASSURANCE TO BE PROVIDED
350 +	IFRS if listed on an exchange or IFRS for SMEs if not listed on an exchange and meets the requirements of IFRS for SMEs	Audit
100-349	IFRS or IFRS for SMEs if the requirements of IFRS for SMEs are met	Independent review or auditor
<100	NO FRAMEWORK	

Underlying considerations when calculating the Public Interest Score:

- a number of points equal to the average number of employees of the company during the financial year;
- one point for every R1 million (or portion thereof) in third party liability of the company, at the financial year end;
- one point for every R1 million (or portion thereof) in turnover during the financial year; and
- one point for every individual who, at the end of the financial year, is known by the company-
 - in the case of a profit company, to directly or indirectly have a beneficial interest in any of the company's issued securities; or
 - in the case of a non-profit company, to be a member of the company, or a member of an association that is a member of the company.

One interpretation of the South African Companies Act 71 of 2008 asserts that the definition of an SME is not restricted to private companies but can also include other legal forms or micro-entities such as sole traders, partnerships, trusts and non-profit organisations (Mohamed, 2017). Table 2 above provides a good basis for understanding where SMEs would fit into the South African economy. The public interest score described in Table 2 together with the levels of assurance and the type of financial reporting standards are all essential in understanding the form of an SME

for the current study. The higher the public interest score, the higher the risk to external stakeholders, implying that the public has a larger vested interest in the company. In terms of the Companies Act 71 of 2008 this would mean that the levels of assurance needed for scores with a higher public interest require the services of a registered auditor.³

Based on the above discussion, the proposed definition of an SME for the purpose of the current study is as follows:

Small and medium-sized enterprises are owner-managed businesses. Such businesses are incorporated in terms of the requirements of the South African Small Business Amendment Act of 2004. As these businesses have neither public accountability nor publish general-purpose financial statements for external users, they are able to select IFRS for SMEs as a basis to prepare their financial statements. Furthermore, the businesses must be eligible in terms of the South African Company's Act 71 of 2008 to be exempt from an audit and must have a public interest score of below 349.

This proposed definition of an SME is similar to other local and international studies in terms of the characteristics of including micro, very small, small and medium enterprises within the definition and then applying it within the particular geographical region (ACCA, 2012; Bennett, 2007; Collis, 2012; Du Bourg, 2018; Han & Benson, 2010; Howorth & Westhead, 2003; Burke & Jarratt, 2004; McChlery, Godfrey, & Meechan, 2005; Mohamed, 2017; Oosthuizen, 2018; Schutte & Buys, 2011a, 2011b). Concurring with the definition of an SME, an SME owner refers to any natural person who separately or jointly owns, by means of capital contribution or shareholding, any form of SME (Oosthuizen, 2018).

³ This study is not focused on the registered auditor but on the professional accountant, who does not provide audit services. The difference between a professional accountant and a registered auditor is further explained in Section 2.3.2 which deals with the definition of a professional accountant.

The proposed definition of an SME was applied to aid in the selection of suitable participants for the research, as discussed in Chapter Three, which deals with the research methodology of this study.

2.3.2 Professional accountant

Accounting is not a static discipline and has over time continually undergone a metamorphosis as new techniques have been incorporated (Hopwood, 1987). Given the non-static, metamorphic nature of the discipline, there is no consensus on a standard definition for professional accountants. The lack of a singular definition is linked to the aim of this study, namely to explore the role of the professional accountant within SMEs, thereby arriving at a better understanding of what a professional accountant is within this specific context.

Neither academic literature nor professional practice provides a clear definition of a professional accountant. It has been stated that accounting is rational, calculable and objective and is primarily concerned with recording and control systems that define and monitor behaviour, and holds individuals accountable as well as supports judgements to be made (Gray & Laughlin, 2012; Helliar, 2013). Accounting serves as a mechanism to simplify complex realities for stakeholders operating within social systems (Bracci & Llewellyn, 2012).

The IFAC, the global organisation for the accountancy profession, proposed a framework with a definition of a professional accountant in 2011. The objective was to provide a “common international definition of the term professional accountant that could be widely understood, faithfully translated, and applied effectively” (IFAC, 2011: 3) and that such a definition would be in the interest of all stakeholders.

Accounting as a discipline has over time been expected to serve a variety of different and changing needs of stakeholders (Hopwood, 1987). In constructing a proposed definition of a professional accountant that would address the changing stakeholder needs, the IFAC considered the following underlying considerations that needed to be factored in when establishing a definition of a professional accountant (IFAC, 2011):

- The definition should include members of all public accounting organisations (PAOs) regardless whether these PAOs or their respective professional accountants are subject to any qualification and regulatory oversight

- The definition of a professional accountant should be encompassing of both private sector and public sector and should not discriminate
- The definition should provide an understanding of the breadth of competence and functions that can be demonstrated by professional accountants
- The definition should be brief, easy to understand, and provide the general public with a broad understanding of the field of accountancy
- Because the term professional accountant may not be widely used at the national or jurisdictional level, those within a certain jurisdiction may not identify themselves by the term professional accountant but would use the terms that exist in the law or regulation of their jurisdiction (IFAC, 2011, 5-6).

The IFAC (2011b) discussion paper proposed a definition of the professional accountant based upon three descriptive levels as depicted in Figure 8 below.

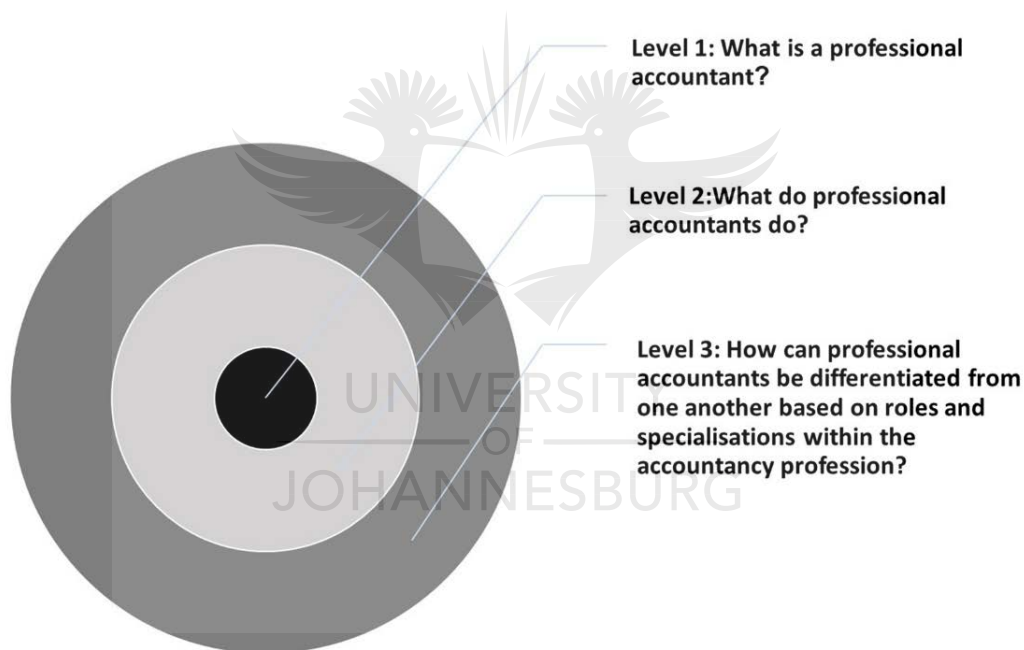


Figure 8: IFAC descriptor levels defining a professional accountant

The IFAC descriptors (IFAC, 2011) provide the basis for defining the role of the professional accountant within the field of accountancy:

Accountancy – A field of practice in which a professional accountant provides the measurement, recognition, preparation, analysis, and/or disclosure of financial and relevant nonfinancial information, or auditing of or provision of assurance and advisory services on financial information and, where applicable, nonfinancial information. Such

information assists managers, investors, tax authorities, and other decision makers in resource-allocation decisions (IFAC, 2011: 7).

Within their attempt to define accountancy, the role of a professional accountant is implied by describing that the professional accountant, from an IFAC perspective, needs to integrate a number of different knowledge bases, skills and attitudes (Helliard, 2013). The skills required in accountancy therefore arise from the requirements and needs within a specific context at a particular point in time, and the definition of a professional accountant will have to evolve according to the requirements and needs of the context as time progresses (Ahmad, Anantharaman, & Ismail, 2012). Therefore, one can argue that the IFAC has been unsuccessful in its attempt to define a professional accountant as its definition doesn't take the complexity of the context into consideration. The position paper still lacks an integrated and holistic definition of a professional accountant that is encompassing of the three descriptor levels that have been discussed whilst taking into account the complexities of the context within which accountancy is practised.

The IFAC (2011) also focuses on the competence requirements that a professional accountant should demonstrate and maintain:

[Competence is] specialized knowledge that is required in the widely recognized body of learning in accountancy. Such learning is obtained through formal education programs and practical experience requirements. Competence is demonstrated through formal assessment, such as an examination, and is kept current through continuing professional development, complies with a Code of Ethics and is subject to a high professional standard. (IFAC, 2011: 8)

Competence, along with the responsibilities of professional accountants and the services they provide, are also key factors in enabling differentiation among professional accountants and, according to the IFAC (2011: 8), "the descriptor levels provide greater flexibility for jurisdictional mandates".

In addition to exploring the definition of the IFAC, the websites of various PAOs were searched to determine whether the term "professional accountant" has been defined by these organisations. Table 3 reflects the definitions of professional accountants and/or the descriptions of the functions of a professional accountant that were derived

from the websites of the thirteen professional accountancy organisations operating within South Africa.

Table 3: Professional Accountancy Organisations’ Definitions of “Professional Accountant”

PROFESSIONAL BODY	TASKS AND COMPETENCIES OF PROFESSIONAL ACCOUNTANTS
Association of Chartered Certified Accountants (ACCA)	Professional accountants operate in business and assist businesses to operate effectively, efficiently and ethically and will show the critical role finance professionals play in achieving this. Professional accountants in business are expected to understand the context of its environment, including economic, legal and regulatory influences on aspects like governance, employment, health and safety, data protection and security (ACCA, 2018).
South African Institute of Professional Accountants (SAIPA)	Holders of the SAIPA Professional Accountant (SA) qualification are empowered to perform numerous functions and issue reports in terms of South African legislation. Professional Accountant (SA) is a business consultant/advisor that actively participates in the decision-making processes of a business, and can perform a broad range of service functions (SAIPA, 2018).
Chartered Institute of Management Accountants (CIMA)	As professional accountants in business, management accountants need to understand how businesses operate, how they are managed, how people work together and how strategy is formulated. They also need to be able to provide the analysis which managers need to understand the economics of a business’ operations, to manage performance and to manage risk. These capabilities are in addition to the core technical financial accounting skills expected of a professional accountant (CIMA, 2018).
South African Institute of Chartered Accountants (SAICA)	A chartered accountant is a professional accountant who is a business leader, a key financial decision-maker or even an entrepreneur. The maintenance of professional competence in the face of the increasing changes they encounter, makes it imperative that accountants develop and maintain an attitude of learning to learn. The education and training of professional accountants must provide a foundation of knowledge, skills and professional values that enable them to continue to learn and adapt to change throughout their professional lives (SAICA, 2018c).
Chartered Institute of Business Management (CIBM)	No application or definition of the role of a professional accountant could be found (CIBM, 2018).

PROFESSIONAL BODY	TASKS AND COMPETENCIES OF PROFESSIONAL ACCOUNTANTS
Institute of Internal Auditors (IIA)	Internal auditing is an independent, objective assurance and consulting activity that adds value and improve an organisation's operations. It helps an organisation to achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Although accounting is an important skill for an internal auditor, the focus for internal auditors is the evaluation of operational matters, risk management, internal control and the governance processes of the organisation (IIA, 2018).
Institute of Accounting and Commerce (IAC).	No application or definition of the role of a professional accountant could be found (IAC, 2018).
South African Institute of Business Accountants (SAIBA)	No application or definition of the role a professional accountant could be found (SAIBA, 2018).
South African Institute of Government Auditors (SAIGA)	No application or definition of the role of a professional accountant could be found (SAIGA, 2018).
South African Institute of Chartered Secretaries and Administrators (CCSA)	Chartered secretaries are senior professionals trained in law, finance, governance and strategy. They principally work as company secretaries or in other similar roles. They uphold the highest standards of governance practice and ethical behaviour. This spans everything from legal and accounting advice, to the development of strategy and corporate planning (CCSA, 2018).
Association of Accountant Technicians (AAT)	Accounting technicians play a key support role in accounting, finance and business, working across all sectors of the economy to improve organisational productivity and efficiency. The qualification enables accounting technicians to occupy diverse roles including senior bookkeeper, debtors' clerk, creditors' clerk and junior accountant (AAT, 2018).
Institute of Certified Bookkeepers (ICB)	No application or definition could be found (ICB, 2018).
Association of Certified Fraud Examiners (ACFE)	No application or definition could be found (ACFE, 2018).

As seen in Table 3, what emerged from the different websites were a variety of applications of the IFAC proposed definition, with no real linkage as to the role and

what is expected of the professional accountant. Table 3 indicates that while organisations are promoting a professional accountancy qualification, there appears to be a disconnection between the role that would be played by professional accountants and what functions would be expected from those professional accountants within the business context. Table 3 further confirmed vague, task-orientated roles, which once again shows a lack of consensus on a precise definition of a professional accountant.

Based on the definitions provided, the proposed definition for a professional accountant for the purpose of the current study is as follows:

A member holding a professional designation of a professional accountancy organisation that has displayed competence and professionalism by applying the standards issued by IFAC in the provision of accountancy services. Professional accountants perform numerous functions and issue various financial and non-financial reports in terms of South African legislation and governance codes. They serve as business advisors that actively participate in the decision-making processes of a business and can perform a broad range of service functions depending on the expectations and needs within a specific context at a particular time. Underpinning the service offerings of a professional accountant is the consciousness of advocating public interest.

The proposed definition was deemed to be best suited to provide direction and clarity for the aims of the current study as it incorporated all relevant literature within its formulation. In addition to the above definition, for the purpose of this study, the additional requirement was that the professional accountant must provide services to the SME market, as will be discussed in Chapter Three.

As stated in the above definition, the service offerings of a professional accountant are underpinned by advocating public interest. It is therefore necessary to next define public interest and discuss how it relates to the role of the professional accountant.

2.3.3 Public interest

The recent occurrences of South African public accounting failures⁴ (Steinhoff , VBS Bank and African Bank) and the subsequent apparent lack of accountability of the

⁴ Section 2.5.1.2 will provide further insight into the recent public accounting scandals of 2017-2018 and how these relate to public interest.

accounting profession, have again placed the focus on the importance of protecting public interest in the accounting profession (Crotty, 2017; Ziady, 2018). It would be negligent of the researcher to fail to provide a brief overview of the concept of public interest as it will have a bearing on the research aim and objectives.

The objective of this discussion is to explore the meaning of the concept of public interest, as defined by IFAC and its implications for the professional responsibilities of professional accountants, and is focused on providing a clear understanding of the term “public interest”. The researcher had read and considered incorporating Cochran's (1974) typology of public interest theories in the discussion. However, this was considered not within the scope of the current usage of the term public interest, as Cochran's work was developed in the domain of political science. Therefore this subsection will not reference political science literature. The researcher will however explain how economic policies based on neo-liberalism and social liberalism have a bearing on the current study.

The notion of accounting for the public interest has been used by the IFAC and professional accountancy organisations (e.g. ACCA, CIMA, SAICA and SAIPA) in the foundation of their mandates, and also features strongly in the South African Companies Act 71 of 2008 (RSA, 2008). Given the diverse use and application of the term public interest, the researcher needed to contextualise a succinct definition of public interest for the purposes of the current study. This was deemed important as the proposed definition of a professional accountant is underpinned by the concept of public interest.

Despite the pervasiveness of the concept of public interest in accounting discourse, rarely is this expression adequately defined (Dellaportas & Davenport, 2008). The IFAC Position Paper No 5 defines public interest as: “The net benefits derived for, and procedural rigor employed on behalf of, all society in relation to any action, decision or policy” (IFAC, 2012). This definition needs to be explored in more depth and contextualised as there are three important elements contained in the definition as shown in Figure 9.

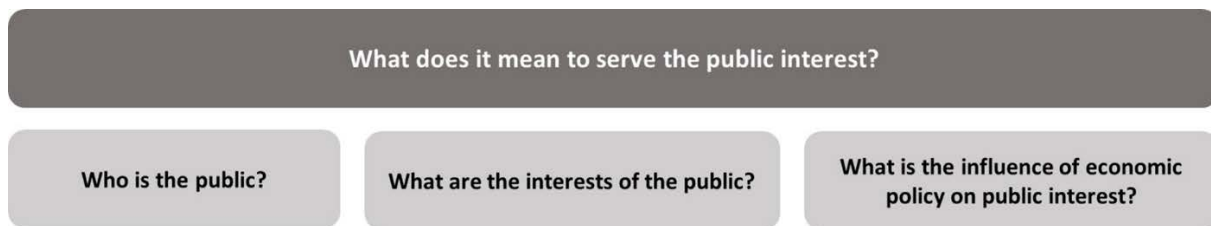


Figure 9: Contextualising public interest

Firstly, a better understanding of the meaning of the phrase *all society* is required, which implies determining who the public is. Secondly, a deeper exploration of what the interests of the public are, is necessary to truly understand what public interest implies. Thirdly, the important influence of economic policies on public interest needs to be clearly stated.

The term “public” should encompass the broadest possible scope of society. An example of this would be the sharing of a market place for goods and services. This would include goods and services provided by the government. The scope of “society” extends to those seeking sustainable living standards and environmental quality for themselves and future generations (IFAC, 2012). This is an all-inclusive definition that in theory could include any stakeholder.

Therefore, the term “interest” should include all things valued by individuals and by society. Such interests could include rights to influence government regulation, economic freedom, and political power (IFAC, 2012; Levine & Forrence, 1990). The accountancy profession assists in the realisation of certain interests of society, many of which are economic in nature and related to the efficient management of resources (IFAC, 2012). Parker (1987) defines public interest within the accounting context as “the interests of third parties who rely on the opinions and advice delivered by the members of the accounting profession”. Hope and Langli (2010) advocate that public interest should imply compliance with the code of ethics of professional accountants. This is supported by Bromell (2017), who advocates that public interest requires the development of technical and behavioural standards and guidance; establishing training requirements/opportunities; developing, monitoring and enforcing processes to help ensure that those standards are applied; and promoting thought leadership programmes within the accountancy profession.

Similarly, McGuire, Omer, and Wang (2012) argue that public interest implies the validation of the accuracy of financial reporting and taxation processes that facilitates stakeholders in making credible economic decisions. The public interest definition should as a result be overarching and include all stakeholders to which the professional accountant owes a duty of care, even in the absence of a direct contractual relationship (Dellaportas & Davenport, 2008).

Research has shown that professional accountants use the public interest argument continuously as a means of protecting their economic self-interest (Lee, 1995). However, the professional accountant has an essential role to play in the regulation and distribution of economic resources which have a significant impact upon a broad range of stakeholders (Baker, 1993). Stakeholders are reliant on the information to make decisions that influence usage of economic resources. For example, owners of SMEs will use the information prepared by the professional accountant to satisfy legislative requirements, while the lenders to the business might want information regarding its ability to uphold debt repayments. Employees and the community might require information to satisfy themselves that the SME will exist sustainably in future to ensure economic stability, while the taxation authorities might require information about current and future taxation revenue from the SME. Public interest therefore places a high responsibility on the professional accountant to serve all stakeholders beyond the contractual relationship with an entity such as an SME, and requires the professional accountancy organisation to serve all stakeholders beyond professional accountants who are members of the professional accountancy organisation.

As a profession, accountancy has been influenced to a great extent by economics (Baker & Bettner, 1997). To fully contextualise the concept of public interest, the researcher in summation will explain neo-liberalism and social democratic liberalism as they pertain to public interest.

A neo-liberal public interest ideology encompasses the notion that society would operate in a more effective and efficient manner if government were minimally involved in economic affairs and if market mechanisms were permitted to operate in a relatively unregulated manner that is liberated from all forms of state interferences (Baker, 2005; Brenner & Theodore, 2002). A neo-liberal ideology extends to beliefs about interactions between civil society and the public sphere in which it is contended that

business and corporate interests have a right to pursue their interests and participate in the discourses surrounding the establishment of public policy (Baker, 2005).

In South Africa an example of a neo-liberal agenda is the promotion of the idea that professional accountants can be self-regulated through their membership of a professional accounting organisation (PAO). The professional accounting organisation and the professional accountant then establish the public policy surrounding their roles, responsibilities and accountability within a limited legislative context. Given the recent accounting scandals, the credibility of the accounting profession in the promotion of public interest has been brought into question.

Opposing the concept of neo-liberalism is social liberalism, which is founded on the notion that a major portion of economic activity is to be pursued through civil society under state regulation, except for certain sectors that are deemed to be socially essential such as the informal trading sector (Baker, 2005; Green-Pedersen, Kersbergen, & Hemerijck, 2001). If the social liberalism ideology is applied to South Africa, the accounting profession would essentially have to uphold public interest through legislation reforms to direct the behaviour of the professional accountant. This would mean that professional accountants and PAOs would need to form part of a regulatory code under legislation which will determine roles, responsibilities and behaviour. In the United States, the Sarbanes–Oxley Act of 2002 is an example of prescribed requirements for all public and private company boards, management and professional accountants in the country (Rittenberg, 2006). Prescriptive state regulatory acts such as the Sarbanes–Oxley Act of 2002 in the United States may result in onerous operating costs for SMEs (Fletcher & Miles, 2004).

In addition to the type of economic policies discussed, it should be emphasised that the level of professionalisation, together with the extent of regulatory oversight within a profession, affect the ability of key economic actors to promote public interest (Baker, 1993; Hopwood, 1987; Lucio & MacKenzie, 2004). Regardless of how South Africa will address the public interest debate in future through economic policies, the professional accountant will always need to act in accordance with a clearly defined public interest accounting mandate.⁵

⁵ The researcher further deemed it important to identify the economic ideologies that have had direct bearing on public interest in the past as reflected in the literature. This brief discussion is important in light of the

Having considered all relevant literature, the definition applied in this study is a replication of the definition proposed by the IFAC and has been expanded upon to contextualise the definition within the South African accounting environment. The proposed definition of public interest for the purpose of this study is as follows:

The net benefits derived for, and procedural rigor employed on behalf of all society in relation to any action, decision or policy as a consequence of the information produced by the professional accountant. The primary purpose of the professional accountant upholding public interest involves providing reliable and credible advice to third parties regarding the regulation and distribution of economic resources. The information produced helps realise certain interests of society, many of which are economic in nature and related to the efficient management of resources.

In addition to the above definition, the additional requirement relevant to this study is that the professional accountant must provide services to the SME market.

2.4 The experience of SME owners

In Section 2.4 the experience of SME owners will be explored in the context of the current study by first establishing the significance of SMEs in an economy and the challenges experienced by an SME in relation to its positioning within an economy (subsection 2.4.1). In subsection 2.4.2 the experience of SME owners regarding the sourcing of external advice is discussed. Thereafter, the extent to which SME owners source services from professional accountants is deliberated in subsection 2.4.3. Lastly, subsection 2.4.4 deals with the level of receptivity of SME owners towards services sourced from professional accountants.

2.4.1 The significance of and challenges experienced by SMEs in relation to their positioning within an economy

An SME has multiple roles that have significant importance to any economy. First and foremost, most countries' economic strategies feature SMEs quite prominently (Beck

proposed regulation of the accountancy profession which is presently debated at legislator level. The literature consulted was neutral towards advocating a preference to any specific economic ideology.

& Demirguc-Kunt, 2006; Hallberg, 2000; Kongolo, 2010; Lukács, 2005; Mohamed et al., 2019; Tambunan, 2008). SMEs have been identified as productive drivers of inclusive economic growth and development in South Africa and around the world (Abor & Quartey, 2010; Kongolo, 2010). Globally it is estimated that approximately 80% of economic growth comes from the SME sector (Ghatak, 2010). Although it is difficult to obtain inferentially precise, current data, estimates suggest that more than 95% of enterprises across the world are SMEs and that the SME segment plays a very significant role in a country's economy (Edinburgh Group, 2012). Evidence of this significant role is established by developed nation-states, whose economies are dominated by the number of SMEs compared to large companies (Mulhern, 1995). Some researchers have estimated that, in South Africa, SMEs constitute up to 91% of formalised businesses, provide employment to approximately 60% of the labour force, and that their total economic output accounts for 34% of the GDP (BASA, 2018).

Most of the large enterprises that lead the global economic landscape began as small enterprises (Acs, Morck, Shaver & Yeung, 1997). An SME's role within an economy is linked to three performance expectations: firstly, the SME's ability to create employment (Hyz, 2006); secondly, its ability to fuel a country's economy (Abor & Quartey, 2010) and lastly, its ability to stimulate innovation (Chesbrough, 2006). Each of these three performance expectations will be discussed, followed by a discussion of the challenges faced by SMEs as these three performance expectations are related to specific challenges for SMEs.

SMEs are expected to play a major role in the creation of employment, particularly in developing countries (Beck & Demirguc-Kunt, 2006; Smallbone & Welter, 2001a; Smallbone & Welter, 2001b; World Bank, 2015a). In developing economies, most formal jobs are found within SMEs, which also create four out of every five new positions (World Bank, 2015a). Available statistics by the World Bank indicate that formalised SMEs contribute up to 45% of total employment and up to 33% of national income (GDP) in emerging economies. These numbers are significantly higher where informal SMEs are included. According to estimates, 600 million jobs will be needed in the next fifteen years to absorb the growing global workforce, mainly in Asia and sub-Saharan Africa (World Bank, 2015a). Therefore, it will be crucial for SMEs to be sustainable and show growth to be able to contribute to the creation of much needed job opportunities.

Formalised and informal SMEs can be distinguished from each other on the basis of whether the business is formally registered under legislation and a licence to trade is awarded. Examples of informal SMEs include hawkers and home industries, which do not formally register their activities. The challenge for informal SMEs within South Africa is whether they will be able to trade with other businesses within the economy if legislation or company policy requires the enterprise to be formally established or have a Black Economic Empowerment (BEE) compliance rating.⁶

The governments of developing countries maintain that feasible employment opportunities should be created; however, this can only be achieved if government can provide a supportive environment to SMEs (Malepe, 2014). It is asserted in the *National Development Plan – 2030 of South Africa* that SMEs will play a key role in employment creation (NPC, 2011). To meet the NDP target of creating 11 million jobs by 2030, South Africa needs over 49 000 SMEs growing at a rate of 20% per annum (Fin24, 2015; NPC, 2011). According to the Finscope Survey (2006) as cited,⁷ 90% of jobs created between 1998 and 2005 were in the SME sector (NDP, 2010; NPC, 2011).

Global trends indicate that the SME sector has sustained growth and is consistently the largest employer across developed and developing nations. However, these trends are contradictory within the South African context where SMEs are experiencing stagnation in terms of the turnover generated and employment growth (Leboea, 2017; Olawale & Garwe, 2010). This is of the utmost importance since the large economic sector in South Africa continues to consistently shrink employment and decrease its employment absorption rate (Kesper, 2001).

Secondly, SMEs are expected to fuel a country's economy (Abor & Quartey, 2010). SMEs are therefore expected to function as a driving force in achieving economic and social stability within South Africa (Top Performing Companies & Public Sector, 2017). This is due to the fact that, in South Africa, it is estimated that approximately 91% of

⁶ BEE refers to government practices and legislation designed to economically empower historically disadvantaged people who had suffered due to the racial policies of apartheid in South Africa. It is a form of affirmative action that is legislated through the Broad-Based Black Economic Empowerment Amendment Act, 2013 (Act No. 46 of 2013). The Act prescribes a scoring system that is measured under the amended Code of Good Practice within the Act.

⁷ The researcher attempted to obtain the original source but it was not possible after many exhaustive attempts

formal business entities are SMEs which contribute to approximately 34% of the GDP (Abor & Quartey, 2010; BASA, 2018; Berry *et al.*, 2002; Gumede, 2000). Therefore, SMEs have a critical role to play in promoting economic growth, increasing employment and reducing poverty in developing economies such as South Africa (Abor & Quartey, 2010; Okpara, 2011). Furthermore, SMEs in South Africa are expected to function within and contribute to the social and economic transformation of the country, by improving the quality of life for citizens and improving growth in the economy (Kesper, 2001).

Thirdly, innovation stimulation is another role that is expected of an SME within an economy (Chesbrough, 2006). As a result, there is a need within the SME sector to create an optimum environment for entrepreneurship by developing and cultivating individual commercial skills (Letsoalo, 2014). There is an increased need for value creation among SMEs to ensure that they become more sustainable and are able to coexist within an environment of good corporate governance (Husin & Ibrahim, 2014).

It is also important to acknowledge that not all SMEs are innovative and entrepreneurial in nature (Moos, 2015). Studies conducted have shown a particularly alarming low trend of entrepreneurship within South Africa (Herrington, Kew & Kew, 2014; Orford, Herrington & Wood, 2004). Reasons for low entrepreneurial activities were unprofitable ventures (35%), problems with financing (27%) and personal reasons (18%) (Kelly, Singer & Herrington, 2016; Shao, 2016). In addition, SMEs are characterised by constrained resources, which places them under strain from the pressure of increasing globalisation, rapid technological change and competition with larger companies, placing limitations on their ability to innovate (Bonaccorsi, 1992; Etemad, 2004; Fahy, 2002; Hoffmann & Schlosser, 2001).

SMEs, unlike larger companies, are also more susceptible to business risk due to a lack of resources that are often needed for growth and survival (Gooderham, Tobiassen, Døving & Nordhaug, 2004). SME owners in developing countries in particular face internal resourcing challenges, which further place constraints on their business success and efficiency (Devi & Samujh, 2010; Karanja, Mwangi & Nyaanga, 2012). These challenges may potentially deter SMEs from embracing innovation.

As a consequence of the resourcing constraints, SME owners tend to use their professional accountant to bridge the skills gap that arises (Kamyabi & Devi, 2012).

For example, a small business might engage its professional accountant in providing advice regarding strategy, risk, compliance, and internal control and other areas affecting performance (Prauliniš & Bratka, 2014). Other challenges SME owners face include human capital resourcing challenges within their businesses (Han & Benson, 2010). By utilising external consultants, SME owners are able to further enhance their knowledge and competencies with regard to decision-making (Sian & Roberts, 2009).

In developing economies, the challenges referred to above affect the success of the SME sector (Kayanula & Quartey, 2000). SMEs are distinguished for their deficiency in achieving growth (Devins, Gold, Johnson, & Holden, 2005; McMahon, 1998). SME growth is hindered by a number of factors in addition to the challenges discussed above, such as barriers to access to finance, immaturity of management and poor organisational behaviour, limited capital for fixed assets and information technology implementation, regulatory constraints and an inability to establish global markets (Abor & Biekpe, 2006; Abor & Quartey, 2010; Aryeetey, 1998; Ayyagari, Demirguc-Kunt & Maksimovic, 2011; Beck & Demirguc-Kunt, 2006; Okpara, 2011; Quartey, Turkson, Abor & Iddrisu, 2017). Research suggests that a significant number of SMEs are liquidated in their early years of trading (Cressy, 2006; Danson, 2002; Storey, 2016). Unfortunately the factors that lead to success are not well documented and the growth goals of SMEs are not well understood (Devi & Samujh, 2010).

SMEs need access to relevant expertise to address the challenges that they face in order to improve their chances for success (Husin & Ibrahim, 2014). The lack of success of SMEs in South Africa is further attributed to factors such as the absence of planning by SMEs, shortage of experience to manage an SME, the difficulties posed by the socio-political climate and economic instability, and sociocultural complexities (Kunene, 2008; Robinson Jr, 1982). If these factors are not properly mitigated, it could have an impact on the success of an SME (Venter *et al.*, 2015).

Furthermore, SMEs are always in varying phases of their business cycle. Some will be at the point of commencement, others at points of growth, and some will be at maturity or even in decline. Their need for business advice will differ depending on their phase of development (Devi & Samujh, 2010). It should be noted that the landscape is by no means heterogeneous and the fact that SMEs are all in different

phases of the business cycle has an impact on the complexity of the landscape, which itself poses a unique challenge.

The established significance of SMEs in the economy and the challenges that SME face form the background of this research, namely, to determine whether access to sourced services from qualified professionals as identified within previous research may assist SMEs to overcome some of the challenges they face (Brunninge, Nordqvist & Wiklund, 2007). Professional accountants could be a reliable provider of accounting services and support to SMEs regarding business advisory services, business rescue advice, financial management support and statutory compliance advice to improve the success of SMEs (Berry *et al.*, 2006; Gooderham *et al.*, 2004; Husin & Ibrahim, 2014; Massey, Ashby, Coetzer, Lewis & Harris, 2005). For this reason, the next subsection is dedicated to a discussion of how SME owners experience the sourcing of external advice.

2.4.2 The experience of SME owners in terms of sourcing external advice

SME owners tend to have a negative perceptual attitude towards professional advisors (Audet & St-Jean, 2007). Amongst the common reasons cited for this negative perceptual attitude are, firstly, that SME owners commonly claim that the external advice received is of little relevance or impractical to their SME needs; secondly, it is perceived that the cost of the service outweighs the benefits the SME derives from it; thirdly, it is perceived that there is a lack of understanding by the professional advisor with regard to how SMEs operate (Curran, Jarvis, Blackburn & Black, 1993; Dalley & Hamilton, 2000; Zinger, Blanco, Zanibbi & Mount, 1996). Research also suggests that the negative perceptual attitude of SME owners can be attributed to the psychological trait of independence of the owner (Lightfoot, 1998). SME owners are unwilling to embrace consulting with professional advisors as their strong drive towards being independent results in them displaying tendencies to fear that they may be perceived as being incompetent (Shaw & Blackburn, 2000). There is a tendency to perceive accessing professional advice as a failure of the SME owner because sourcing external advice is seen as contradictory to the characteristic of independence that SME owners usually attribute to themselves (Audet & St-Jean, 2007).

Moreover, SME owners display a habit of exhibiting socially-oriented traits in which their local network of social contacts becomes a source of securing the required

resources when they do decide to seek professional advice (Meccheri & Pelloni, 2006; Ray, 2000; Winborg & Landström, 2001). Most SME owners blame their business problems on government, including burdensome administrative paper work, income tax, and policies that discriminate against SMEs (Good & Graves, 1993). SME owners therefore usually need external support related to accounting, compliance, and banking, and are most likely to utilise a professional accountant as the preferred source of external advisory support (Argirova & Michaelis, 2003; Bennett & Robson, 1999; Boter & Lundström, 2005; Jay & Schaper, 2003). In the following subsection, the extent to which such services are sourced from professional accountants is discussed as well as how the role of the professional accountant may be influenced by the extent to which SME owners source services from them.

2.4.3 The extent to which services are sourced from professional accountants by SME owners

The literature does not differentiate between accountancy advisory services as opposed to business advisory services within the SME (IFAC, 2016). The five sources traditionally associated with providing assistance to SME owners are professional accountants followed by bankers; family members and lawyers and books/magazines, while the sources least often utilised by SMEs are government economic development departments, local economic development agencies, mentors, and business schools (Audet & St-Jean, 2007; Lewis, Massey, Ashby, Coetzer & Harris, 2007).

Table 4 provides an analysis of previous studies which investigated the professional accountant as a preferred provider of advice to SMEs. Based on the literature, professional accountants are the most significant providers of business advisory services to SMEs (Atkinson & Hurstfield, 2003; Berry *et al.*, 2006; Devi & Samujh, 2010; IFAC, 2016; Jay & Schaper, 2003; Ramsden & Bennett, 2005; Strike, 2012a).

Table 4: Professional Accountants as Preferred Providers of Business Advisory Services to SMEs

STUDIES	PROFESSIONAL ACCOUNTANTS AS A PREFERRED SOURCE OF BUSINESS ADVICE (%)
Bennett and Robson (1999)	83
Bennett and Smith (2002)	74
Jay and Schaper (2003)	94
Ramsden and Bennett (2005)	83
Berry <i>et al.</i> (2006)	85
Carter, Mason, and Tagg (2006)	57
Carter <i>et al.</i> (2006)	72
Scott and Irwin (2007)	35
Strike (2012a)	94

Most of the advice provided by professional accountants to SME owners is related to statutory compliance work (Berry *et al.*, 2006; Collis & Jarvis, 2002; Massey *et al.*, 2005). The term “statutory compliance work” refers to work done in order for the SME to meet the requirements of accepted practices, legislation, prescribed rules or regulations, specific standards, or the terms of a contract (Business Dictionary, 2018a). A professional accountant would therefore render accounting services to ensure that the SME meets its regulatory compliance obligations in terms of the applicable South African legislation. The type of compliance services will include the compilation and/or review of annual financial statements and the completion of annual taxation returns on behalf of the SME. In the South African context, the professional accountant would also, ensure that the SME meets any other requirements of the Companies Intellectual Property Commission. Under the umbrella of compliance services, the provision of BEE compliance ratings that SMEs may be required to lodge may also be included.

Based on the above discussion, the indication from the literature is that professional accountants are in a compliance driven role in the work they do for SMEs. It would therefore be necessary to understand the receptivity and/or resistance of SME owners towards services sourced from professional accountants. This is discussed in the following subsection.

2.4.4 The receptivity of SME owners and their resistance towards services sourced from professional accountants

Previous studies indicate that there are a number of benefits experienced by SME owners, making them receptive to services sourced from professional accountants. SME owners benefit from being able to share their concerns with professional accountants, who were found to spend more personal contact time with SMEs relative to other external advisors (Perry & Coetzer, 2009).

Professional accountants were perceived to be the most trusted amongst external advisors available to SMEs (Berry *et al.*, 2006). SME owners may be conscious of the market conditions in which they operate but they often lack training in the accounting and regulatory aspects of the SME environment (Collis & Jarvis, 2002; Marriott & Marriott, 2000). This results in a tendency of SME owners to exhibit increased psychological stress if there is a threat that the SME might not meet its compliance obligations (Amoako, 2013). Ultimately the responsibility is on the SME owner to ensure that compliance with laws and regulations is administered appropriately (Carey, 2008; Nandan, 2010). The risk of non-compliance may result in fines and penalties being imposed onto the SME culminating in further financial stress for both owner and SME (Wolmarans & Meintjes, 2015). A positive benefit to compliance, however, is that it is an indicator of good administration regarding the way the SME is directed and controlled, which is well received by lenders to a business when assessing risk (Agyei-Mensah, 2011; Amoako, 2013). The value of an SME is ascertained through reliable financial information (Maas, Nieman & Nieuwenhuizen, 2014). Previous research supports the notion that reliable financial information results in fewer barriers to access credit as well as a lower rate of borrowing (Allee & Yohn, 2009; Collis, 2003; Collis & Jarvis, 2002; Oosthuizen, 2018). For these reasons, SME owners trust that their professional accountant will be well qualified to prepare faithfully representative financial statements to meet their statutory compliance needs (Collis & Jarvis, 2002; Gooderham *et al.*, 2004). This in turn results in SME owners being more receptive to pursuing advice from professional accountants in areas such as business issues and financial reporting (Berry *et al.*, 2006).

Prior research indicates that SME owners are perceived to relate to professional accountants as being SME owners themselves and as a result being the most skilled to service their needs (Blackburn, Carey & Tanewski, 2010). SMEs who utilise the

advice obtained from professional accountants will experience further benefits from change and innovation as a result of the acquired knowledge that the SME has benefited from (Schroeder, Van de Ven, Scudder & Polley, 1986) and correspondingly, there is a perceived benefit from the general advice received from professional accountants (Schizas, Jarvis, & Daskalakis, 2012).

In contrast to the receptivity to advice from professional accountants and the benefits identified in the known body of knowledge, there is also evidence of resistance from SME owners to the services of professional accountants. A number of studies have concluded that SME owners do not experience benefits from their association with professional accountants (Bennett & Robson, 1999; Halabi, Barrett, & Dyt, 2010; Marriott & Marriott, 2000; Nandan, 2010). While SME owners trust professional accountants to meet their compliance needs, there appears to be resistance to the value of financial statements due to the lack of understandability⁸ of the information that is prepared (Sian & Roberts, 2009). Time management, aggressive fee income and lack of understanding by professional accountants experienced by SME owners have also been identified as reasons cited for potential resistance to engage with professional accountants (Kirby & King, 1997). SME owners also experienced professional accountants' services to be very general in terms of what is offered and therefore as lacking a specialised approach to their respective SMEs (Nandan, 2010). This generalised nature of the professional accountant's approach was further substantiated by the limited impact of recommendations by professional accountants in areas outside of compliance (Kirsten & Fourie, 2012). Professional accountants are perceived to be a good source of operational advice within the SME, but not valued for being able to render strategic services to SME owners (Burke & Jarratt, 2004). It has further been reported that professional accountants are more often consulted after the fact when SMEs had been experiencing financial distress (Niemi, Kinnunen, Ojala & Troberg 2012).

⁸ "Understandability" in accounting refers to the concept that the financial information provided is presented in such a way that it can easily be comprehended. The assumption underlying the concept of understandability is that the receiver of the information, in this case, the SME owner, has reasonable business knowledge, but that the financial information is presented in such a way that an exceptional level of business knowledge is not required to comprehend the information. The guidelines to achieve understandability are that the information is complete, concise, clear and organised (Accounting Tools, 2019).

Based on the above discussion, it is clear that the existing body of knowledge is contradictory as it pertains to the receptivity and/or resistance to the services offered by or sourced from professional accountants. It is also not clear what underlies these contradictory results as previous studies were mostly quantitative and as such could not uncover the in-depth experience of SME owners in terms of the professional accountant's involvement in their SMEs. Quantitative research usually assumes a singular reality and therefore bears a heterogeneity risk which generate limitations since this type of research is not aimed at including the multiple realities which may have an influence on accounting practice (Lukka & Kasanen, 1995; Scapens, 2006). There are multiple interconnected dynamics that may affect the way in which an SME owner uses the services of a professional accountant and what the SME owner's expectations and requirements are. These interconnected dynamics may differ across industries, countries as well as economic environments (Scapens, 2006). It is on these premises that the current study is conducted within an interpretivist research paradigm, in order to investigate what the multiple realities are that arise around the role of the professional accountant as experienced by South African SME owners as well as from the perspective of professional accountants. The discussion in the next section is focused on the experience of the professional accountant from both an international and South African perspective.

2.5 The experience of professional accountants

Section 2.5 starts with a discussion of contemporary issues within the accountancy profession (subsection 2.5.1). Thereafter, subsections 2.5.2 and 2.5.3 are respectively dedicated to the influence of motivation to enter the accountancy profession and professional accountant stereotypes. In subsection 2.5.4 the experience of professional accountants in their role to SMEs is discussed. Lastly, subsection 2.4.5 discusses the types of roles professional accountants' experience within the SME environment.

2.5.1 Contemporary issues within the accountancy profession

This subsection explores the contemporary challenges that the accountancy profession faces. This is dealt with in three parts. Firstly, subsection 2.5.1.1 deals with the characteristics of a profession and investigates whether accountancy is still considered a profession. Secondly, in subsection 2.5.1.2 the public accounting

scandals of 2017 to 2018 are deliberated. Thirdly, subsection 2.5.1.3 is aimed at contextualising the accounting profession within South Africa.

2.5.1.1 Is the accountancy profession still regarded as profession?

An overview of the definitions and criteria of a profession will be provided in order to determine whether accountancy can be regarded as a profession. To qualify as a profession, the occupation first needs to meet the characteristic of being unable to be automated (Millerson, 1964). Secondly, a profession needs its practitioners to possess a complex set of techniques which have required significant time and training to master (Millerson, 1964; Richardson, 1988). Lastly, a profession needs to have attained an established elevated societal status (Burchell, Clubb & Hopwood, 1985; Millerson, 1964; Tinker, 1980). These characteristics are deemed important when investigating the current and future role of the professional accountant within SMEs for several reasons. Each of the reasons will be discussed with application to the characteristics identified.

Automation is threatening several jobs with obsolescence, and professional accountants are purportedly at the top of the automation list (Nagarajah, 2016). Frey and Osborne (2017) proclaim that the profession of accountancy and auditing is the second highest in terms of risk of automation within the next 20 years. Accounting software providers have been further supporting the automation claims that professional accounting will become redundant,⁹ IBM has suggested, for example, that computers will replace human tax agents, while Sage has suggested that its new chat bot will, over time, change the role of the business advisor (Kepes, 2017).

Automation can be explained in terms of the creation of artificial intelligence. Artificial intelligence is intelligence displayed by machines, as opposed to the natural intelligence displayed by humans and animals. It is a branch of computer science that is concerned with the automation of intelligent behaviour (Luger, 2005). The term “artificial intelligence” is used when a machine mimics cognitive functions that humans associate with other human minds, such as learning and problem-solving. Artificial intelligence that drives automation comprehends professions as jobs, jobs as tasks, and tasks as observation and information processing (Pasquale, 2017). Jobs requiring

⁹ Although an in-depth discussion is beyond the scope of this study, it is still important to bear in mind that it is possibly in the interest of accounting software providers to emphasise the possible demise of the accountancy profession as it would be in their financial interest to persuade organisations to automate.

high emotional engagement in the customisation and delivery of services to other human beings will not be at such high risk of being automated (Houser, 2018). However, contemporary accounting research suggests that professional judgement is something that can only be applied by humans and professional judgement remains critical in accounting processes (Simon, 2018). This is because, according to Lonela (2016), professional judgement requires the application of accumulated knowledge and experience gained through relevant accounting training. This process results in the professional accountant making informed decisions about actions that are appropriate in specific circumstances, such as the accounting of economic transactions by observing accounting principles (Lonela, 2016; Somayajula, 2017).

As the discussion around the influence of automation on the accounting profession can only be quantified in the future as the process evolves, the researcher sought to incorporate the automation factor when investigating the current and future role of the professional accountant within SMEs. Should the argument for the necessity of professional judgement not hold, then the accountancy profession is at risk of being fully automated and therefore would not be considered a profession in terms of the first characteristic.¹⁰

The second characteristic required is that practitioners of a profession need to possess a complex set of techniques and invest significant time and undergo extensive training to master the knowledge required by the profession (Millerson, 1964; Richardson, 1988). The knowledge base of a profession has always been a key attribute used to distinguish professional from non-professional occupations whereby the professional is perceived as an independent and knowledgeable practitioner with an explicit obligation to act in the public interest (Lee, 1995). The accounting profession has, over time, developed technical mastery requirements and robust and rigorous training are in place. As such, following the definitions of what constitutes a profession (Burchell, Clubb & Hopwood, 1985; Millerson, 1964; Tinker, 1980), accountancy does qualify in the present context as a profession.

¹⁰ An additional perspective would be that the definition of what constitutes a profession might need to be revised as many traditional professions are, and will be, affected by the advances in artificial intelligence and automation to varying degrees. A deep exploration of this perspective is beyond the scope of this study, however.

The third characteristic of a profession is based on a profession's ability to establish an elevated societal status (Burchell *et al.*, 1985; Millerson, 1964; Tinker, 1980). The accountancy profession has established itself over time to become a powerful social and economic actor in modern society (Ansari & Bell, 1991; Cooper & Robson, 2006). This can be traced to the foundations of accountancy as a profession originating in Scotland during the nineteenth century (Armstrong, 1987; Paris, 2016). The progression to the formulation of a modern day profession was a result of the economic and organisational consequences of the industrial revolution (Lee, 1995). Once the profession was established through self-regulation, public confidence in the work of professional accountants grew, which stimulated the demand for their accountancy services and created the need for the awarding of professional designations. (Larson & Larson, 1979; Lee, 1995; Lee, 2006).

Over time, professional accountants in the contemporary setting have become crucial role players in terms of economic growth and the well-being of society as they play a wide range of roles within the economy (IFAC, 2007; Sikka, Willmott & Lowe, 1989). The accounting profession is thus seen as part of the primary role players in establishing economic integrity through its established societal status within the economy (Berry *et al.*, 1985; Boland Jr & Pondy, 1983; Richardson, 1988; Richardson, 1987) and as such, accountancy can be regarded as a profession in terms of its societal status

While the accounting profession currently displays the characteristics of a profession, the future role of the professional accountant will be directly influenced by the automation criterion which will influence the training requirements as well as skills and knowledge competencies as identified in the second criterion. The final criterion relating to societal status could change as societal perceptions of accountancy might be influenced by a higher degree of automation that could affect the social status of the profession (Wood, 2019). Furthermore, accounting scandals, as will be discussed in the next subsection, could also have a significant impact on the societal status of accountancy. Nothing is ever constant, not even the established accountancy profession, and by extension, the role of the professional accountant is constantly being influenced by multiple forces. One of these forces is public accounting scandals. This is discussed in the following subsection, paying particular attention to the accounting scandals of 2017 and 2018.

2.5.1.2 The public accounting scandals of 2017 and 2018

The objective of this subsection is to highlight the accounting scandals that occurred in 2017 and 2018 in South Africa, as these could potentially have influenced the research participants' responses during the semi-structured interviews as well as the appreciative inquiry session as these were conducted in 2018 .

The accountancy profession in South Africa has always enjoyed an elevated societal status that could be attributed to the association of the profession with integrity, trust and inspiration (Gibson, 2018). During a short space of time during 2017 and 2018, various high-profile public accounting scandals erupted within the South African economy. Financial media such as *Business Day*, *Fin24* and *Financial Times* feverishly published information surrounding these public accounting scandals. These scandals clearly contributed to a loss of trust in the accounting profession by the public (Crotty, 2017; Ziady, 2018). Upholding the public's trust is crucial, not only for maintaining the societal status of the accountancy profession but also for the survival of the profession (Carnegie & Napier, 2010).

A further crippling setback to the South African accountancy profession was the degrading in ranking of South Africa of its auditing and accounting standards by the World Economic Forum. Until early 2017, South Africa had been ranked for seven consecutive years as the world's number one country for auditing and accounting standards (IRBA, 2017). According to the World Economic Forum's *Competitiveness Index Report* for 2017-2018, South Africa's ranking in terms of the quality of its auditing and accounting standards has fallen to number 30 (Accounting Weekly, 2017). The details surrounding these public accounting scandals of 2017 and 2018 are summarised in Table 5.

PUBLIC ACCOUNTING FIRM INVOLVED	CLIENT	PERIOD OF PROMINENCE IN NEWS HEADLINES	SUMMARY OF ACCOUNTING SCANDAL	REFERENCE
Deloitte South Africa	Steinhoff International Holdings	December 2017- January 2018	IRBA initiated an investigation into Deloitte after allegations of accounting irregularities occurring at Steinhoff led to the collapse of the share price. At the time, IRBA was still in the process of finalising the investigation into Deloitte for the audit of African Bank and African Bank Investments Limited that were both put under curatorship. The exposure of pension funds to Steinhoff was calculated to result in approximately R18 billion losses. These losses excluded investments held by government pension funds.	IRBA press releases, 2017; Agency, 2018; Cronje, 2018; Niselow, 2018a
KPMG South Africa	Oakbay Investment Holdings and VBS Mutual Bank	July 2017- April 2018	<p>IRBA announced that it would investigate KPMG under section 48 (1) (a) of the Auditing Profession Act. KPMG was implicated in independence issues surrounding the senior partners' attendance of a wedding that was speculated to have been funded from fraudulently obtained tender funds of the Vrede Dairy Farm in the Free State.</p> <p>In addition, KPMG compiled and issued a leaked Report on Allegations of Irregularities and Misconduct at the South African Revenue Services that implicated and led to the firing of former Minister of Finance, Pravin Gordhan. Subsequently, there were allegations of KPMG's involvement in corruption and tax evasion for offshore structures of Gupta-owned entities. The allegations also referred to the fixing of the share price of Oakbay Resources and Energy Ltd before it was listed as well as building the financial model to determine the purchase price for the illegal acquisition of Optimum Coal Mine from Glencore. KPMG was heavily criticised for its long-term association with the Gupta family who was alleged to be involved in state capture. Seven KPMG Partners resigned with immediate effect relating to the allegations above.</p> <p>Subsequently, KPMG announced that two partners had resigned for failing to disclose their financial interest in the audit of VBS Mutual Bank that was placed under curatorship.</p> <p>KPMG further announced that it would close some of its regional offices and retrench at least 400 employees.</p>	KPMG Press releases, 2017, 2018; Cilliers, 2017; Groenewald, 2017; Gumede, Nastassia, 2018; Laing, 2018; Philip, 2017; Piling, 2017; W. Thompson, 2018; Umraw, 2018

Table 5: Summary of Public Accounting Scandals, 2017-2018

PUBLIC ACCOUNTING FIRM INVOLVED	CLIENT	PERIOD OF PROMINENCE IN NEWS HEADLINES	SUMMARY OF ACCOUNTING SCANDAL	REFERENCE
Nkonki Inc	N/A	January 2018- May 2018	There were allegations that former CEO, Mitesh Patel, led a management buy-out that was indirectly funded by the Gupta family's business associate, Salim Essa. Subsequent to this, the Auditor General of South Africa (AGSA) terminated the audit contracts of Nkonki to audit the public sector and government. As the loss of revenue was substantial, Nkonki decided to undergo voluntary liquidation of its head office and retrench 180 employees including chartered accountants.	ANA, 2018; Cowan, 2018; Cowan & Hanna, 2018; Niselow, 2018b
PWC	South African Airways (SAA)	October 2017	The IRBA fined PWC for their failure to disclose the noncompliance with laws and regulations regarding procurement at SAA, the South African national airline. The indebted SAA requires a bail out from government to continue as going concern.	Blind, 2017; Peyper, 2017

Table 5 (cont.): Summary of Public Accounting Scandals, 2017-2018¹¹

¹¹ Note. The Gupta family referred to in the table under the KPMG scandal, had ownership of a multinational business empire operating in South Africa spanning multiple sectors such as computing, media and mining. The family has been accused of wielding enormous political influence in South Africa, with critics alleging that it is trying to "capture the state" to advance its business interests (BBC, 2018). The Gupta business empire has been repeatedly accused of securing deals with South Africa's giant state-owned companies on wildly favourable terms (News24, 2018).



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A profession that is perceived to repeatedly disregard public interest may not only have its societal status lowered, but may also contribute to reputational damage to all parties associated with the profession concerned (Carnegie & Napier, 2010). It is evident that the public accounting scandals summarised in Table 5 not only impacted the companies and stakeholders involved in the accounting scandals but also had an impact on the accounting profession at large. Even though these were public accounting scandals involving publicly listed companies and public accountants, the media attention together with public interest activism and the losses resulting from these scandals impacted the entire accountancy profession. These scandals also brought to light a lack of regulatory oversight over the entire accounting profession. The impact of these scandals could possibly influence current debates concerning regulatory policies and public interest policies regarding professional accountants, and as societal realities unfold so could the role of the professional accountant evolve.

As lack of regulatory oversight has been identified as a factor in the accountancy scandals, it is important to understand the role of professional accounting organisations. In the following subsection the landscape of professional accountancy organisations and the function of these organisations are discussed.

2.5.1.3 The function of professional accounting organisations

Professional accountancy organisations began forming in the nineteenth century (Paris, 2016; Verhoef, 2011). The British Companies Act of 1862 required that upon liquidation of a company, a liquidator should be appointed and paid on a percentage basis for services rendered (Millerson, 1964; Paris, 2016). This clause of the British Companies Act of 1862 was abused, resulting in many unscrupulous people emerging as accountants (Millerson, 1964; Verhoef, 2013). More abuse followed with the British Bankruptcy Act of 1869, where accountants sought to aggressively capture monies from the vestiges of bankrupt companies (Millerson, 1964). During the 1870s, socially conscious accountants began forming PAOs to protect the profession from being abused by unscrupulous individuals (Millerson, 1964; Paris, 2016). It was during this period that the Institute of Accountants in London was formed, which later developed into the Institute of Accountants in England and Wales when a Royal Charter was signed by Queen Victoria (Millerson, 1964; Paris, 2016).

In South Africa, professional accountancy organisations emerged in 1894 with the creation of the Institute of Accountants and Auditors in South Africa. Professional accountancy organisations within South Africa were established as a consequence of the mineral economy which established the formal economy of South Africa (Gibson, 2018). There was a plethora of accounting societies that emerged and numerous mergers of societies within South Africa during this period (Gibson, 2018; Verhoef, 2011; Verhoef, 2013). The history and formation of these professional accountancy organisations fall outside the scope of this study and as such are not discussed.

Professional accountancy organisations provide a foundation for members within the accountancy profession to protect the profession and raise standards by unifying members under a collective body (IFAC, 2007; Mădălina, Nadia, & Cătălin, 2011). There are several benefits for professional accountants to seek membership of a professional accountancy organisation. Professional accountancy organisations therefore raise the status of the profession, through the following benefits:

- PAOs qualify members to act in the capacity of a professional accountant through professional examinations that are competency based in order to build professional status (Morris, Crawford, Hodgson, Shepherd & Thomas, 2006; Ward, 2004)
- PAOs maintain a list of qualified members that are required to enforce standards with the aim of distinguishing those accountants that are qualified from those that are unqualified, which is useful for persons wanting to employ professional accountants to render services (Millerson, 1964; Verhoef, 2011)
- PAOs promote and preserve high standard of conduct within the profession through a code of conduct (Millerson, 1964; Morris et al., 2006; Ward, 2004)
- PAOs expand the knowledge within the profession and communicate this to their members to ensure continuous learning and development (Millerson, 1964; Ward, 2004)
- The public is protected by PAOs as they insist on members adhering to a common practice that provides some guarantee to both the professionals and the people they serve (Hines, 1989; IFAC, 2007; Millerson, 1964; Ward, 2004; World Bank, 2013).

In contemporary South Africa there are 13 professional accountancy organisations whose members are recognised by various stakeholders within the country, as

indicated in the table below. These organisations are well-established within the functioning of the accounting profession in South Africa (Verhoef, 2011). Individuals who wish to practice as professional accountants in South Africa may seek membership with a PAO in order to render certain statutory services to the public. Some of these professional accountancy organisations are also members of the International Federation of Accountants, as indicated in Table 6.

Table 6: Professional Accounting Organisations Operating within South Africa

	PROFESSIONAL ACCOUNTANCY ORGANISATION	IFAC MEMBERSHIP STATUS
1	Association of Chartered Certified Accountants (ACCA) – South African Chapter	Full Member
2	Chartered Institute of Business Management (CIBM)	No Membership
3	Chartered Institute of Management Accountants (CIMA) – South African Chapter	Full Member
4	Institute of Accounting and Commerce (IAC)	No Membership
5	South African Institute of Business Accountants (SAIBA)	No Membership
6	South African Institute of Chartered Accountants (SAICA)	Full Member
7	South African Institute of Government Auditors (SAIGA)	No Membership
8	South African Institute of Professional Accountants (SAIPA)	Full Member
9	South African Institute of Chartered Secretaries and Administrators (CCSA) – South African Chapter	No Membership
10	Association of Accounting Technicians – SA (AAT)	No Membership
11	The Institute of Certified Bookkeepers (ICB)	No Membership
12	Institute of Internal Auditors (IIA)	No Membership
13	Association of Certified Fraud Examiners (ACFE) – South African Chapter	No Membership

The Companies and Intellectual Property Commission (CIPC) recognises the members from nine of the professional accountancy organisations to act as accounting officers (CIPC, 2018). This is contradictory, as the remaining professional accountancy organisations are recognised by the Financial and Accounting Services Sector Education and Training Authority (FASSET) (FASSET, 2018). Furthermore, only four professional accountancy organisations hold membership of the International Federation of Accountants (IFAC). This highlights the confusion as to which PAOs professional accountants should belong to in order to render their services. The

discussion will be continued in subsection 2.5.1.3, with attention being paid to the lack of regulation around professional accountancy organisations and the risks these pose to the accounting profession in South Africa.

The IFAC is an international accounting organisation for the accountancy profession dedicated to serving public interest by strengthening the profession and contributing to the development of strong international economies (IFAC, 2018a). The IFAC is a private governance body whose members are professional accountancy organisations and the members of these organisations “regulate” professional accountants in different jurisdictions.(Humphrey, Loft, Jeppesen & Turley, 2006). The IFAC’s members comprise of the members of more than 175 professional accountancy organisations residing in more than 130 countries, representing nearly 3 million accountants in public practice, education, government service, industry, and commerce (IFAC, 2018a).

The IFAC has emerged as an international organisation positioning itself to govern the global accountancy profession by, firstly, determining standards and, secondly, by setting up mechanisms and ensuring that they are implemented and enforced. (Humphrey *et al.*, 2006).

The IFAC serves the interest of the public and strengthens the profession by developing, promoting, and enforcing standards for auditing and assurance, education, ethics, and SME and public sector accounting (IFAC, 2018a). According to the IFAC, these standards and related regulation guidance are essential to ensuring the credibility of information upon which investors and other stakeholders depend and to achieve sustainable global economic development (IFAC, 2018b).

Members of the IFAC are required to support the IFAC's mission and programmes, demonstrate compliance with the seven Statements of Membership Obligations (SMOs), be financially and operationally viable and have an appropriate governance structure, make financial contributions, and meet the other criteria described in the IFAC Constitution and the IFAC Bylaws (IFAC, 2018a, 2018d). The seven SMOs are globally recognised as a framework for strong, credible, and high-quality PAOs (IFAC, 2018d). The SMOs are designed to assist professional accountancy organisations in leading the way to serve the interest of the public by supporting adoption and implementation of international standards and maintaining quality assurance review

systems and investigation and discipline mechanisms (IFAC, 2018a; IFAC, 2018c & IFAC, 2018d).

Professional accountancy organisations that have rigorous qualification programmes and professional designations gain legitimacy from being members of the IFAC (Hall, 2004). Guidelines promulgated by the IFAC espouse important values and contain valuable advice to which all professionals are likely to agree upon (Cohen, Pant & Sharp, 1992). Compliance with the IFAC's standards should therefore further encourage other professional accountancy organisations that are non-IFAC members to accept and comply with the IFAC standards, thereby reinforcing the important role of the IFAC (Crawford, Helliard, Monk & Veneziani, 2014; Humphrey, Loft & Woods, 2009). Through the issuance of IFAC standards, the accountancy profession globally has managed to command a high regard and esteem (Helliard, 2013; Humphrey et al., 2009; O'Dwyer, Owen, & Unerman, 2011).

The IFAC has been instrumental amongst developing countries such as South Africa in building professional accountancy organisations that will improve national economic infrastructure (Osisioma, 2014). In South Africa, the IFAC has already established its significant role through the application of the IFAC's standards in the auditing profession, which is entrenched through the Auditing Professions Act, No.26 of 2005 (RSA, 2005). The guidance and standards issued by the IFAC are important within the South African setting for a number of reasons. Firstly, professional accountancy organisations rely on the International Education Standards (IES) to develop their competency frameworks. These competency frameworks are essential in the establishment of curricula within South African universities for professional accountancy degrees. Secondly, the important standards within the South African environment such as the International Financial Reporting Standards (IFRS) and the International Standards for Auditing (ISA) are all embedded within the IES issued by the IFAC. Through this lens the study adopts the guidance, material and definitions issued by the IFAC as an important frame of reference. This position is taken notwithstanding the fact that there are no other local or jurisdictional guidance available in South Africa, and all South African professional accountancy organisations inevitably revert to the guidance issued by the IFAC.

As stated in subsection 2.5.1.2, the accountancy scandals of 2017 and 2018 have had a significant impact on the accountancy discipline and questions arise whether the regulatory framework in which professional accountants operate is efficient. To understand the role of professional accounting organisations, a brief overview of this landscape has been provided in subsection 2.5.1.3. However, it is also important to review the accountancy profession as it stands today within South Africa and to examine the factors which could have contributed to the accounting scandals of 2017 and 2018.

2.5.1.4 The accountancy profession as it stands today in South Africa

The accounting profession's involvement and status within an economy is associated with the extent to which policy makers recognise the role of professional accountants within the economy (Verhoef, 2011). The national development of accounting structures is therefore linked to how government positions the accountancy profession within an economy (Miller, 1990). According to the IFAC, regulation of the profession is a specific response to the need for specific standards to be met by members (IFAC, 2011d).

In South Africa the appointment of auditors is governed by the Auditing Professions Act No.26 of 2005 (APA), which replaced the Public Accountants and Auditors Act No.80 of 1991 (RSA, 1991, 2005). Under the Public Accountants and Auditors Act No.80 of 1991, both accountants and auditors were dealt with under a single act. The APA currently only regulates the auditing pillar of the accountancy profession. At this time, there is a lack of regulation of the non-audit pillar of the accountancy profession in South Africa, with indirect supervision being fragmented through professional accountancy organisations and other stakeholders (FAB, 2013; World Bank, 2013). Accordingly, professional accountants providing non-audit services in South Africa are not subject to any statutory code that details their responsibility as to how these services are provided.

Unfortunately, the image of the accounting profession has been tarnished by various recent accounting scandals, both nationally and internationally, and the self-regulatory nature of the accountancy profession has placed professional accountants under scrutiny (Crotty, 2017; Robinson, 2018; Ziady, 2018). These numerous scandals have damaged the credibility of the professional accountant in terms of the perception that

professional accountants should act in the interest of the public (African News Agency, 2018; Barron, 2018).

Against this backdrop, the credibility crisis of the accounting profession was raised indirectly in 2013 by the World Bank's *Report on Observance of Standards and Codes* (ROSC Report) (World Bank, 2013). The World Bank's review assessed the institutional framework underpinning the accounting and auditing practices in South Africa in comparison with international standards and good practices (World Bank, 2013) and came to a worrying conclusion.

Paragraph 24 of the ROSC Report identified the self-regulatory environment that professional accountants are operating under in South Africa as a risk to the economy. The ROSC findings regarding the regulatory environment in South Africa are summarised under themes that are mapped to the recommendations of the ROSC report in Table 7. It has been five years since the recommendations of the ROSC report were published, but limited progress has been made in addressing any of the suggested recommendations. Table 7 contains the researcher's summary of the ROSC findings and recommendations (World Bank, 2013: 43).

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Table 7: Summary of the ROSC Findings and Recommendations Regarding the Regulatory Environment in South Africa.

THEMES	RECOMMENDATIONS	CURRENT STATUS
<p>Lack of oversight of professional accountancy organisations operating in South Africa in promoting public interest.</p>	<p>Appropriate legislation should be enacted to provide for the regulation of all professional accountancy organisations and should not be limited to an audit regulatory body.</p> <p>The proposed legislation should provide the mandate to an institution (regulatory body) that would be responsible for defining and categorising the education and training (framework) requirements for different accountancy services (e.g., audit, independent review, actions required of accounting officers, and bookkeeping) and respectively align the professional accountancy organisation’s qualifications to these categories (i.e., align a professional accountancy organisation’s qualification to services that members can offer). In addition, the regulatory body should have stringent accreditation criteria. The accreditation criteria should take into consideration the SMOs of the IFAC that provide a framework to support an accountancy profession of high quality. More specifically, these criteria should require that professional accountancy organisations should set high quality membership requirements in accordance with the IES and adopt and implement high level ethics standards such as the IESBA Code of Ethics for Professional Accountants, and establish effective investigations into questionable conduct and institute disciplinary mechanisms. Furthermore, the regulatory body should monitor compliance with the accreditation criteria on an ongoing basis. This would promote and strengthen the profession and reinforce the supervision of the profession, which is now fragmented among numerous professional accountancy organisations, and would further ensure that providers of different accountancy services are suitably qualified to undertake and provide quality services.</p>	<p>The status quo remains the same. The IRBA is in discussion with government in working on a possible regulation framework that will encompass the full profession.</p>

THEMES	RECOMMENDATIONS	CURRENT STATUS
Lack of comparability and accountability of professional qualifications offered by professional accountancy organisations in the SA market.	<p>In addition to promoting qualifications and supporting the strengthening of all PAOs, the regulatory body should accredit, register, monitor, and sanction the professional accountancy organisations.</p> <p>The regulatory body should also support promotion of all the qualifications in partnership with the PAOs. Such an initiative would increase the visibility of all available qualifications to all prospective accountants, employers, tertiary institutions and the public.</p>	There have been attempts by PAOs to register their professional qualifications at a particular level on the National Qualification Framework as well as the Quality Council for Trades & Occupations.
Lack of benchmarking of educational programmes offered by or on behalf of professional accountancy organisations in SA	<p>While each professional accountancy organisation would continue to support and regulate its members, the proposed regulatory body should ensure that the education and training offered by professional accountancy organisation is appropriate to the types of services being offered through membership of the professional accountancy organisation. In addition, the regulatory body should also promote an initiative, in partnership with these organisations to ensure that most, if not all of the accounting service providers are registered with a professional accountancy organisation to ultimately ensure the rendering of the highest-quality accounting services countrywide. Similar practices have been adopted in Australia and the United Kingdom, through the establishment of Financial Reporting Councils.</p>	The status quo remains unchanged.

As indicated in Table 6, South Africa currently has 13 professional accountancy organisations, which contribute to the development of the accounting profession on different levels (IFAC, 2018c; World Bank, 2013). The 13 professional accountancy organisations develop and serve professional accountants who provide differing accounting related services (World Bank, 2013). Four of the thirteen professional accountancy organisations are members of IFAC (World Bank, 2013). Of the IFAC-members, two of the organisations are based in South Africa – the South African Institute for Chartered Accountants (SAICA) and the South African Institute of Professional Accountants (SAIPA). The other two are based in the United Kingdom, namely the Association of Certified Chartered Accountants (ACCA) and The Chartered Institute of Management Accounts (CIMA).

There is consequently limited indirect regulation by professional accountancy organisations in terms of their qualification, capacity, and mechanisms to monitor members (FAB, 2013; World Bank, 2013). While it could be inferred from the ROSC report that a legislative approach may be necessary for the realisation of anticipated economic and social outcomes, regulation does impose costs on society and this would affect SMEs (Blackburn, Eadson, Lefebvre & Gans, 2006). The risk is that a lack of self-regulation by accountancy organisations and lack of oversight over professional accountants may result in an organic crisis that may endanger public interest. According to Hall, as cited¹² in (Goddard, 2002), an organic crisis is one in which there is a breakdown of the societal relations and institutions which hold society together and enable it to maintain and reproduce itself.

According to the ROSC report, the fragmented supervision of the accounting profession within South Africa could negatively influence the quality of professional qualifications, the services offered by members of professional accountancy organisations, and the ability to promote different accountancy organisations in the economy (World Bank, 2013). Each accountancy organisation will have divergent professional missions¹³ which need to be reconciled to ensure the protection of public interest (Fogarty, Zucca, Meonske & Kirch, 1997). Consequently, a lack of oversight

¹² The researcher attempted to obtain the original source, but after an extensive search, the decision was taken to reference the secondary source rather than omit the reference.

¹³ An example of this divergence can be seen in Section 2.3.2 where the researcher attempted unsuccessfully to establish a definition of a professional accountant using the diverse information provided on the websites of the different professional accountancy organisations.

at government level has resulted in questioning whether public interest is indeed being protected.

The accounting scandals that have taken place in South Africa bear testimony to the concerns raised by the ROSC report. Adding to the problem is the fact that only four of the professional accountancy organisations operating in South Africa are members of the IFAC. This deepens the divide on the enforcement of oversight by the IFAC as a supreme institution which, as a collective, could hold the organisations accountable to their peers. In addition, current legislation also allows any individual (even those that are not members of professional accountancy organisations) to serve as an accountant and prepare financial statements for different entities, except close corporations (CIPC, 2018; World Bank, 2013). As these individuals are not required to belong to a professional accountancy organisation, the quality of financial information could be impacted negatively, which poses a risk to the reputation of the profession (FAB, 2013; World Bank, 2013).

SMEs are particularly at risk. The professional accountant is often the only professionally qualified person trained to service the SME (Sharland, 2017). Employing an unregulated accountant in the current South African environment means that there is no legal recourse for an SME or for the public if the professional accountant is providing irresponsible advice that doesn't serve the interest of the public. A professional accountant who is a member of a professional accountancy organisation might be subject to disciplinary sanctioning should they breach the bylaws and constitution of a specific organisation. The professional accountant might be disciplined by the organisation but the organisation has no law enforcement power. Furthermore, a PAO cannot prevent the sanctioned professional accountant from moving to another organisation. The only restriction of movements will relate to organisations within the IFAC network.

The role and function of government as perceived by accountants and other professionals have been debated in academic literature over a lengthy period of time (Jessop, 1977; Miller, 1990; Tinker, 1984; Yee, 2012). The debates have ranged from Marxist views of regulation and political domination of the social order (Jessop, 1977), to views on the government's role in addressing social issues through conflict resolutions (Lindblom, 1982). Regardless of the expectation of government, the

literature has advocated that the responsibility of the government should be associated with the establishment, progression and regulation of the accountancy profession (Chua & Poullaos, 1993; Chua & Poullaos, 1998; Chua & Sinclair, 1994; Loft, 1986; MacDonald & Richardson, 2004; Poullaos, 1993; Puxty, Willmott, Cooper & Lowe, 1987; Richardson, 1989; Sian, 2006; Walker & Shackleton, 1995; Yee, 2012).

Seen from this perspective, the recommendations of the ROSC report are not that far-fetched in terms of the regulation of the accountancy profession. The implications of the ROSC report are that the regulation of professional accountants needs a two-pronged approach in the form of a profession-government combined strategy. This combined strategy firstly involves regulation by the professionals themselves through a professional accountancy organisation, and secondly, regulation from outside the profession by an oversight body through the government.

Accounting research has adopted a prudent stance towards regulation, however, citing that regulation could possibly oversimplify inherent challenges, thereby leading to unforeseen implications (Brivot & Gendron, 2011; Low, Davey & Hooper 2008; McMillan, 2004; Roberts, 1991; Roberts, 2001; Vakkur, McAfee & Kipperman, 2010). In addition, the threat emerges that increased regulation may lead to negative behaviour by promoting the very behaviour it seeks to prevent (McMillan, 2004; Padia & Maroun, 2012).

The role of the professional accountant will be influenced by how the South African government deals with the recommendations of the ROSC report, coupled with how the accounting scandals of 2017 and 2018 are addressed. Unless a clear legislative policy is developed by government, the professional accountant's role will remain unclear and will contribute to the risks discussed in this subsection.

The following subsection discusses the professional accountant's motivation to enter the profession. This was deemed an important aspect to understand how the professional accountant takes up his/her role in the SME environment.

2.5.2 Perceived motivation to become a professional accountant

Prior to the discussion of the professional accountant's motivation to enter the profession, it should be emphasised that the literature is discussed based on the *perceived* motivations of potential professional accountants and professional accountant. This may not be entirely reflective of the view of current professional

accountants and SME owners. However, it is important to obtain an appreciation of the motivation behind the professional accountant's decision to embark on a career in accountancy in a broader social context.

The motivation to become a professional accountant could be influenced by various factors. The first factor identified in the literature is the influence of career choice for an entry level professional accountant. The literature indicates that an entry level professional's career choices may be influenced by lack of maturity and inadequate background research that lead to forming ideas prior to having all the information regarding their chosen profession (Baxter & Kavanagh, 2012; Hildebeitel, Leaby, & Larkin, 2000). There is an established body of knowledge on how entry level prospective accountants' perceptions of accounting influence their decision to enter the profession. Some of the negative influencers arise from the perception that accounting is only number-orientated and therefore uninteresting (J. Cohen & Hanno, 1993; Geiger & Ogilby, 2000; Hermanson, Hermanson, & Ivancevich, 1995; Mladenovic, 2000; Saemann & Crooker, 1999). This stereotypical perception may discourage more creative individuals from embarking on a career as professional accountant (Baxter & Kavanagh, 2012; Geiger & Ogilby, 2000). Furthermore, it could be inferred from the literature that number-orientated people entering the profession may struggle in building relationships with colleagues and clients.

Potential entrants are also motivated to enter the profession due to the associated lucrative financial benefits of the profession as well as progression opportunities, diversity in terms of work content, and transferability within the role as a professional accountant (Felton, Buhr & Northey, 1994; Felton, Dimnik & Northey, 1995; Sugahara & Boland, 2009). Research further indicates that entry level professional accountants regard financial gain as a priority (Ahmad *et al.*, 2012).

South African research indicates that performance in accounting at school, the influence of family and teachers, and availability of employment, greatly influence students' decision to become a professional accountant (Myburgh, 2005). These influencing factors within the South African context correspond with the findings of international cross-cultural research (Auyeung & Sands, 1997).

Given the current established issues within the literature such as the failure in upholding public interest, the credibility crisis and the uncertain future of the

accountancy profession, the motivation to become a professional accountant needs to be explored as this could influence the role of the professional accountant within the SME environment. Furthermore, the literature in this area needs to be expanded, as a better understanding of the motivation behind the professional accountant's decision to enter the profession can also give a better understanding of the role of the professional accountant within SMEs.

The following subsection will discuss the stereotypical image of the professional accountant. This was regarded as an important aspect that could influence how the potential professional accountant views the occupation, as well as understanding how professional accountants are perceived by others and what impact this could have on the role of the professional accountant.

2.5.3 The stereotype of the professional accountant as “bean-counter”

Two categories of types of professional accountants emerge from literature. The first is the stereotypical accountant which the literature categorises as the “bean-counter” (Carnegie & Napier, 2010; Friedman & Lyne, 2001). The second category is a more contemporary view of the professional accountant as “business advisor” (ACCA, 2018; SAICA, 2018c; SAIPA, 2018).

A stereotype refers to an idea that is used to describe a particular type of person or thing, or a person or thing thought to represent such an idea – “a widely held but fixed and oversimplified image or idea of a particular type of person” as well as “a person or thing that conforms to a widely held but oversimplified image of the class or type to which they belong” (Oxford Dictionary, 2019). The professional accountant is often referred to as a “bean-counter” (Friedman & Lyne, 2001). In terms of the definition of a stereotype, the bean-counter stereotype can be regarded as an oversimplified, yet widely held and fixed image of the professional accountant. In addition, professional accountants may also conform to this stereotype, which has both positive and negative attributes.

The positive attributes are that the professional accountant is truthful, dependable, prudent with financial decisions, well-mannered, and composed (Carnegie & Napier, 2010). The negative attributes are that the accountant is male, introverted, money-absorbed, narrow-minded, lacking in entrepreneurship and dismally uninteresting (Beard, 1994; Cory, 1992; DeCoster & Rhode, 1971; Dimnik & Felton, 2006; Parker,

2000; Robert, 1957; Wessels & Steenkamp, 2009). This perception could have developed due to the influence of the media. The media has over time characterised professional accountants as unimaginative but trustworthy figures who are focused on numbers (Beard, 1994; Cory, 1992; Dimnik & Felton, 2006; Robert, 1957).

Where a profession has developed a stereotypical image in the public's perception, it is imperative to investigate the influence of this stereotype on the current and future role of the professional accountant. When the stereotype constrains the accountancy profession's ability to accurately represent its members and attract potential members, it is essential to counter the stereotype (Ewing, Pitt & Murgolo-Poore, 2001). This initial stereotype, however, has gradually changed to that of a professional who is sports-inclined and outward-focused and who plays the role of a business advisor (ACCA, 2018; CIMA, 2018; Dimnik & Felton, 2006; Ewing *et al.*, 2001; Friedman & Lyne, 2001; Jeacle, 2008; SAICA, 2018c; SAIPA, 2018). This could be through efforts of accounting practices together with professional accountancy organisations who have sought to change the stereotypical image of the professional accountant (Jeacle, 2008).

The literature indicates that accountants are typically not seen as a hero, as compared to other professions such as lawyers, teachers and engineers (Gibson, 2018). Given the expectation already established within the literature of the professional accountant fulfilling this role with a public interest mind-set, this is particularly disappointing. However, it is not clear whether efforts to change the stereotype have been effective (Baxter & Kavanagh, 2012). Furthermore, corporate scandals which bring the ethical credibility of the professional accountant into question have also influenced the public's perception of the accountancy profession (Carnegie & Napier, 2010). As discussed in subsection 2.5.1.2, South Africa has recently experienced a series of significant public accounting scandals which have tainted public opinion about accountants, and stakeholder perceptions therefore need to be further investigated. A risk to the accountancy profession of these stereotypical perceptions is that it might become a self-fulfilling prophecy whereby professional accountants will conform to rather than challenge the stereotype (Johnston, 1996).

Stereotypes may have an influence on the experiential role of the professional accountant and as such what is known about stereotypes needs to be established in

order to obtain a rich, in-depth understanding of the role of the professional accountant in the SME environment. These stereotypes may further provide insight into the current issues facing the accountancy profession within South Africa, which may also have an influence on the role of the professional accountant. The following subsection is dedicated to how professional accountants experience their role within the SME environment as reflected in the existing body of knowledge.

2.5.4 The experience of professional accountants of their role in the SME environment

In this subsection the various roles that the professional accountant experiences by rendering services to SMEs are discussed. Firstly, the extent of usage and benefit of the professional accountant's advice to SMEs are discussed. Thereafter the professional accountant's roles in the SME environment that emerge from the literature are addressed. Section 2.5 concludes with a discussion of the legitimisation of the professional accountant's role in the SME environment.

2.5.4.1 The types of roles professional accountants experience within the SME environment

Professional accountants within the SME landscape differ from professional accountants servicing larger enterprises. This differentiation arises from the services rendered as well as the environments that the different enterprises operate in (Blackburn & Jarvis, 2010; Devi & Samujh, 2010; Oosthuizen, 2018).

Research shows that professional accountants have an important role in contributing to an SME's success (Berry *et al.*, 2006; Gooderham *et al.*, 2004; Husin & Ibrahim, 2014; Massey *et al.*, 2005). The literature indicates that professional accountants are established as fulfilling multiple roles within the SME environment ranging from traditional compliance to more sophisticated advisory roles. Previous studies indicate that the services offered by the professional accountant can be categorised into three broad categories: traditional roles; non-traditional roles and emergent roles. Within each of these categories there are a variety of services mentioned in the literature (Blackburn *et al.*, 2010; Blackburn *et al.*, 2006; Brunninge *et al.*, 2007; Carey & Tanewski, 2016; Carter *et al.*, 2004; D. De Villiers, 2017; Devi & Samujh, 2010; Døving & Gooderham, 2005; Døving & Gooderham, 2008; Greenwood *et al.*, 2002; IFAC, 2016; Leung, Raar & Tangey, 2008; Maphiri, 2015; Naidoo, Patel & Padia, 2018;

Thompson, 2017a; Thompson, 2017b; Yonkova, 2013). These services are listed in Table 8.¹⁴

Table 8: Role Categories of Services Rendered by Professional Accountants to SMEs

ROLE CATEGORIES	TYPES OF SERVICES OFFERED WITHIN RESPECTIVE ROLES
Traditional roles	
Compliance roles	<ul style="list-style-type: none"> ✓ Rendering taxation services ✓ Preparation of financial statements ✓ Company registrations ✓ Serving as company secretary ✓ Ensuring regulatory and legislative compliance
Non-Traditional Roles	
Advisory roles	<ul style="list-style-type: none"> ✓ Governance structures ✓ Wealth structures ✓ Strategic planning ✓ Help with succession planning ✓ Personal business advisory services such as wills
Management accounting and finance roles	<ul style="list-style-type: none"> ✓ Budgeting ✓ Management ✓ Valuations, mergers and acquisitions ✓ Working capital planning and control ✓ Tender processes ✓ Risk, control and governance
Business rescue role	<ul style="list-style-type: none"> ✓ Facilitate development, survival and rescue of the SME ✓ Liquidations
Other roles	<ul style="list-style-type: none"> ✓ Marketing ✓ Administrative support ✓ IT support ✓ Human capital assistance ✓ Salary and payroll administration
Emergent Roles	
Other Reports	<ul style="list-style-type: none"> ✓ Preparation of Integrated Reports

The traditional role category is synonymously referred to as the compliance role. The compliance role is also the primary role fulfilled by the professional accountant in the SME environment. The traditional role category is also characterised by long-standing service offerings that arise from regulation in some form.

The second category reflects non-traditional roles that have emerged from the literature. The roles reflected within this category can be divided into four sub-

¹⁴ Table 8 lists the various service offerings of the professional accountant to SMEs. External audit roles were not considered as part of the structured literature review. The focus of this study specifically excludes professional accountants who are engaged with non-assurance roles. Assurance is a specialised area within South Africa and is governed by the APA and the IRBA. Considering the public interest score and the state of the accounting profession, very limited opportunity exists for professional accountants within this area in SA and as such it was not investigated. Furthermore, only professional accountants registered with IRBA can render this service.

categories: advisory roles; management accounting and finance roles; administrative roles and other roles. The literature further debates the acceptability of these roles that do not arise from legislation but rather from voluntary solicitation of the service of the professional accountant by the SMEs.

The final category is the emergent role, which focuses on providing IR services to SMEs. This role has only recently been gaining attention within SMEs and as such the body of knowledge is very restricted. Each of the three role categories will be conceptually discussed, defined, and contextualised in subsections 2.5.4.2, 2.5.4.3, and 2.5.4.4, respectively.

2.5.4.2 Traditional roles

Traditional compliance roles refer to the services rendered by the professional accountant for obligatory compliance purposes as a consequence of legislation or regulatory requirements (Everaert, Sarens & Rommel, 2007). Professional accountants traditionally established themselves within the SME environment to render compliance services to meet regulative burdens (Carey & Tanewski, 2016; Døving, Gooderham, Morrison & Nordhaug, 2004; Parker, 2001). As indicated in Table 8, professional accountants have started to diversify their roles within SMEs that are distinct from the traditional compliance roles (Bennett, 2007; Dyer & Ross, 2008). The literature however indicates that professional accountants are still predominately used within the traditional compliance role (Devi & Samujh, 2010; Døving & Gooderham, 2008). This can be attributed to the obligatory regulatory requirements that establish the demand for professional accountants within the SME environment (Marriott & Marriott, 2000). The types of roles that are categorised under traditional compliance roles are primarily the rendering of taxation services and the compilation of financial reports for SMEs (Døving & Gooderham, 2008). The financial reporting and taxation roles of the professional accountant within the SME environment will subsequently be discussed.

2.5.4.2.1 The financial reporting role

Research on financial reporting has mainly focused on the application and implementation of appropriate financial reporting standards for SMEs (Albu, Albu, & Fekete, 2011; Jermakowicz & Epstein, 2010; Mohamed, 2017; Quagli & Paoloni, 2012; Schutte & Buys, 2011a, 2011b; Uyar & Güngörmüs, 2013; Van Wyk & Rossouw,

2009). South African studies have further indicated that even apparently simplified reporting standards like IFRS for SMEs are seen as burdensome for the SME (Mohamed, 2017; Schutte & Buys, 2011a; Van Wyk & Rossouw, 2009). Some of the research should, however, be read with caution, as Mohamed (2017), Schutte and Buys (2011a) and Van Wyk and Rossouw (2009) focused only on the technical nature of the financial reporting standards from the perspective of the professional accountant and did not consider the SME's views.

The financial reporting role exists in the context of the requirement that SMEs comply with IFRS or IFRS for SMEs. The reporting standards are issued by the International Accounting Standards Board (IASB), an independent organisation based in London, United Kingdom. IFRS represents a set of financial reporting principles that entities globally can apply. The objective is to have comparable financial reporting principles to reduce information risk and costs to stakeholders (Ball, 2006; Carmona & Trombetta, 2008; Daske, Hail, Leuz & Verdi, 2008; Soderstrom & Sun, 2007).

The financial reporting role involves the process adopted by the professional accountant in producing financial statements that disclose an SME's financial compliance with the principles of IFRS or IFRS for SMEs to stakeholders of the SME, as prescribed by the South African Companies Act 71 of 2008. Despite the Companies Act providing the options for selecting IFRS or IFRS for SMEs, financial reporting is perceived as more of a compliance cost (Mohamed, 2017). This is because the financial reporting role is experienced by the professional accountant as a distress purchase for the SME, as it arises from compliance needs as opposed to the value-adding abilities of the professional accountant (Keasey & Short, 1990) .

Professional accountants experience a lack of appreciation by SME owners for financial reporting (Marriott & Marriott, 2000). When SMEs source minimal financial reporting information, it often results in the owners being misinformed due to insufficient information to support decision making (Kirby & King, 1997). However, it should also be understood that the objective of financial reporting is to provide information for external decision-making purposes and is not intended only for the owners' usage (Halabi *et al.*, 2010; IASB, 2015; Sian & Roberts, 2009). This is supported by the literature where it is argued that SME owners value taxation benefits derived from the services rendered by professional accountants more than the

financial reporting benefits (Collis & Jarvis, 2002; Everaert *et al.*, 2007; Halabi *et al.*, 2010). The taxation role of the professional accountant is of prime importance to SME owners.

2.5.4.2.2 The taxation role

Governments levy taxes in order to provide essential services and infrastructure to their citizens. However, this does not mean that the citizens are willing to pay the taxes levied and many taxpayers therefore intentionally attempt to reduce their tax liability (Abrie & Doussy, 2006). Taxpayer compliance to act in accordance with the legislative requirements necessitates the filing of the required tax returns within the specified period by the taxpayer, and that the returns accurately reflect the tax liability in accordance with the income tax requirements (Devos, 2013). Taxation compliance costs therefore proportionately constitute a more significant portion of total costs for SMEs than for large ones (Evans, 2003; Smulders & Stiglingh, 2008). This factor could potentially lead to taxation playing a more pronounced role in SMEs than in large enterprises.

As a result, professional accountants play a prominent role in rendering this service to SMEs. A survey conducted by Coolidge, Ilic and Kisunko (2009) on SMEs in South Africa showed that 57% of respondents indicated at least some outsourcing of tax compliance work. This finding was confirmed by Letsoalo (2014), who found that SMEs, more often than not, outsource the taxation compliance obligations to a professional accountant (Letsoalo, 2014). Professional accountants, according to the Tax Administration Act 28 of 2011, need to be registered with a recognised professional accountancy organisation as per the Act before they are allowed to render taxation services to an SME. Research on the taxation compliance role within the SME environment has mainly been focused on factors and types of taxation that SMEs are affected by and not on the experience of the perceived value of the role (Abrie & Doussy, 2006; Atawodi & Ojeka, 2012; Chen, Lee & Mintz, 2002; Killian, Karlinsky, Payne & Arendse, 2007; Manzo, 2011; Smulders & Stiglingh, 2008).

A significant number of SME owners are not skilled in the administrative and technical requirements with regard to tax compliance (Killian *et al.*, 2007). Professional accountants within the SME environment act as intermediaries between the South African Revenue Service (SARS) and the SME by providing taxation services to the

SME to ensure compliance with the South African taxation laws as prescribed by the Income Tax Act 58 of 1962 (RSA, 1962, 2011). The professional accountant has a robust understanding of the taxation laws of a country and as such assists SMEs to file tax returns as well as with its tax planning. Although the Tax Administration Act 28 of 2011 does not specifically require the SME to utilise the services of a professional accountant. SMEs who submit incorrect tax returns are subject to tax audits which could lead to high interest being charged as well as being subjected to penalties for misinterpreting the Income Tax Act 58 of 1962. In the following subsection the non-traditional roles experienced by professional accountants within SMEs will be discussed.

2.5.4.3 Non-traditional roles

Professional accountants who provide services to SMEs have started to offer other services over and above their traditional roles (IFAC, 2016). Non-traditional roles as listed in Table 8 can be categorised into business advisory roles, management accounting and finance roles, business rescue roles and other support roles that professional accountants provide to SMEs. These non-traditional roles have developed for two primary reasons.

The first is that professional accountants within SMEs have increasingly been pressurised to position themselves as multidisciplinary practitioners offering an extensive array of services such as financial advice and management consulting (Devi & Samujh, 2010; Gooderham *et al.*, 2004; Greenwood *et al.*, 2002). One of the primary reasons identified in the literature is that the development of these non-traditional roles arises from pressures exerted by the larger accounting practices where there are innovative changes that are constantly being introduced to the market (Blackburn & Jarvis, 2010).

The second reason suggested in prior studies is that a combination of both traditional and non-traditional roles will result in the SME experiencing enhanced benefits when compared to SMEs who only utilise their professional accountants in the traditional compliance role (Bagieńska, 2016; Bennett & Robson, 1999; Blackburn *et al.*, 2010; Carey, 2015; Devi & Samujh, 2010; Han & Benson, 2010; Łobacz & Głodek, 2015; Łobacz, Głodek, Stawasz, & Niedzielski, 2016; Nandan, 2010).

To render these non-traditional roles, the professional accountant needs to develop a number of multidisciplinary skills. The professional accountant needs to develop adaptability and an understanding of the context and cultural environment in which the SME operates (Deakins, Morrison, & Galloway, 2002). Multidisciplinary service offerings by professional accountants require the development of emotional intelligence skills (Devi & Samujh, 2010). Professional accountants need to be effective communicators in order to create a platform to supply advisory services to SMEs (Martin, 2005).

Apart from developing multidisciplinary skills, the professional accountant needs to establish credibility with the SME owner in terms of their professional abilities to fulfil non-traditional roles (Burke & Jarratt, 2004). Credibility is usually attained if the SME owner trusts the quality of the services provided by the professional accountant within the non-traditional role (Glückler & Armbrüster, 2003; Gooderham *et al.*, 2004). Credibility requires technical competence, in-depth understanding of the SME's environment and needs, and return on service fee charged, all of which are underpinned by a sustainable relationship built on emotional intelligence (Blackburn *et al.*, 2010; Deakins *et al.*, 2002; Leung *et al.*, 2008; Thompson & Downing, 2007).

The non-traditional roles will be briefly described in the following order: management accounting & finance roles; business advisory roles; business rescue role, and other support roles. Strictly speaking, all the roles can be categorised as advisory; however the researcher subcategorised the roles to obtain a deeper understanding of each dimension. Thereafter the challenges experienced by the professional accountant within these non-traditional roles will be discussed.

It should be noted that the body of knowledge in terms of the non-traditional roles within the SME environment is limited. Most of what is known in the literature is merely that these non-traditional roles exist and their utilisation by SME owners is limited, and this is mainly based on quantitative research and therefore does not delve deeply into the respective roles.

2.5.4.3.1 Management accounting and finance roles

The management accounting and finance roles refer to the tools adopted by the professional accountant to assist an SME to make informed decisions through the preparation of management reports and by providing accurate and timely financial and

statistical information for internal decision and control needs (Business Dictionary, 2018; Debono, 2014; López & Hiebl, 2014). The management accounting and finance role can further be defined as the design of financial structures to assist management in their responsibilities. These responsibilities may consist of a variety of tasks such as performance reporting, budget forecasting, product costing of goods or services, capital budgeting and investment considerations (De Araújo Wanderley, Miranda, de Meira, & Cullen, 2011; McChlery *et al.*, 2005; Oosthuizen, 2018).

In the literature it is proposed that the need for management accounting and finance services is proportionally related to the size of the enterprise, i.e. the larger the enterprise, the larger the scope in providing information (Mitchell & Reid, 2000; Perren, 2000). There is therefore the implication that SMEs do not require detailed and complex information from a management accounting and finance service perspective (Oosthuizen, 2018). This proposition can be contested, however, as according to other research, SMEs display characteristics similar to larger businesses but are more susceptible to the same difficulties such as business failure, thereby reinforcing the need for detailed and complex management accounting and finance information (Lavia López & Hiebl, 2014; Nandan, 2010; Oosthuizen, 2018).

SME owners draw upon professional accountants' management accounting and financial skills more often than from the other non-traditional roles (Bennett & Robson, 1999; Collis & Jarvis, 2002; Devi & Samujh, 2010; Gooderham *et al.*, 2004; Samujh & Devi, 2008). There are several potential benefits for the SME should there be a successful relationship with the professional accountant in this role. These benefits can be categorised into four main areas: operational decision-making, operational controls, strategic decision-making and performance benefits (Lavia López & Hiebl, 2014; Oosthuizen, 2018). However, there appears to be divergent views between the SMEs and professional accountants on how useful management accounting advice could be to the SME (Marriott, Marriott, Collis & Son, 2008). What is established in the known body of knowledge is that the service is being utilised but its usefulness is questionable depending on the study. However, what is unknown is how the role is experienced within SMEs. To reiterate, this limitation is due to the dominance of the positivist approach that has been established within the body of knowledge.

2.5.4.3.2 Business advisory roles

The role of a professional accountant in a business advisory capacity incorporates the rendering of advisory services such as risk, management control, governance, and strategic services that will assist SME owners in better decision-making. Business advisory decisions are often dynamic processes based on relationships with the professional accountant and are deemed critical at the early growth stage of the SME (Deakins, Logan, & Steele 2001). Professional accountants are potentially sourced by SME owners within a business advisory role to ensure that the SME obtains improved overall performance (Prauliniš & Bratka, 2014). A number of studies show conflicting results in proposing that a quantitative relationship exists between the performance of the SME and the business advisory role of the professional accountant (Bennett & Robson, 1999; Carey, 2015; Oosthuizen, 2018; Robson & Bennett, 2000).

However, research also indicates that there appears to be a reluctance to source business advisory services from professional accountants (Blackburn *et al.*, 2010; Nandan, 2010), even though there has been a relative increase in the SMEs' sourcing of business advisory services from professional accountants. SME owners do not appear to be satisfied with the outputs that they receive (Blackburn & Jarvis, 2010; Ciccotosto, Nandan & Smorfitt, 2008; Marriott & Marriott, 2000; Marriott *et al.*, 2008). A possible reason is that professional accountants are perceived not to be in touch with reality and as such are not regarded as credible advisers for strategic matters and therefore not consulted by SME owners (Blackburn & Jarvis, 2010; Burke & Jarratt, 2004).

The situation described provides an opportunity to investigate the experience of the benefits through qualitative exploration, which is not a further statistics-driven attempt to establish the relationship between use and benefit of the professional accountant within a business advisory role. Another area deserving attention is the role that the professional accountant can play within a business rescue role. Business rescue is a form of business advice, but due to the specialised nature of the service, it is discussed separately.

2.5.4.3.3 Business rescue roles

Business rescue is defined by Omar (1997) as cited¹⁵ by Kloppers (1999: 418) as

the revival of companies on the brink of economic collapse and the salvage of economically viable units to restore production, employment and the continued rewarding of capital investment.

Chapter 6 of the South African Companies Act 71 of 2008 provides for professional accountants to act as business rescue practitioners when a company is placed under financial distress and cannot meet its obligations to third parties. Other professionals (such as lawyers) may also fulfil this role of business rescue practitioner. The role of a business rescue practitioner is also subject to many other requirements and it is heavily legislated. The applicable legislation is not part of this study, however, and as such the researcher will not delve into these legislative requirements.

According to Section 128(1) (b) of the Companies Act 2008 (RSA, 2009: 205):

business rescue refers to proceedings aimed at assisting in the rehabilitation of a company that is financially distressed, by providing for the temporary supervision of it by a freestanding business rescue practitioner who will help develop and implement a business rescue plan for the purpose of restructuring the company and achieving the objectives set out in the business rescue plan.

Considering the statistic that South African SMEs have the lowest survival rate in the world (Mahembe, 2011), business rescue provides SMEs in financial distress with the opportunity to reposition themselves by appointing a business rescue practitioner to assist them in coming up with turnaround strategies that will improve their chances of survival (Maphiri, 2015). However, one needs to keep in mind that despite the provisions of the Act, business rescue proceedings do not always succeed in rehabilitating a business, as only 12-13.6% of businesses that enter into business rescue conclude business rescue proceedings successfully (Naidoo *et al.*, 2018).

Professional accountancy organisations have been positioning professional accountants to take on the role as business rescue practitioners due to the lucrative financial opportunities it presents (De Villiers, 2017). Professional accountants are not guaranteed that the SMEs they service will survive or grow to support fee generation,

¹⁵ The researcher attempted to obtain the original source however, it was not possible after many exhaustive attempts.

as the factors that lead to SME success and growth are not always understood (Devi & Samujh, 2010). In this complex environment, there are also other roles expected of the professional accountant by SME owners and in the next subsection these additional roles will be discussed.

2.5.4.3.4 Other roles

Other roles as per Table 8 refer to the support roles comprising of marketing, administrative support, IT support, and human resources services that a professional accountant could render to an SME. Based on the literature, very little is known as to the exact role of the professional in providing these other services. All that is known is that a potential to render support services to SMEs exists (Blackburn & Jarvis, 2010). In order to gain an understanding of an SME's decision to seek outsourced support from their professional accountant in other roles, a few key factors need to be considered.

Firstly, SMEs are not always in a position to appoint full time staff to attend to different areas of the business and this creates a lack of human resources within the business and the need to make use of outsourced providers (Berry, 2006; Harris, Tailby, Hutchinson & Winters, 2008; Watson, 2007). For example, within SMEs there are affordability issues regarding employing a full-time human resources professional to assist in complying with employment regulations (Blackburn *et al.*, 2006). Other areas of human resources support may include recruitment, succession planning and incentives programmes (Jarvis & Rigby, 2012).

Secondly, the level of trust between the professional accountant and SME owner is of the utmost importance and trust first needs to be established within the relationship before a professional accountant can become involved in other areas of the business (Blackburn & Jarvis, 2010; Gooderham *et al.*, 2004). Trust is usually earned through the successful demonstration of competence by the professional accountant within the traditional compliance role (Jarvis & Rigby, 2012).

Thirdly, another factor that plays a key role in expanding the role of the professional accountant is his/her level of understanding of the SME environment and the client's business as non-traditional roles requires a much deeper and broader understanding of the business environment in which the SME client operates (Bennett, 2007; Oosthuizen, 2018).

Lastly, the skills, knowledge and competencies of the professional accountant need to be of sufficient depth and quality to enable him/her to fulfil other roles for the SME owner successfully (Blackburn *et al.*, 2010; Blackburn & Jarvis, 2010; Devi & Samujh, 2010). An example would be where a professional accountant assists with strategic marketing input: he or she needs to have the necessary legislative, practical and theoretical knowledge to truly add value to the SME owner's business.

This study will investigate the experience of the professional accountant as it pertains to other roles in order to contribute to the scarce body of knowledge in this area. The roles within the category called "other roles" are not explored in depth as there is not much known about the value, experience, and expectation of the professional accountant in this category.

Based on the lack of existing literature on the role of the professional accountant in the SME environment, it can be said that the role is relatively undefined, and there is very little research available especially in terms of how professional accountants and SME owners experience the role of the professional accountant. Given the relatively undefined role of the professional accountant in this environment, it is to be expected that there would be a variety of challenges. The following subsection will discuss the challenges experienced by the professional accountant within the non-traditional roles in the SME environment.

2.5.4.3.5 Challenges posed by non-traditional roles

Professional accountants that offer non-traditional services in South Africa are operating in an unregulated and undefined environment and, as such, the literature reveals some challenges faced by the professional accountants:

- The assessment of SME expectations is problematic since this is contingent on prior SME involvement and acquired knowledge thereof (Bennett, 2007).
- The SME information is usually unstructured and the professional accountant will need to develop skills to synthesise such information (Deakins *et al.*, 2001).
- The professional accountant may lack the suitable competencies needed prior to offering non-traditional services (Gooderham *et al.*, 2004).
- There appears to be no agreement between professional accountants, SMEs, policymakers, and other stakeholders in developing programmes that would be beneficial to SMEs in facilitating their survival and growth (Gibb, 2000).

- In the emerging economies, professional accountants experience a much more restrictive role which was predominantly limited to the traditional role within SMEs (Schizas *et al.*, 2012).

These challenges could be indicative of some of the influencers to better understand the role of the professional accountant within the SME environment.

Based on the above discussion, other roles can be described as roles that still fall within an existing and well-defined business domain such as human resources or marketing but do not fall under the traditional roles of the professional accountant. In addition to the non-traditional roles discussed in subsection 2.5.4.3 and other roles as discussed in this subsection, there are also emergent roles, which are roles that are still being established within the discipline of accountancy. These emergent roles of the professional accountant will be discussed in the following subsection.

2.5.4.4 Emergent roles

The first role that can be regarded as an emergent role is related to integrated reporting (IR). Compared to traditional annual financial reporting, IR represents one of the most innovative concepts introduced in the reporting arena in the last decade or more (Attolini, 2014). An integrated report is a coherent report about how an organisation's strategy, governance, performance, and prospects lead to the creation of value over the short, medium and long term. The objective of the integrated report is to incorporate financial and non-financial information in a succinct manner, thereby enabling users to understand how this affects performance and value (Haji & Anifowose, 2016a; Haji & Anifowose, 2016b; Brown & Dillard, 2014; De Villiers, Rinaldi & Unerman, 2014; Engelbrecht, Yasseen & Omarjee, 2018a). The output of the IR process should result in greater accountability, transparency and a reduction in information asymmetry for stakeholders (Engelbrecht, Yasseen & Omarjee, 2018b; Simnett, Vanstraelen & Chua, 2009; Wong, Wong, Li & Chen, 2016). In this context, SMEs have globally been encouraged by the International Integrated Reporting Council (IIRC) to also embrace IR (CIMA, 2015).

It has been argued that an integrated report should be prepared by all enterprises utilising resources as this is the basis of determining how a sustainable society is formed (Eccles & Saltzman, 2011). It could therefore be implied that IR speaks directly to the ethical responsibility of owning and running a business and could therefore be

linked to the role of the accountant in terms of serving public interest. An IR approach supposedly facilitates SMEs to build a better understanding of the factors that determine their ability to create value over time (Thompson, 2017a). Supporting this view is the argument that SMEs form part of the value and supply chain for larger entities and therefore need to prepare integrated reports (Reuter & Messner, 2015).

An integrated report is underpinned by a process called integrated thinking. Integrated thinking can be defined as the information flow process within a company to enable holistic approaches, better decision-making and reporting. Integrated thinking further encourages the development of a long-term strategy that will take into account the impact that the business has on society using its resources (IIRC, 2016).

Integrated thinking relates directly to the usage of different forms of capital. Six different categories of “capital” can be identified: financial capital, manufactured capital, human capital, intellectual capital, natural capital, and social capital (Flower, 2015). Based on the literature it can be suggested that SMEs can make informed decisions on the usage of the different forms of capital, and truly understanding the interconnected nature of these different forms of capital and applying this understanding holistically could potentially result in better business outcomes.

In terms of an SME, integrated thinking can be applied as a connected view of how an SME uses its various forms of capital, including its use of and effect on other forms of capital central to its business model and future strategies (Thompson, 2017a). Thompson (2017a) also stresses that this approach enhances strategic planning, execution, and evaluation. IR could provide valuable information to SMEs that could assist in planning, budgeting, and implementing strategies that could give rise to the efficient and effective consumption of resources (Kaya & Türegün, 2014).

Professional accountants are being positioned to embrace IR and adopt integrated thinking. The rationale is that no other external service provider knows an SME better than its professional accountant, who is equipped with a deep understanding and knowledge of the SME (SAIPA, 2017). It is further claimed that IR provides the ideal basis for successful SMEs to become a global engine of growth and recovery (CIMA, 2015). The foremost concern is whether IR would be acceptable to SMEs and whether there is any contradiction between two processes, namely the need for IR for SMEs on the one hand and the requirement to simplify financial reporting on the other hand

(Yonkova, 2013). Cost, lack of resources and no buy-in to the concept from SMEs manifest as potential challenges for SMEs to adopt IR (Du Bourg, 2018).

In the context of the roles professional accountants fulfil in the SME environment, it is important to bear in mind that these roles are interrelated. Therefore, the following subsection is dedicated to a discussion of the integrated considerations in terms of the types of roles professional accountants experience within the SME environment.

2.5.4.5 Integrated considerations on the types of roles professional accountants experience within the SME environment

The literature remains divided regarding the relevance, competency and ability of the professional accountant concerning the traditional role when compared to non-traditional and emergent roles that are being promoted (Agan, Acar & Borodin, 2013; Bennett & Robson, 1999; Berry *et al.*, 2006; Devi & Samujh, 2010; Du Bourg, 2018; IFAC, 2016; Kamyabi & Devi, 2012; Samujh & Devi, 2008). What is established is that there are a variety of factors that could influence needs amongst SMEs and their personal experience of dealing with their professional accountants (Blackburn & Jarvis, 2010). The professional accountant should therefore improve the relationship with the SME owner in order to identify what the information expectations are and invest in communicating the required information in a suitable manner to the SME (Devi & Samujh, 2010).

The professional accountant and the SME need to work on problems together and take joint accountability (Schein, 1997). This necessitates that the professional accountant invests time for planning, synthesising and analysing before entering into an engagement with the SME owner (Reeb & Cameron, 1996). A long-term relationship should be imagined in order to enable the professional accountant to assist the SME owner as the business evolves (Deakins *et al.*, 2001).

Unlike the traditional compliance role, the non-traditional and emergent roles do not arise from legislative requirements and the literature is contradictory in promoting the relevance of these roles. Furthermore, there is limited consideration regarding the experiences of professional accountants in the literature as the focus of existing research is on the perspective of the SME. The existing body of literature is in this regard more useful in considering the future position of professional accountants in order to better position themselves in terms of fulfilling the non-traditional and

emergent roles in addition to the traditional roles (ACCA, 2012, 2018; Blackburn et al., 2006; CIMA, 2015, 2017; Devi & Samujh, 2010; Martin, 2005; SAIPA, 2017).

The acceptability of these non-traditional roles from both the professional accountant's and the SME's perspective still needs to be further investigated. From the literature it becomes apparent that the non-traditional role when viewed through the lens of the professional accountant is perceived to add value, whilst when viewed from the SME's perspective the value remains questionable.

SME owners usually have a limited scope in terms of knowledge, skills, and competencies and professional accountants can bring additional technical expertise into the SME and broaden the scope of knowledge, skills and expertise. SMEs that regularly required a broad range of business advice and services from professional accountants were the ones that positively experienced success and growth (Bennett & Robson, 1999; Berry *et al.*, 2006; Wren & Storey, 2002).

Professional accountants potentially have the ability to transcend statutory compliance work and acquire more work in the non-traditional roles. This is because professional accountants have professional qualifications and are therefore in an advantageous position to offer advice regarding management, planning, and decision-making more readily to their existing SME clients due to their being familiar with the financial aspects of the SME (Bennett & Robson, 1999; Devi & Samujh, 2010).

Apart from needing the skills and competencies to fulfil such roles, professional accountants would need to convince the SMEs that these non-compliance services will result in positive benefits for the SME (Bagchi-Sen & Kuechler, 2000; Devi & Samujh, 2010; Hurmerinta-Peltomäki & Nummela, 2004). While professional qualifications add to the credibility of the professional accountant to render services to the SME, SMEs place more value on the emotional intelligence of the professional accountant, the timeliness of their advice and the support that they give (Brown, Saunders & Beresford, 2006).

Furthermore, the body of knowledge on the current role of the professional accountant in all three role categories is restrictive, as a knowledge gap exists as to the detail of services being offered by professional accountants to SMEs. What emerges from the literature is the different types of services being offered, and to a limited extent the scope of these service offerings within the SME environment. However, the body of

knowledge does not describe the lived experience of professional accountants in terms of their service delivery to SMEs, as the non-traditional roles and emergent roles of the professional accountant have only started to be explored and the body of knowledge is at an early stage.

However, the body of knowledge does criticise the types of available financial reporting standards, the fairness of taxation on the SME and the competency of professional accountants to render non-traditional services, leading one to question the legitimacy of the current role played by the accountant within SMEs. Given the criticism, it is important to understand the legitimacy of the role of the professional accountant within the context of the SME environment and this will be briefly discussed in the following subsection in order to better understand how the role of the professional accountant emerges within the SME environment.

2.5.5 Legitimation of the role of the professional accountant within SMEs

The legitimacy of the role of the professional accountant is defined as a state in which the accountancy profession's value system exists in harmony with the value system of the greater social system of which the professional accountant forms part (Carnegie & Napier, 2010; Deegan, 2002). As established in the literature review, there are various roles and role expectations of the professional accountant within the SME environment.

Legitimacy theory describes how an entity will repeatedly attempt to ensure that they are perceived as operating within social norms (Deegan 2009 as cited in (Fernando & Lawrence, 2014). Based on legitimacy theory, it can be inferred that the role of the professional accountant can be severely impacted if the accountancy profession's survival is endangered by society's perception that the profession has breached its societal expectation of acting in the interest of the public (Deegan, 2002). The profession's legitimacy is for this reason a key factor upon which professional accountancy depends for its existence (Deegan, 2002; Dowling & Pfeffer, 1975).

The legitimacy of the role of the professional accountant may be brought into question as a consequence of accounting scandals as well as the current state of the accountancy profession. In order to better understand the test of legitimacy, the lens of isomorphism from institutional theory will be applied. Isomorphism is an important component of institutional theory. Institutional theory assumes that organisations

adopt structures and practices which are perceived to be legitimate and socially acceptable by other organisations in their field regardless of their actual usefulness (Covaleski, Dirsmith & Michelman, 1993; Rodrigues & Craig, 2007). The basic premise of institutional theory is that organisations tend to conform to authoritative standards and social influences. If organisations are not seen to comply with these standards, they will lose legitimacy (Carruthers, 1995; DiMaggio & Powell, 1983). As a consequence, institutional theory posits a structural isomorphism in which organisations become homogeneous structures, without this necessarily improving efficiency (DiMaggio & Powell, 1983).

Hawley (1986) defines isomorphism as a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions (Hawley, 1986 as cited¹⁶ by Lieberman & Asaba, 2006). Isomorphic pressures can be identified as resulting from three sources: coercive, normative and mimetic isomorphic pressures (DiMaggio & Powell, 1983). Isomorphism can be applied to how organisations adapt their structures and in order to reflect what is already perceived as legitimate to safeguard continuance and survival (Louw, 2016; Meyer & Rowan, 1977; Suchman, 1995). The professional accountant's role within SMEs is a consequence of isomorphism. This is explored through the interplay of the role of the professional accountant between obligatory accounting practices, institutions, power, and politics (Mir & Rahaman, 2002). Each of the isomorphic pressures is next explained to highlight what the impact of each is on the professional accountant in the SME environment.

Firstly, coercive isomorphism is a pressure triggered by peripheral forces exerted on an organisation by an institution in a position yielding power and authority (Carruthers, 1995; DiMaggio & Powell, 1983; Fogarty *et al.*, 1997). In a developing country like South Africa, the coercive isomorphic pressure arises primarily from legislation. The Companies Act 71 of 2008 requires the use of IFRS or IFRS for SMEs. The Tax Administration Act 28 of 2011 requires complex tax filing processes for SMEs. These two acts are examples of pressures that force an SME to consult with a professional accountant to meet the compliance requirements to conduct their business affairs.

¹⁶ The researcher attempted to obtain the original source, but it was not possible after many exhaustive attempts.

Coercive pressures may also arise through institutions such as the World Bank, IASB and the IIRC, which prescribe the use of IFRS or IFRS for SMEs and IR to institutions.

The ROSC report issued by the World Bank is a further example of coercive isomorphism which prescribes a regulated professional accountant to provide compliance and noncompliance services to SMEs. SMEs incur significant financial costs to comply with the relevant laws and regulations and utilise professional accountants as an intermediary. Governments of developing countries rely extensively on funding from these external bodies (such as the World Bank and foreign investors) for economic funding and must be seen as being legitimate to avoid being sanctioned because of noncompliance. Furthermore, the failure to comply with or misapply these aforementioned acts will result in severe penalties for the SME by their governments, which could place the economic funding at risk. Compliance with legislation is an important mechanism through which the organisation gains a sense of moral legitimacy (Louw, 2016; Roberts, 1991). Some SMEs in South Africa rely on government for funding (Ismail & Ajagbe, 2013; Lose & Tenge, 2015) and as such will be pressured to utilise a professional accountant to ensure their legitimacy.

Secondly, normative isomorphism recognises how individuals of a similar calling organise in a professional institution to promote a cognitive base, diffuse shared orientations, and institutional practices, and legitimise their activities (DiMaggio and Powell, 1983). Normative isomorphism is derived from two fundamental characteristics of professionalisation: firstly, through formal education and legitimation of the cognitive base by discipline specialists at universities; and secondly, through the growth of professional networks spanning across organisations and facilitating the rapid diffusion of new models and practices (DiMaggio and Powell, 1983). In South Africa, PAOs have established themselves as self-regulatory institutions to exert normative pressures on their respective professional accountants. These institutions are able to prescribe as to what are regarded as socially accepted, correct norms due to their long history/existence, high societal standing, extensive technical skills base, and the fact that they consist of leading minds in both the member and steering base (Louw, 2016). The reason why the IFAC and professional accountancy organisations are able to exert this kind of isomorphic pressure on professional accountants is that they themselves are perceived to be legitimate bodies. Normative pressures allow professional accountancy organisations to dictate best practice and therefore the

pressures exerted by these organisations prescribe their interpretations of what is best practice (Fogarty *et al.*, 1997; Roberts, 1991). The professional accountant therefore needs to become a member of a professional accountancy organisation to ensure that he/she is able to trade and gain legitimacy.

The third type of pressure is mimetic isomorphic pressure and describe situations where institutions mimic the successful institutional behaviour of other institutions, predominately in situations of symbolic uncertainty (DiMaggio & Powell, 1983). Lepoutre and Valente (2012: 285) argue that:

Organisations that are concerned with survival and consequently legitimacy, take on forms because they need to conform to socially accepted notions of what is appropriate and deviating from such notions, or institutional logics, could be considered foolish.

Professional accountancy organisations who are not IFAC members as identified in the ROSC report could potentially suffer legitimacy issues in light of the recommendations for regulation and the current accounting scandals. Professional accountants who are members of non-IFAC accredited accountancy organisations could in turn attend to the mimic isomorphic pressures to ensure their legitimacy.

All three isomorphic pressures are for the most part more significantly felt by developing and emerging economies, as they are often less endowed and desirous of participating in the resources of developed countries and international organisations (Aboagye-Otchere & Agbeibor, 2012). The cost associated with this is membership fees, which are ultimately borne by the SME. These combined isomorphic pressures create the opportunity for the professional accountant to render accounting services to SMEs. Isomorphism also explains the literature knowledge gap, as no studies to date have investigated the legitimacy of the role of the professional accountant within SMEs. The isomorphic pressures identified and discussed may consequently affect the legitimacy of the role of the professional accountant within SMEs.

Based on the literature review, it is clear that the professional accountant's role in the SME environment is complex, and yet very little is known about the lived experience of professional accountants in this key economic environment and there is a clear gap in the literature with regard to the role of the professional accountant in the SME environment. The key insights of the literature review are provided in the following chapter summary.

2.6 Summary of the chapter

The literature on professional accountants and their role within the SME environment is limited, fragmented and outdated from both a South African and international perspective. There is no established history available of the SME accountant within SA. What is known is that the role manifests itself due to compliance to regulations and is influenced by a number of experiential factors as identified. Most literature on the professional accountant in the SME environment reflects survey and questionnaire type research approaches. For this study, this dominance of quantitative approaches is regarded as limiting to work with, as surveys neither provide rich in-depth exploration of relationships nor are they representative of the variety of stakeholder views. The available research is disjointed, and this reduces the ability to contrast, compare and benchmark the different roles in different jurisdictions. This research study recognises the importance of building research to address a knowledge gap in a rapidly changing business environment.

The body of available literature was still considered important as it provides a context for the South African SME environment and suggests the importance of SMEs and the significance of the professional accountant–SME relationship. The international literature on this relationship is unclear in describing the in-depth roles taken on by the professional accountant and therefore only provides insight into the fact that the majority of SMEs make use of a professional accountant for accountancy services. The actual role within the particular SME environment is never extensively explored.

Secondly, there is a risk of heterogeneity from the quantitative approaches followed and a further heterogeneity that emerges from the body of available literature, as there is no commonly accepted definition of a professional accountant and nothing to distinguish the various types of professional accountants servicing different entities with different mandates. To add to the heterogeneity risk, there is no generally accepted definition of an SME either. To mitigate these risks the researcher made use of a systematic literature review. The use of a structured and systematic literature review provided a framework to structure the literature according to themes that the underlying research questions were founded upon. It further facilitated the identification of gaps and areas where deeper knowledge is required in terms of this research study.

Thirdly, the body of available literature does not provide for the shared views of SMEs and professional accountants equally. The majority of studies are focused on the SME perspective and do not consider that of the professional accountant.

Fourthly, the legitimacy of the role of the professional accountant within the SME environment has never been contextualised in SA. The researcher had to succinctly establish what the influence of legitimacy of the role of the professional accountant might be within the South African SME environment.

Lastly, the body of available literature does not discuss what constitute the key competencies, skills and training requirements needed by a professional accountant in servicing an SME. The knowledge base of the professional accountant rendering services to SMEs remains misunderstood from both a global and a South African context.

Even though the body of available literature is limited, its review was valuable as a preparatory undertaking to formulate a basis in structuring the research questions for the current study. As indicated in this chapter, most existing research was conducted according to a quantitative approach. In the following chapter, which is dedicated to the research method followed in this study, the researcher argues his decision to conduct qualitative research within an interpretivist paradigm. Furthermore, the study is contextualised within the field of qualitative research in accounting.

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CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter is dedicated to a discussion of the research methods followed in this study. Firstly, the decision to conduct qualitative research within an interpretivist paradigm is argued with reference to the ontology and epistemology that underpin qualitative research. Secondly, this study is contextualised within the field of qualitative research in accounting. Thereafter, the focus is on the two research strategies employed in this study, namely thematic analysis and appreciative inquiry, and each strategy is discussed in terms of its theoretical basis. The theoretical background is, in each instance, followed by a discussion of the research process in terms of sampling, data collection, data recording, and data analysis. The chapter concludes with a discussion of the trustworthiness of the study as well as the steps taken to ensure that this study adheres to ethical research practices.

3.2 Research paradigm, ontology and epistemology

Quantitative and qualitative research stem from two opposing philosophies in science, namely, positivism and interpretivism, representing the two main research paradigms, each with its own underpinning ontology and epistemology. In this section, a brief overview of each research paradigm is provided. This overview serves as the backdrop against which the decision to conduct a qualitative study will be argued in Section 3.3 since the research paradigm sets the context for all other aspects of a research study (Ponterotto, 2005).

A research paradigm can be defined as “a philosophical framework that guides how scientific research should be conducted” (Collis & Hussey, 2009: 55). In research, the two main paradigms, positivism and interpretivism, each developed from a specific historical context. The origin of positivism can be found in the natural sciences and interpretivism stemmed from criticism in reaction to positivism (Blumberg, Cooper & Schindler, 2014; Collins & Hussey, 2009). As such, research within each of these paradigms, has distinctly different characteristics, based on the philosophical underpinning of each paradigm (Neuman, 2013). Before discussing each of these paradigms, it is noteworthy to state that, firstly, researchers seldom conduct research as “pure forms of the main paradigms” (Collis & Hussey, 2009: 57). Secondly, although these two paradigms are regarded as the main paradigms in research, there are many

other paradigms. These, however, can all be placed on what Collis and Hussey (2009: 57) refer to as “a continuum of paradigms” where positivism is at the one end and interpretivism at the other end.

When a paradigm is described as a philosophical framework, it means that there are certain philosophical assumptions associated with each paradigm which can be broadly described as ways of thinking about the world and how people relate to, know, understand, and interpret the world they live in, including themselves and others who share this world with them. In the following sections, each paradigm will be discussed in terms of its underlying ontology and epistemology.

3.2.1 Ontological assumptions

Ontology refers to the study of being and is concerned with the question: what is the nature of reality? (Bryman, 2015; Crotty, 1998). The ontological assumption of positivism is that the nature of reality is objective and singular. This means that there is only one reality and this reality can be known based on empirical facts (Booyesen 2017; Collis & Hussey, 2009). On the other hand, the ontological assumption underpinning interpretivism is that reality is subjective, divergent, and multiple. Therefore, there are multiple realities and reality can only be approximated (and not fully known) by exploring human subjectivity (Booyesen, 2017; Collis & Hussey, 2009).

As this study is conducted within an interpretivist paradigm, the ontological assumption is that there is no singular reality. Furthermore, the phenomena under study, namely the experience and expectations of professional accountants and SME owners of the current and future role of the professional accountant in the SME environment, are regarded as socially co-constructed through the actions of social actors (professional accountants and SME owners) and personal experiences of social phenomena (service relationship between professional accountants and SME owners) in a South African context. In subsection 3.2.2 the epistemological assumptions underpinning this study will be discussed.

3.2.2 Epistemological assumptions

Epistemology is concerned with the nature and forms of knowledge and the question, what constitutes valid knowledge? Epistemological assumptions are concerned with the ways in which knowledge can be created, acquired and communicated. In other words, what it means to know (Cohen, Manion, & Morrison, 2007). Epistemology

provides a philosophical grounding to determine what kind of knowledge is possible and how the researcher can ensure that the knowledge is both adequate and legitimate (Crotty, 1998).

Within a positivist paradigm, only observable and measurable phenomena are regarded as the basis for valid knowledge and the researcher observes from a distance, separate and independent from the phenomena being researched (Maxim, 1999). The positivist view is that good knowledge requires explanation and, therefore, any predictions need to be derived from empirically known factors which identify real causes and establishes quantifiable law-like regularities in the form of theories and testable hypotheses through gathering and analysing quantitative data statistically (Booyesen 2017; Collins & Hussey, 2009).

By contrast, the interpretivist epistemology holds that good knowledge requires an act of understanding people's subjective experiences in natural settings. The researcher therefore gathers qualitative data in textual form and searches for rich meanings and thick descriptions¹⁷ that would reveal complex, emerging, meaningful patterns rather than singular cases, and without the objective to analyse data statistically (Creswell & Clark, 2017; Neuman, 2013). Furthermore, the researcher is not separate from the research, but engages and interacts with what is being researched (Booyesen 2017; Collins & Hussey, 2009)

The choice of a research paradigm flows from various considerations. Firstly, the choice is influenced by the researcher's own ontological and epistemological assumptions. A second consideration is the dominant paradigm associated with a particular area of research, in this instance, the field of accounting. The dominant paradigm in accounting leans towards a positivist approach and quantitative research. The decision to conduct qualitative research, despite quantitative research being the dominant form of research in the field of accounting, is argued in Section 3.3. Thirdly, a key consideration is the nature of the research question and determining what kind of data and data analysis would best provide answers to the research question. The

¹⁷ In qualitative research, "thick descriptions" refer to a detailed account of a particular phenomenon. (Holloway, 1997; Lincoln & Guba, 1985). As stated by Mills (2010), "thick description is a term used to characterize the process of paying attention to contextual detail in observing and interpreting social meaning when conducting qualitative research". The term, "rich meanings" is based on the notion that collected data "should reveal the complexities and the richness of what is being studied" (Given, 2008).

researcher's epistemological position therefore aims to search for knowledge and meaning created by the professional accountants and SME owners, which will be multiple and divergent, yet which hold expositions of the world that are of comparable benefit. Therefore, the researcher maintains a subjectivist view and becomes part of the knowledge creation process.

In Section 3.3, it is argued that a qualitative approach was best suited to find answers to the research question.

3.3 Choosing a qualitative methodology

As discussed, qualitative research falls within an interpretive paradigm and as such, shares the characteristics of this paradigm. The characteristics of an interpretive paradigm as outlined by Neuman (2013) are as follows:

- The purpose of interpretive research is to understand and describe meaningful social interaction.
- The nature of reality has fluid definitions of a situation created by human interaction.
- The human nature of interpretive research describes social beings who create meaning and who are constantly making sense of the world.
- The human agency relationship is one of people who have significant volition and as such they develop meanings as they have freedom to make choices.
- There is an underpinning role of common sense whereby powerful everyday theories are used by ordinary people. The theory therefore describes how a particular group's meaning system is generated and sustained.
- The exploration of the study resonates with those who are being studied.
- Good evidence is embedded in the context of fluid social interactions.
- The relevance of knowledge involves the use of practical orientation whereby knowledge helps the researcher to share empathetically others experiences.
- Values are an integral part of social life whereby no group's values are wrong, but rather only different (Neuman, 2013: 119).

The key characteristics of qualitative research that are embedded within an interpretive paradigm (Collis & Hussey, 2013; Creswell & Clark, 2017; Denzin & Lincoln, 2000; Marshall & Rossman, 2014; Myers, 2013; Schram & Thomas, 2006; Willig, 2013) can be summarised as follows:

- Meaning is constructed: Because reality is regarded as subjective, it follows that what constitutes reality is socially constructed.
- It is an unfolding process: Because reality is subjective and meaning is socially constructed, the research process follows meaning patterns as it unfolds rather than following a set agenda to determine conclusive facts.
- Broad research questions guide the research process: The aim is to explore subjective reality and research questions serve as guidance to uncover meaning rather than to test hypotheses and dictate a rigid research process.
- Holistic representation is the aim: Because reality is regarded as subjective, it follows that different perspectives should be explored to understand the complexity of a phenomenon from various perspectives.
- It requires textual data: As qualitative research aims to explore and illuminate rich meanings associated with phenomena, it requires textual data and relies on language expressions, and not on numbers and statistical generalisations.
- It is conducted in a natural setting: The researcher engages and interacts with participants and enters their experienced world. As such, qualitative research isn't conducted in laboratories, but in the natural setting of participants.

3.3.1 The research question

As stated in Chapter One, the research question has two distinct elements. Firstly, it requires an exploration of how professional accountants and SME owners experience the current role of the professional accountant in the SME environment in South Africa. The researcher has no predetermined hypothesis about the role of the professional accountant that could be tested and measured. The objective is to explore and understand what meanings are associated with the role of the professional accountant through the lived experience of both professional accountants and SME owners as interwoven aspects of this study.

The expectation is that there will be many different experiences and descriptions of this role and not a singular version of this reality. Furthermore, because the question focuses on both the professional accountant and the SME owner, an exploration of what happens within the relationship should also be uncovered.

Secondly, the research question requires an exploration of possible expectations that professional accountants and SME owners might have about the future role of the

professional accountant in the context of SMEs in South Africa. The researcher aims to explore a phenomenon which does not, as yet, exist except in the minds of participants. It concerns a possible future reality, and this, in itself, is not knowable or measurable but can only be approximated by exploring the expectations of participants of this future.

The above analysis of the research question indicates that an exploration and uncovering of the rich meanings that participants associate with the present/current role of the professional accountant and the expectations about the accountant's future role, is required. It necessitates the researcher's engagement and interaction with participants to uncover these meanings by collecting textual, qualitative data and analysing it through the application of a qualitative research approach. Firstly, the researcher becomes witness to the participants' meaning-making processes and then, through further analysis, constructs meaning from their experience.

3.3.2 The dominant paradigm in accounting research

The dominant paradigm in accounting research is positivism, and most researchers in this field adopt a quantitative methodology (Lukka, 2010; Modell, 2010). These studies, following a positivist approach, are often termed "main-stream" accounting research (Ahrens *et al.*, 2008; Ahrens & Chapman, 2006; Baker & Bettner, 1997; Brennan & Solomon, 2008; Maroun & Jonker, 2014). The dominance of the positivist paradigm in accounting research has been deeply entrenched, as expressed clearly in the works of Jensen and Meckling (1976) and Watts and Zimmerman (1978) who were some of the first proponents of Positive Accounting Theory (PAT). According to Modell (2010: 125), the dominance of this paradigm is partly due to these "intellectual roots of accounting research as PAT places a strong emphasis on explaining and predicting substantive accounting phenomena and favours a hypothetico-deductive mode of theorising and relatively one-sided reliance on quantitative methods using large samples".

The purpose of any positive accounting theory, according to Watts and Zimmerman (1990: 132) "... is to 'explain' and 'predict' accounting choices". These predictions may be either actual choices of procedure or preferences for procedures revealed through the lobbying of standard-setting bodies (Williams, 1989). Positive accounting research is well-suited to objective analysis of a subject matter when there is a high degree of

consensus on the method for translating a social or economic phenomenon into numerical data (Maroun & Jonker, 2014). Positive accounting research has, for example, provided thought-provoking insights into the quality of accounting standards produced by the different standard setters (Barth *et al.*, 2008) as well as explored the relationship between analysts' incentives to cover firms and the extent of their intangible assets (Barth, Kasznik & McNichols, 2001).

Although it is clear from the above discussion that quantitative research is valuable in the field of accounting, scholars have argued for a more diverse approach to accounting research (Lukka, 2010; Merchant, 2010; Modell, 2010). Lukka (2010: 110) refers to an "increasing narrowness" in accounting research in terms of "its philosophical assumptions, methodological approaches, and theoretical underpinnings" and argues for "the importance of keeping paradigm debates alive in order to foster multi-dimensional openness and true scholarship in accounting research". Reading the literature on accounting research, it becomes clear that there has been increased debate challenging the status quo of accounting research within a predominantly positivist paradigm.

As researcher, my own position is that one should be guided to bridge the divide between positivist and interpretative paradigms by firstly, as argued in Section 3.3, determining what approach and associated method would best provide answers to the research question at hand. Secondly, rather than arguing the merits of a paradigmatic choice, a researcher can further be guided by asking four questions:

- What remains hidden when doing quantitative research?
- What can be gained by conducting qualitative research?
- What remains hidden when doing qualitative research?
- What can be gained by doing quantitative research?

When asking these questions, the aim is not to establish that one method is more valuable than the other, but it recognises different forms of investigation and knowing about the world and recognises that there always remain hidden aspects to be explored.

As stated in subsection 3.3.1, the research question demands a very particular form of data and data analysis that would allow depth of understanding to unfold and not

necessarily breadth of knowledge. The researcher was interested in how SME owners and professional accountants construct and experience their worlds in the SME environment and what meaning they attribute to the role played by the professional accountant. All of this would remain hidden by conducting quantitative research, whilst qualitative research would allow the underlying experiences, values, perceptions, and expectations of participants to emerge.

Furthermore, as this study is partly focused on an imagined future of the role of professional accountants in South Africa's SME environment, the study asks for thinking anew about the profession of the accountant and to be open to possibilities that might not have surfaced before. It is required of a researcher to acknowledge that he/she is, at least partly, a product of the dominant discourse in a particular field of research and that exploring research within another paradigm could open new possibilities previously not seen. Lukka (2010) argues for the importance of paradigm debates particularly in terms of academic excellence:

[Paradigm debates] bring to the fore the normally silenced, implicit, or even hidden, but fundamental values underlying the research. Being knowledgeable about the assumptions and values we mobilise in our own research should be recognised as one of the virtues of true scholarship. In addition, being conscious of the variety of available paradigms helps us see other and new possibilities for the conduct of our research. (Lukka, 2010: 112)

In summary, the decision to conduct qualitative research, was based, to some extent on my own ontological and epistemological position, but more importantly it was dictated by the nature of the research question whilst being fully cognisant of the dominant paradigmatic discourse in, and existing debates around paradigms in accounting research, and, as such, a deliberate choice was made to add to the body of knowledge from a different perspective.

The decision to employ two research strategies, namely, thematic analysis and appreciative inquiry, is argued in Section 3.4. This is followed by a discussion of each strategy in terms of its theoretical framework and a detailed account of the research process in terms of sampling, data collection, data recording, and data analysis.

3.4 Research strategies

When conducting qualitative research, the researcher needs to determine what the best method would be to explore and present the subjective experiences of research participants. It was argued in subsection 3.3.1 that the research question guides the researcher to establish the most suitable paradigm to work from. Since each paradigm is closely linked to ontological and epistemological assumptions which have both conceptual and practical implications, it follows that the methodology is also determined by the research question and the paradigmatic framework that would best suit the research. Therefore, the two research strategies employed were developed from the two research questions. The research strategies are discussed in depth in subsections 3.4.1 and 3.4.2, and the following discussion serves only to provide an overall view of the research process and how the strategies link to the research question, as depicted in Figure 10.

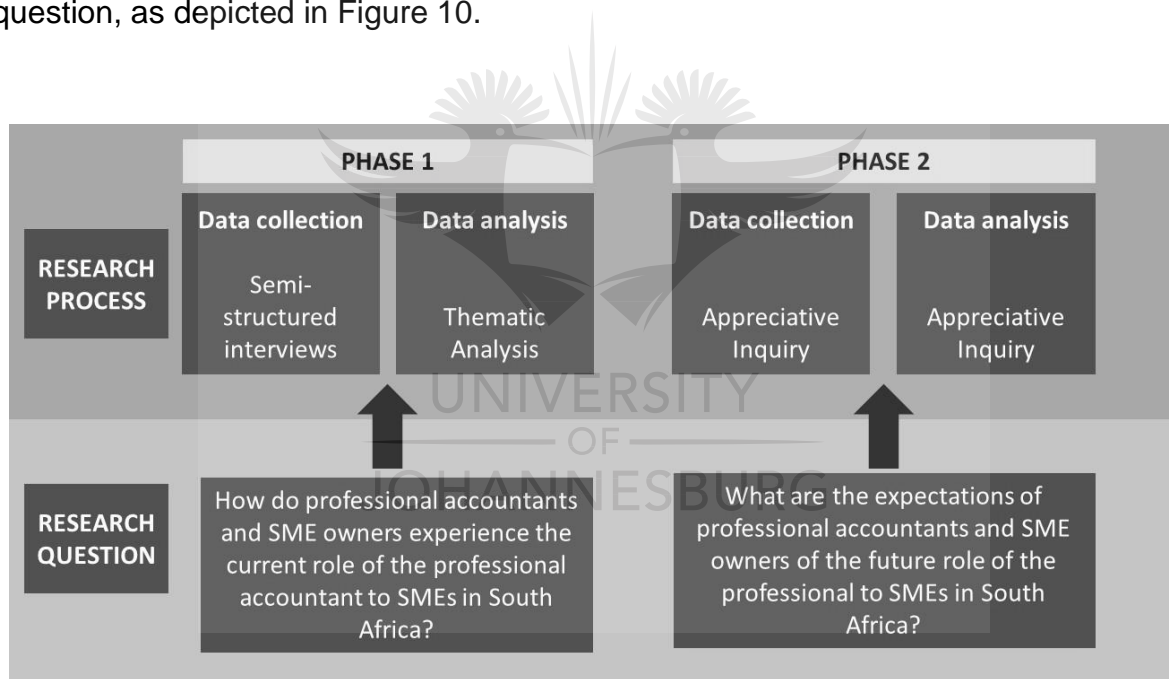


Figure 10: The research process in relation to the research question

Firstly, the research question required an exploration of how professional accountants and SME owners experience the role of the professional accountant in terms of their current role to SMEs in South Africa. Thematic analysis of data collected through semi-structured interviews was deemed the most appropriate method. This allowed participants to share their lived experience and for the researcher to gain access to rich data. The semi-structured interviews provided a natural setting where participants could engage in a meaning-making process and freely reflect on the various roles of

the professional accountant, it also gave the interviewer the ability to decide on which of the eighty-three questions, set out in Appendix 3, to tackle, depending on the direction of the participants previous responses. The data that was collected was then analysed thematically to understand what the current roles of the professional accountant are in the SME environment in South Africa. This constituted Phase 1 of the research.

Secondly, the research question required an exploration of the future role of professional accountants to SME owners in South Africa. An action-research approach through the application of appreciative inquiry was employed to provide a space for participants to think individually and collectively about the future role of professional accountants. This allowed participants to co-construct what their expectations are, and, as will be discussed further in subsection 3.4.2, the data was gathered and analysed by the participants providing the researcher with, what Bargate (2014: 11) describes as “a visual representation of the phenomenon constructed through the lens of the constituents” (Bargate, 2014).

The research process was specifically designed in two phases to enable the researcher to meet the fluid objectives stated in Chapter One. The findings of Phase 1 and Phase 2, provide a basis from where the researcher can determine any gap between the current role of professional accountants and the expectations for their future role as is discussed in Chapter Two.

Furthermore, although the two phases of the research process are two distinct strategies aimed at meeting two clearly distinct objectives, data from each phase emerged that could inform the other phase. For example, in the semi-structured interviews aimed at unravelling (Boyatzis, 1998) the perception of the current role of professional accountants for SME owners, data emerged that suggested expectations for the future role of accountants, and during the AI session, aimed at describing the future role of professional accountants for SME owners, data emerged that also described their current role. As stated in Chapter One, the two research questions are independent, yet interrelated as identified in Figure 11.

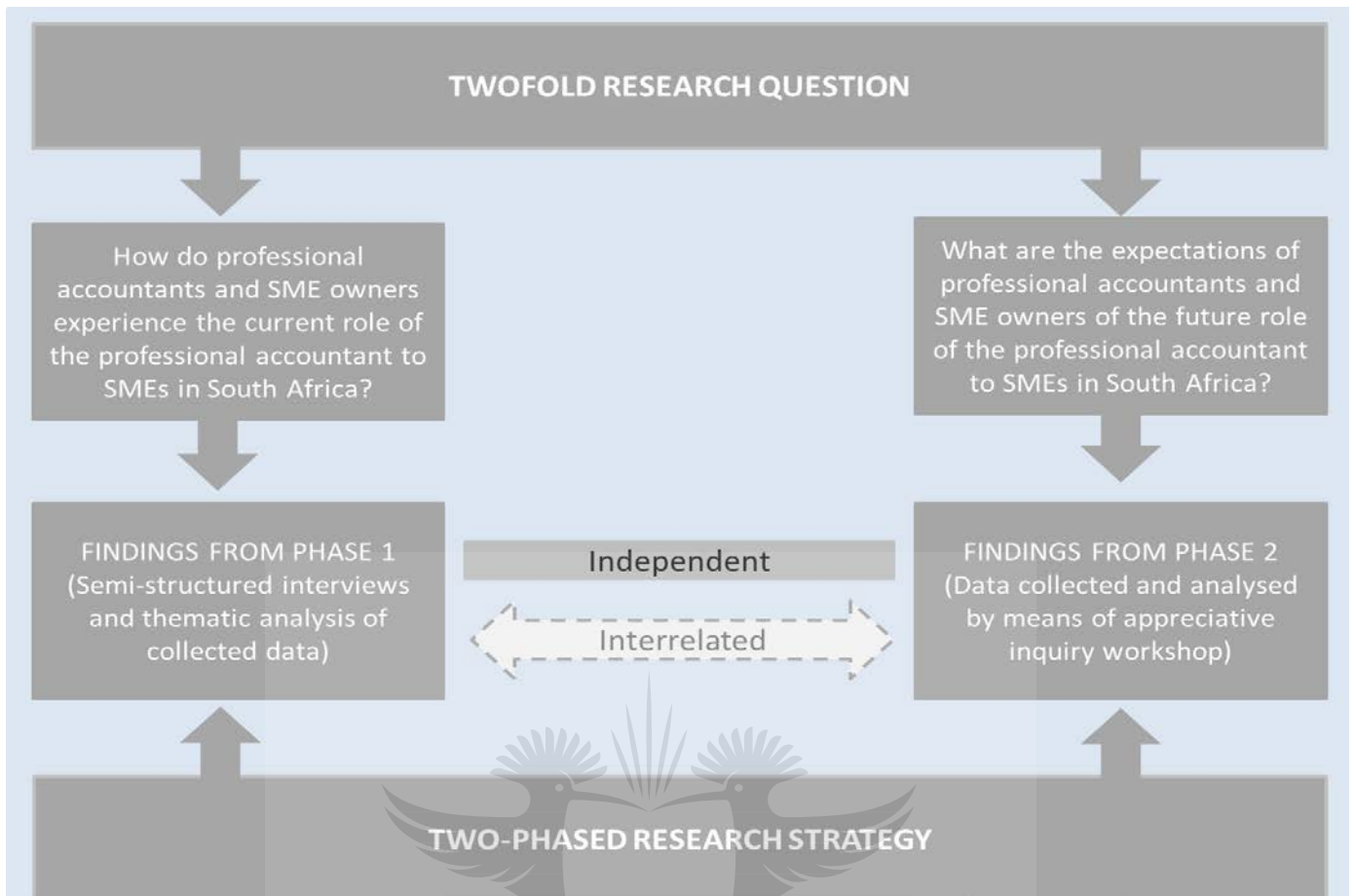


Figure 11: The two research questions in relation to the findings of the two-phased research strategy

3.4.1 Phase 1: Thematic analysis

Thematic analysis is regarded as a foundational method for qualitative analysis (Braun & Clarke, 2006; Holloway & Todres, 2003) and is applied in qualitative research to identify patterns or themes from data (Boyatzis, 1998) that illuminate the experiences, meaning-making; and reality of participants (Braun & Clarke, 2006).

The conceptual framework of the thematic analysis applied in this study is based upon the work of Braun and Clarke, who regard thematic analysis as a method for “identifying, analysing, and reporting patterns (themes) within the data” (2006: 6). Thematic analysis describes data sets in rich detail and is regarded by Braun and Clarke (2006: 27) as “a rigorous thematic approach which can produce an insightful analysis that answers particular research questions”.

Braun and Clarke (2006) propose a six-step approach to thematic analysis. These steps, as depicted in Figure 12, form the basis of the discussion in subsection 3.4.1.5.

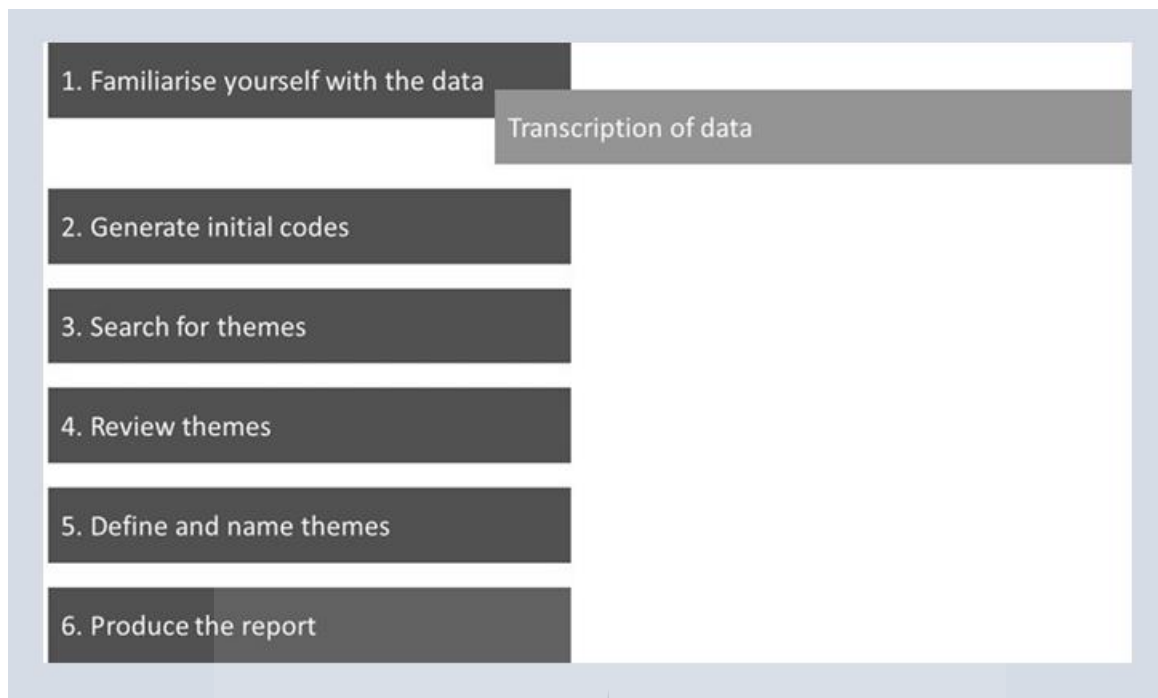


Figure 12: Braun and Clarke's (2006) six-step thematic analysis process

Thematic analysis isn't categorised under one specific philosophical framework, but rather regarded as "a flexible approach that can be used across a range of epistemologies and research questions" (Braun & Clarke, 2006: 28). What is of key importance is the quality of the data analysis. In Section 3.6, the trustworthiness of the thematic analysis is reviewed by applying Braun and Clarke's (2006) 15-point criteria.

Another key element in thematic analysis is ensuring that the choices of the researcher during the research process are stated explicitly. Braun and Clarke (2006; 2014) specifically highlight the following choices and these are attended to in subsection 3.4.1.4.1:

- What counts as a theme?
- Rich description of the data set, or a detailed account of one particular aspect.
- Inductive versus theoretical thematic analysis.
- Semantic or latent themes.

In the following subsections (3.4.1.1–3.4.1.4) the first phase of the research process is discussed in terms of sampling, data collection, and data-recording.

3.4.1.1 Sampling

The sampling for Phase 1 will be discussed under four subheadings: the sampling technique; criteria for selection; size of the sample and the selection of participants.

3.4.1.1.1 Sampling technique

Qualitative research, as stated previously, requires deep exploration and is associated with rich meanings and, in contrast to quantitative research, the aim is not generalisation to the population (Crouch & McKenzie, 2006). In qualitative research, the researcher purposefully selects individuals that can provide the necessary information. Qualitative research therefore frequently utilises non-probability sampling techniques.

A non-probability sampling approach is usually subjective, as the probability of selecting population elements is unknown and therefore the odds of any member to be selected cannot be calculated (Bluemberg *et al.*, 2014). A key characteristic of a non-probability sample is that the number of participants is not proportionally related to more relevant information being obtained (Ritchie & Lewis, 2003). This study employed a non-probability sample when the population for the study was selected. A non-probability sampling in the form of a purposive sampling technique was used to select the participants for Phase 1 of the study. A non-probability sampling that conforms to specific criteria is defined as a purposive sample (Bluemberg *et al.*, 2014; Bryman, 2015; Creswell & Clark, 2017; Mason, 2010; Patton, 2002; Ritchie & Lewis, 2003).

A purposive sample is a “non-probability sample in which the researcher uses a wide range of methods to locate all possible cases of a highly specific and difficult to reach population” (Neuman, 2013: 267). Therefore, purposive sampling is often employed in qualitative research (Silverman, 2013). A purposive sampling strategy was employed firstly because of the very specific preselection criteria relevant to the research question and, secondly, to consider whether or not to pre-determine the precise sample size prior to the data collection process (Bryman, 2015; Creswell & Clark, 2017). Purposive sampling is applied when in-depth data is required from participants who have sufficient experience of the phenomenon being studied (Denzin & Lincoln, 2000). This is further supported by Creswell and Clark (2017), who state that purposive sampling means that researchers intentionally select participants who have

experienced the phenomenon being explored and can provide a complex and information-rich picture of the phenomenon (Creswell & Clark, 2017: 173).

Firstly, the professional accountants were selected by using the purposive sampling technique of judgemental sampling. Judgemental sampling is when the researcher selects participants “on the strength of their experience of the phenomenon under study” (Collis & Hussey, 2009: 213). In order to do so, the researcher ensured that participants met the criteria provided in subsection 3.4.1.1.2.

The researcher attended CPD workshops that were hosted by SAIPA, which are held regularly in the South African provinces of Gauteng, KwaZulu-Natal and the Western Cape. The reason for selecting these three provinces was that they have major economic hubs, Johannesburg, Durban and Cape Town, which are also connected to a number of smaller towns. Additionally, attendance of CPD workshops in these three provinces has the highest volume of participants in comparison to the rest of the country due to a concentration of the membership base in these locations. The location and number of attendees enabled the researcher to reach a high number of potential participants to request participation.

The researcher attended these CPD workshops and engaged with workshop attendees to enquire from them if they would voluntarily participate in the research. A brief summary of each potential participant’s details and professional qualifications was obtained. Thereafter the researcher asked the potential participants if their information could be cross-checked with SAIPA, to ensure that participants met the criteria of this study. The researcher explained the purpose of the research and the criteria for participating. Those who were interested provided the researcher with their contact details for further correspondence. Professional accountants at the CPD workshops were hesitant to be involved in the research and it was therefore a challenge to finalise the sample. Reasons cited included time constraints, a high workload, and a general lack of interest.

Secondly, SME owners were selected using the purposive sampling method of snowball sampling. This sampling method “is associated with interpretivist studies where it is essential to include people with experience of the phenomenon being studied in the sample” (Collis & Hussey, 2009: 212). This technique “allows the researcher to access individuals in networks of people who know other people who

know which individuals would be the most likely ones to provide information-rich data” (Booyesen, 2017: 38). The SME owners were suggested by the professional accountants and subsequently SME owners who agreed to participate in the research provided names of other potential participants who would be willing to participate using the specific criteria identified in subsection 3.4.1.1.2.

It was a further challenge to obtain SME owners to participate, and many were reluctant to place information on record. Common reasons cited for this were fear that the information might be used against them with the taxation authorities, and secondly that they were too busy to commit. SME owners who eventually did participate assisted the researcher significantly by identifying and convincing other SME owners to participate.

3.4.1.1.2 Criteria for sample selection

Firstly, the criteria relevant to the research question were formulated. To ensure that participants had sufficient experience of the roles professional accountants play in the context of SMEs in South Africa, the selected criteria were formulated prior to the selection of participants. The criteria that were applied for SME participants and professional accountants were similar, but for the sake of clarity will be provided separately.

The selection criteria for the SME participants are summarised in Figure 13.

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SELECTION CRITERIA FOR SME PARTICIPANTS

- **SME participants had to be the owner of an SME as defined in this study:**
 - The SME must be owner managed.
 - The SME must be incorporated in terms of the requirements of the South African Small Business Amendment Act of 2004.
 - The SME must be exempt from an audit in terms of the South African Company's Act 71 of 2008.
 - The SME must have a public interest score of below 350.
- **SME participants had to be the owner-manager of an SME for at least six years.**
- **SME participants had to have a minimum of six years' experience of working with a professional accountant as SME owner-manager.**

Figure 13: Selection criteria for SME participants

The criterion stipulating that SME participants had to be owner-managers of an SME firstly corresponds to the definition of an SME developed for this study but, secondly, as owner-managers the participants would have personal, first-hand and in-depth experience of the SME business and its unique circumstances and requirements.

The criterion of six years' working experience in the SME environment was necessary to ensure that participants had significant experience of and insight into the phenomenon under study. A period of six years ensured, firstly, that the SME participant had exposure to a wide spectrum of business activities and would be able to provide rich data across different business functions. Secondly, this period ensured

that SME participants experienced long-term¹⁸ strategic planning and evaluation of business objectives against their strategic plans. Thirdly, the SME participants would have been exposed to six financial cycles of the SME thereby having an in-depth understanding of the financial dynamics in the SME. In addition to these criteria, SME participants also had to have six years' experience of working with professional accountants in the SME environment to ensure that they would be able to provide rich, insightful data about their own experience as it relates to the phenomenon under study.

The selection criteria for the professional accountant participants are summarised in Figure 14.

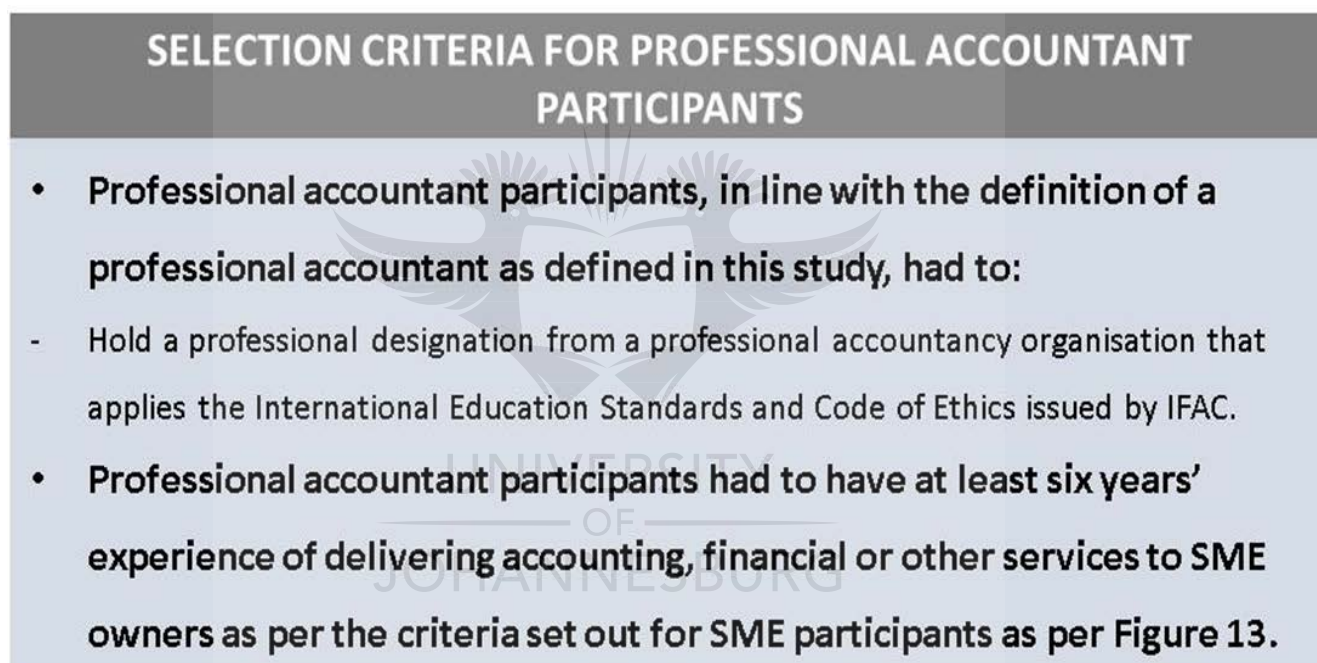


Figure 14: Selection criteria for professional accountant participants

As discussed in Chapter Two, the professional accountants were selected from SMEs which complied with the PI category of below 350 as defined by the South African Companies Act No 71 of 2008 (RSA, 2008). The rationale for the selection of SMEs below the 350 scoring was firstly that these SMEs would not be subject, in principle, to an audit and as such would therefore utilise professional accountants as opposed to registered auditors. Using registered auditors would change the scope of this study,

¹⁸ In terms of strategic planning, a period over five years is considered long-term, as this is when goals come to maturity over an extended time period (Le Breton-Miller & Miller, 2006).

which specifically focused on the role of professional accountants in the SME environment. An auditor is typically registered with a statutory body, the Independent Regulatory Board for Auditors (IRBA). Registered auditors were not considered as the focus of this study excludes auditors or professional accountants who are engaged in external audit consultancy services. This is a specialised area in South Africa and is governed by the Auditing Professions Act 26 of 2005 under the umbrella of the IRBA.

The selection criterion for the professional accountants of six years' experience of working with SME owner-managers in the SME environment was to ensure that selected participants were in a position to provide rich data about their own experience of the phenomenon under study.

Defining a professional accountant for the purposes of this study (as done in Chapter Two) in the absence of a standard definition was necessary to clarify the scope of the study and to develop relevant criteria for selecting participants for the study. Participants needed to hold a specific professional designation from a professional accountancy organisation that applies the International Education Standards and code of ethics issued by IFAC.

A professional Accountant (SA) is registered at level eight on the South African Qualification Authority's National Qualification Frameworks (NQF) for trade qualifications. Level eight is the highest level within the trade qualifications on the NQF framework (SAQA, 2018). The rationale behind the criterion of a professional designation was that professional accountants who participated would all have been through a rigorous work-based apprenticeship followed by achieving a competence level in a professional examination. This ensured that professional accountants would have peer standing as well as the necessary experience to reflect on their role for the purposes of this research. The professional qualification combined with the requirement of six years of experience were considered the best for the selection criteria as six years is the number of years required by the industry for a professional accountant to reach a senior level within the industry.

In order to adhere to the criteria, accountants were selected from the South African Institute of Professional Accountants (SAIPA). SAIPA's constitution usually considers a member as being a professional accountant after completing a traineeship and passing a test of professional competence (SAIPA, 2018). The additional three years

of the criterion was to act as a further safeguard for this study to ensure that participants would have enough experience to reflect on their role as professional accountants within the SME environment.

Furthermore, professional accountants who are registered with SAIPA were selected as SAIPA is a full IFAC member as well as a South African accountancy organisation steeped in the values of excellence, professionalism and integrity as per their mission and vision statements. SAIPA is thirty-six years old and has over 12 000 members. Furthermore SAIPA members are not registered auditors and have a specific SME focus (SAIPA, 2018). SAIPA is not the largest of the professional accountancy organisations; however, their members have traditionally been operating in the SME space.

3.4.1.1.3 Sample size

The sample size for Phase 1 of the research was twenty professional accountants and twenty SME owners respectively. There are no pre-fixed rules regarding sample size selection in qualitative inquiry (Patton, 2002). In qualitative research, samples are smaller than in quantitative studies as generalisation is not the aim (Marshall, Cardon, Poddar & Fontenot, 2013). Furthermore, qualitative research often involves small numbers of participants to ensure that the data is analysed in sufficient depth. Whilst the sample size might be small, the amount of data gathered can be large in terms of significance (Fossey, Harvey, McDermott & Davidson, 2002).

Two approaches were used to justify the sample size of Phase 1 of this study. The first approach to justify sample size is to evaluate sample size in terms of saturation. The second approach is to compare sample size to other similar qualitative research within the field of accountancy to establish precedent. The application of these approaches will subsequently be argued.

Saturation implies that there is no new information that can be discovered by the researcher (Glaser & Strauss, 2017). Saturation is deemed to be reached when the collection of new data neither sheds any light nor adds value to the issue being investigated (Mason, 2010). Even though the concept of saturation has its origin in grounded theory, it has been used in other qualitative approaches (Marshall *et al.*, 2013). For saturation to be successfully achieved, the qualitative sample must be rich enough to ensure that all pertinent views are uncovered (Glaser & Strauss, 2017).

Saturation does not depend on volume. If the sample is unnecessarily big, the data might become repetitive and eventually excessive (Bryman & Bell, 2011; Creswell & Clark, 2007; Leedy & Ormrod, 2010). Saturation for Phase 1 of the study was reached at ten interviews with professional accountants and SME owners respectively. This was considered appropriate as, according to Rowley (2012), saturation is reached between eight to twelve participants.

However, the researcher elected to conduct ten more interviews with professional accountants and SME owners respectively after saturation was reached. The total sample size for professional accountants was twenty and the total sample size for SME owners was twenty. This was done because the researcher incorporated a second approach for determining sample size. The second approach of determining a sample size is by precedent (Marshall *et al.*, 2013). Qualitative researchers should “consider identifying a corpus of interpretive studies that used the same design as in the proposed study” (Onwuegbuzie & Leech, 2007:118). Qualitative studies using semi-structured interviews that have been published in highly rated accountancy journals usually have samples ranging from ten to twenty-one participants for semi-structured interviews (Atkins & Maroun, 2015; Engelbrecht *et al.*, 2018a; Maroun, 2017; Milne *et al.*, 2011; Ram, Maroun & Garnett, 2016; Solomon & Darby, 2005; Solomon & Solomon, 2006; Solomon *et al.*, 2013). After applying two criteria for sample size justification, the researcher was satisfied that twenty participants of professional accountants and SME owners respectively was a sufficient sample.

3.4.1.1.4 Profiles of participants

The profiles of the professional accountants who participated are provided in Table 9, and those of the SME owners who participated, in Table 10.

Table 9: Profile of Professional Accountant Participants (Phase 1)

PARTICIPANT	AGE	GENDER	YEARS OF EXPERIENCE
PA 01	55	Male	30
PA 02	53	Male	27
PA 03	62	Male	35
PA 04	54	Male	25
PA 05	53	Female	29
PA 06	35	Male	10
PA 07	52	Male	22
PA 08	61	Male	30
PA 09	44	Female	19
PA 10	50	Male	23
PA 11	61	Male	30
PA 12	55	Male	31
PA 13	52	Male	28
PA 14	40	Female	16
PA 15	54	Female	28
PA 16	41	Female	15
PA 17	33	Female	10
PA 18	59	Male	32
PA 19	54	Male	23
PA 20	59	Male	31

Note. PA = Professional Accountant

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Table 10: Profile of SME Participants (Phase 1)

PARTICIPANT	AGE	GENDER	YEARS OF EXPERIENCE
SME01	41	Male	24
SME02	32	Male	10
SME03	39	Female	16
SME04	64	Male	45
SME05	28	Male	10
SME06	31	Male	11
SME07	30	Male	12
SME08	35	Male	11
SME09	54	Male	30
SME10	40	Male	16
SME11	49	Male	24
SME12	31	Male	10
SME13	45	Female	16
SME14	48	Male	26
SME15	41	Female	18
SME16	52	Male	28
SME17	55	Male	30
SME18	54	Male	27
SME19	31	Male	12
SME20	30	Male	10

3.4.1.2 Data collection

During Phase 1 of the research process, data was collected through semi-structured qualitative interviews. Qualitative interviews can be categorised as structured, unstructured and semi-structured (Dicicco-Bloom & Crabtree, 2006). Each category of qualitative interview will now briefly be discussed and the rationale for the chosen type will be justified.

Structured interviews are presented in a questionnaire format with close-ended questions to produce quantitative data rather than qualitative data (Dicicco-Bloom & Crabtree, 2006; Whiting, 2008). Most prior accounting research on SMEs has been grounded in structured interview type research (Agan *et al.*, 2013; Berry *et al.*, 2006; Federico, Rabetino & Kantis, 2012; Kamyabi & Devi, 2012; Robson & Bennett, 2000; Shehu *et al.*, 2013). Unstructured interviews are comparatively equivalent to a guided conversation and are usually used in research involving the observation of participants where there can be no improvisation to the interview questions (Dicicco-Bloom & Crabtree, 2006; Myers & Newman, 2007). Semi-structured interviews, on the other

hand, have been used (though to a limited degree) in qualitative accountancy research but not necessarily in relation to SMEs (Atkins & Maroun, 2015; Engelbrecht *et al.*, 2018a; Gray, Kouhy, & Lavers, 1995; Guthrie & Parker, 1989; Maignan & Ralston, 2002; Maroun, 2015; Maroun, 2017; Maroun & Solomon, 2014; Niskanen & Nieminen, 2001; Ram *et al.*, 2016).

Semi-structured interviews facilitate a process where participants can be asked similar questions within a flexible framework whereby the open nature of the questions are intended to encourage depth and vitality and to allow new concepts to emerge (Dearnley, 2005). Unlike the unstructured and structured interview, the semi-structured interview has a greater exploratory advantage due to its having an adaptability to encompass far-reaching collection of ideas when information emanates (Bluemberg *et al.*, 2014; Bryman, 2015; Bryman & Bell, 2015; Creswell & Clark, 2017; Neuman, 2013) Participants can furthermore be encouraged to converse about their experiences through open-ended questions, and the ordering of further questions is determined by their responses (Bryman & Teevan, 2005; Dearnley, 2005).

The semi-structured interview was deemed the most appropriate method for data collection. Firstly, it facilitates the free sharing of participants' lived experiences in their own words and provides rich meanings and thick descriptions. Secondly, as it is semi-structured, it allows the researcher to ask questions in line with the research question and research objectives, ensuring that the conversation remains related to the research question. Thirdly, it allows the researcher to add additional questions and ask more penetrating questions during the interview.

The question framework for the semi-structured interviews (see Appendix 3) was crafted with the broad research question and research objectives in mind, as well as key aspects that emerged from the literature review. The semi-structured interview agenda was not developed based on explicit theoretical perspectives discussed in the literature review, but rather accommodated emerging perceptions to be brought to light by including exploratory questions. The intention was to enable the interviewees to reflect on their own experiences.

Probing questions proved to be an invaluable tool during the semi-structured interview process as they assisted in ensuring reliability by clarifying that the participant was

correctly understood. Probing also facilitated the elaboration of any interesting and relevant points conveyed by the interviewee (Hutchinson & Wilson, 1992).

In addition to the collection of data through semi-structured interviews, the researcher also made field notes during and after interviews to highlight aspects of the interview that seemed particularly meaningful. During interviews the researcher noted key words or phrases to reflect on after the interview had ended (Doody & Noonan, 2013).

3.4.1.3 Data recording

Data was captured verbatim through audio-recordings to ensure, together with the field notes, that a credible account of the interviews was recorded. As Braun and Clarke (2009: 17) state, while there is not a single set of prescriptive guidelines to follow when transcribing, the minimum requirement is “a rigorous and thorough transcript” and a verbatim account of interviews. The recorded data and transcriptions were backed up after the interviews (Blumberg *et al.*, 2014; Creswell & Clark, 2017) and saved in password-protected files.

3.4.1.4 Data analysis

This subsection gives an overview of the thematic analysis process, first by attending to the four main decisions that need to be clarified (Braun & Clarke, 2006), referred to in subsection 3.4.1. This is followed by a discussion of the step-by-step process of thematic analysis as proposed by Braun and Clarke (2006; 2014), namely, familiarisation with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing a report.

3.4.1.4.1 Key decisions in thematic analysis

The first decision that needs to be made is to determine what is regarded as a theme. According to Braun and Clarke (2006: 9), “a theme captures something important about the data in relation to the research question and represents some level of patterned response or meaning within the data set”. This means that the researcher needs to continuously reflect on the data to decide what the important aspects are and whether these aspects constitute themes. This is applicable to the data-set as a whole, as well as within individual data items. The decision can be made based on the prevalence of a theme or the apparent importance of a single idea which could possibly have only been mentioned a few times across the data-set, but is significant enough

in terms of the research question to constitute a theme. In this study, both prevalence and importance were set as criteria in selecting themes.

Secondly, Braun and Clarke (2006: 11) refer to a decision having to be made between rich descriptions of the data-set or a detailed account of one particular aspect. As this is an exploratory study, an account of the data-set will be provided. The researcher has not identified a particular aspect that needed investigation but rather explored the territory under investigation, namely, the role of the professional accountant in an SME environment.

A third decision pertains to whether the data will be analysed deductively or inductively (Braun & Clarke, 2006: 12). An inductive analysis focuses on what emerges from the data whilst a deductive approach entails an analysis according to an existing coding frame against which to match the data. In this exploratory study, an inductive approach was followed as the researcher wanted to map the territory and not determine whether the territory matched an existing map.

The fourth decision centres around whether the data is analysed on a semantic or latent level (Braun & Clarke, 2006: 13). The semantic level refers to an analysis where themes are identified based on their apparent meaning. An analysis on a latent level would go one step further and interpret the semantic meaning further by examining “underlying ideas, assumptions, and conceptualisations” (Braun & Clarke, 2006: 13). The analysis in this study operates on both levels. Firstly, an account of the current role and expectations of the future role of the professional accountant to SMEs are provided as it emerged, semantically, from the data and the coding was done accordingly. Secondly, the researcher interpreted the themes to explore the assumptions and conceptualisations underlying the themes and reflected on what the themes might mean in terms of the current and future roles¹⁹ of the professional accountant and to describe the space between the current and envisaged future roles.

¹⁹ As stated in Section 3.4, the two research questions are independent, yet interrelated and the same applies to the findings of the two research phases as indicated in Figure 11. Although the first phase of the research was focused on the current role of the professional accountant, the findings also had implications for the future role of the professional accountant. Therefore it was important also to analyse the data on a latent level.

3.4.1.4.2 Phases of thematic analysis

The process of thematic analysis proposed by Braun and Clarke (2006) consists of six phases, and these phases were followed in the data analysis process. The first phase requires the researcher to become familiar with the data. This phase already began with the interview, where the researcher listened attentively, asked probing questions, and made notes of any observations during and after the interview. The data was then transcribed, and the researcher read and re-read the transcripts to ensure that, firstly, the transcripts corresponded with the audio-recordings and, secondly, to become “familiar with the depth and breadth of the content” (Braun & Clarke, 2006: 16). This was an active reading process where the researcher searched for meaning whilst reading and making notes of thoughts and ideas that arose during this phase. The full data-set was read during this phase.

The second phase entails generating initial codes. A code is a word or short phrase that symbolically assigns an important or powerful attribute for a portion of language-based data (Saldaña, 2015). The data was loaded onto ATLAS.ti.88 and coded for meanings. The notes made during phase one served as an initial list of ideas about the content, highlighting key elements that emerged from the data. As advised by Braun and Clarke (2006: 18) “full and equal attention” was given to each data item. To ensure that context was not lost, codes were reviewed many times within the broader context of the data set and sometimes more than one code was assigned to a data item. During this phase of the analysis, the researcher became aware of possible links between codes and repeated patterns, and made notes of these ideas. This served as a basis for the third phase.

Once the coding was completed, the researcher searched for themes, which constitutes the third phase of thematic analysis. A theme signifies the foundational concepts that the researcher is attempting to describe (Ryan & Bernard, 2003). Codes were analysed to determine what possible links exist between codes and what possible themes could represent a cluster of codes that appeared to be related. Thematic maps were created in order to view the themes spanning the whole data-set. This served as a visual representation that was used to think about “the relationship between codes, between themes, and between different levels of themes” and to identify overarching themes and sub-themes (Braun & Clarke, 2006: 20).

Once the overarching themes and sub-themes were identified and selected, phase four of the analysis commenced. During this phase, themes were reviewed and refined (Braun & Clarke, 2006). Overlapping themes were identified and themes were collapsed where appropriate. This was done according to the principle of external heterogeneity (Patton, 2002). In certain instances, where sub-themes appeared not to have sufficient internal coherence under a main theme, these sub-themes were identified as separate main themes. This corresponds with Patton's (1990) criterion of internal homogeneity.

The fifth phase is a process of further refinement of the themes and their subsequent naming. To ensure that the label of each theme adequately reflected the essence of each theme and to ensure clarity in naming the themes, the researcher defined each theme in one or two sentences and then again reviewed the themes, sub-themes and the full set of themes. The original data was again checked against these definitions, as well as the research question and objectives, to ensure that each theme adheres to the requirements of internal homogeneity and external heterogeneity and plays a part in answering the research question. As Braun and Clarke (2006: 22) state, "it is important to consider how [each theme] fits into the broader overall 'story' that you are telling about your data, in relation to the research question or questions".

The last phase, phase six, is dedicated to the final analysis and producing the report, which forms the content of Chapter Five. Important principles that were adhered to were in line with Braun and Clarke's (2006: 23) recommendations of "a concise, coherent, logical, non-repetitive, and interesting account of the story the data tell – within and across themes" and providing sufficient and relevant evidence through data extracts to substantiate the findings.

3.4.2 Phase 2: Appreciative inquiry

To investigate what the expectations of professional accountants and SME owners are of the future role of professional accountants in the South African SME environment, an action-based research strategy in the form of appreciative inquiry was employed. This constitutes Phase 2 of the research process. In this subsection, the focus is firstly on appreciative inquiry as an action-based research strategy within an interpretivist paradigm, and secondly, on the key tenets of appreciative inquiry.

3.4.2.1 Appreciative inquiry as an action-based research strategy

Action research, as defined by Reason and Bradbury (2001: 5), is a participatory, democratic process concerned with developing practical knowledge, grounded in a participatory worldview. Action research aims to bring together action and reflection, theory and practice, in participation with others, in the pursuit of practical solutions to issues identified (Reason & Bradbury, 2001). In action-based research there is a partnership between participants and the researchers whereby, through an iterative process, the researchers and participants act together in the context of an identified problem to discover and effect positive change within a reciprocally acceptable, principled framework (Creswell & Clark, 2017; Lingard, Albert & Levinson, 2008).

Action research through appreciative inquiry was regarded as the most appropriate methodology for this study because it is a form of inquiry that is collective, collaborative, self-reflective, and undertaken by the participants of the inquiry (Crous, 2008; Puente, Crous & Venter, 2007; Reason & Bradbury, 2001). As the aim of Phase 2 of the research project was to establish what expectations exist around the future role of professional accountants in the SME environment, it was important to allow participants to, individually and collectively, share their thoughts and feelings about the topic and provide a first-hand account of their expectations of what the role could develop into in the future. As the research question as a whole suggests possible transition from current perspectives to future perspectives, a workshop was conducted where an appreciative inquiry approach was followed, specifically because the appreciative inquiry process is a future-focused, transformational and transitional process, as will next be discussed in more depth in subsection 3.4.2.2.

3.4.2.2 The appreciative inquiry approach

Appreciative inquiry developed as a positive approach to organisational development. In essence, appreciative inquiry was a departure from traditional action research where the investigation is focused on what is wrong with an organisation and what needs to be done to fix it. The appreciative inquiry approach developed from the experience of David Cooperrider, who became frustrated with the traditional approach to action research which focuses on problem diagnosis. In his experience, the traditional approach “not only depleted energy from the system with which he interacted, but brought about great discomfort among its members, which resulted in resistance” (Crous, 2008: 90).

Appreciation is a solicitous, engrossing undertaking that warrants the investment of both cognitive and emotional energy (Cooperrider & Whitney, 2005; Cooperrider *et al.*, 2003; Cooperrider, 1997; Cooperrider & Srivastva, 1987; Cooperrider & Whitney, 2001; Crous *et al.*, 2006; Lewis-Enright, Crafford & Crous, 2009). Appreciative inquiry adopts a unique approach to issues, challenges, and concerns by concentrating first on what is working particularly well in an organisation instead of concentrating on problems as in the deficit thinking approach (Kelly, 2010). Avital (2003) contrasts the main features of appreciative inquiry with those of deficit thinking, as illustrated in Table 11.

Table 11: Main Features of Appreciative Inquiry as Opposed to Deficit Thinking

	APPRECIATIVE INQUIRY	DEFICIT THINKING
Method archetype	Generative inquiry	Problem solving
Drive	Boundary spanning	Gap closing
Focus	What is best?	What is wrong?
Tactical objective	Enable success	Prevent failure, fix problems
Actors	Whole systems	Varied, usually isolated entities
Guiding paradigm	Voluntarist	Mainly deterministic

Appreciative inquiry was considered an appropriate action research approach to understand the expectations of professional accountants and SME owners of the future role of professional accountants in the South African SME environment for two reasons. Firstly, appreciative inquiry is an exploration of what brings life to human structures when they function at their best (Whitney & Trosten-Bloom, 2010). As stated in Chapter One, the SME environment is of crucial importance to economic development in South Africa and this study is conducted specifically to contribute to the development of this sector of the economy, which requires positive change.

Appreciative inquiry is a positive form of action research and operates on the notion that only through connection to this positive form is transformation conceivable (Cooperrider *et al.*, 2003; Cooperrider & Whitney, 2005; Crous *et al.*, 2006). In Phase

2 the process of co-creating the accountancy profession within the SME environment may have an impact on the way in which the participants operate. It is argued that through one's presuppositions, choice of method, and language, to a great extent one creates the world one later discovers (Avital, 2003). Appreciative inquiry will therefore enable participants to move beyond traditional problem-centred methods to identify the best of what is (identifying and building on past achievements and existing strengths) and the possibilities of what could be (building a shared vision for the future and a plan to achieve that vision) (Ashford & Patkar, 2001).

The second reason for employing the appreciative inquiry research approach lies in one of the key theoretical foundations thereof, namely, social constructionism (Crous, 2008; Crous *et al.*, 2006), which has two important implications. Firstly, that our lived experience is constructed (and not an objective reality outside of ourselves) and, secondly, that the world or our lived experience is constructed through human relatedness and communication between people. This denotes that the formation of meaning occurs through dialogue (Cooperrider *et al.*, 2003). As the role of the accountant in the SME environment is very much constructed by professional accountants and by SME owners, and has implications for both, it was of key importance to create a research context within which professional accountants and SME owners could enter into a dialogic interaction and construct meaning around expectations for the future role of professional accountants in the SME environment.

The core principles that underlie the appreciative inquiry approach (Cooperrider & Whitney, 2005; Kelm, 2008; Subramanian, 2003; Van Vuuren & Crous, 2005; Whitney & Trosten-Bloom, 2010) are summarised in Table 12:

Table 12: Core Principles of the Appreciative Inquiry Approach

PRINCIPLE	DESCRIPTION
1. The constructionist principle	<p><i>Words create worlds.</i></p> <ul style="list-style-type: none"> Reality, as we know it, is a subjective vs. objective state. It is socially created, through language and conversations. We see things as we are. We are deeply interconnected. Truth is local. There is no absolute truth.
2. The simultaneity principle	<p><i>Inquiry creates change.</i></p> <ul style="list-style-type: none"> Inquiry is intervention. The moment we ask a question, we begin to create a change. We live in the world our questions create. Change begins the moment we question. The unconditional positive question is transformational. Develop your sense of wonder.
3. The poetic principle	<p><i>We can choose what we study.</i></p> <ul style="list-style-type: none"> Organisations, like open books, are endless sources of study and learning. What we choose to study makes a difference. It describes – even creates – the world as we know it. Life experience is rich. We have habits of seeing. Whatever we focus on, grows. Find what we want more of, not less of. Develop an appreciative eye.
4. The anticipatory principle	<p><i>Image inspires action.</i></p> <ul style="list-style-type: none"> Human systems move in the direction of their images of the future. The more positive and hopeful the image of the future, the more positive the present-day action. Vision is fateful. Create vision before decisions. What we believe, we conceive. Big change begins small.
5. The positive principle	<p><i>Positive questions lead to positive change.</i></p> <ul style="list-style-type: none"> Momentum for large-scale change requires large amounts of positive affect and social bonding. This momentum is best generated through positive questions that amplify the positive core. Positive emotions broaden thinking. The positive core expands as it is affirmed and appreciated. Identify and leverage strengths.
6. The wholeness principle	<p><i>Wholeness brings out the best.</i></p> <ul style="list-style-type: none"> Wholeness brings out the best in people and organisations. Bringing all stakeholders together in large group forums stimulates creativity and builds collective capacity. Wholeness provides more expansive thinking than reductionism Learn to be present to the emerging whole
7. The enactment principle	<p><i>Acting "as if" is self-fulfilling.</i></p> <ul style="list-style-type: none"> To really make a change, we must be the change we want to see. Positive change occurs when the process used to create the change is a living model of the ideal future. Embody what you want. Just try something.
8. The free choice principle	<p><i>Free choice liberates power.</i></p> <ul style="list-style-type: none"> People perform better and are more committed when they have freedom to choose how and what they contribute. Free choice stimulates organisational excellence and positive change. Freedom from internal and external forces is one type of freedom. The freedom of inner clarity allows us to pursue life freely.
9. The narrative principle	<p><i>We weave stories and create lasting bonds.</i></p> <p>We construct stories about our lives. Stories are transformative.</p>
10. The awareness principle	<p><i>Awareness supports the application of the other principles.</i></p> <ul style="list-style-type: none"> Awareness is understanding and integrating the appreciative inquiry principles. Surfacing assumptions is important in good relationships. Practice cycles of action and reflection.

The appreciative inquiry process of data collection consists of four stages, namely, define, discover, dream, and design. These stages will be discussed in depth in subsection 3.4.2.4.

3.4.2.3 Sampling

3.4.2.3.1 Sampling technique

Purposive sampling by means of snowball sampling was employed in Phase 2 of the research process. As stated in subsection 3.4.1.1, purposive sampling is applied when rich, in-depth data is required from participants who have sufficient experience of the phenomena under study (Denzin & Lincoln, 2000). A purposive sampling technique was used for this phase to ensure that all participants who were invited to participate possessed the relevant attributes to be of benefit for this study (Lewis-Enright *et al.*, 2009; Silverman, 2013).

SAIPA assisted the researcher by identifying participants who met the criteria to participate in a one-day workshop held on 7 November 2017. The participants of the workshop were board members, regional and district chairs of SAIPA, who are leading the profession across South Africa. The board members, regional and district chairs in turn invited their SME clients who also met the criteria to participate. Professional accountants who were board members, regional and district chairs were selected because, apart from meeting the basic criteria to participate, they were also actively involved at strategic and operational levels of the accounting profession within the SME environment. SME clients who decided to participate came on the basis of the invitation from their respective professional accountants.

These participants were sixteen professional accountants and thirteen SME owners. A third group of eleven participants emerged who indicated that they met the criteria of being both SME owners and professional accountants, owing to them having SMEs as well as accounting practices or having previously had accounting practices. This third group was not considered a limitation to the study but rather as valuable, as they had experience and perspectives from both sides.

The Chairperson of SAIPA had explained the benefits of the research to members at previous sessions. Therefore the participants who were present were intrinsically motivated to make a mindful decision to grasp, impart and contribute meaningfully to the process of the one-day appreciative workshop.

3.4.2.3.2 Criteria for sample selection

The same principles of selecting the individual participants as described in subsection 3.4.1.1.2 were followed during Phase 2 of the research process, except that this time the participants were grouped. There were no criteria for sub-groupings, and participants were asked to randomly allocate themselves to a group. The selection criteria for participants are briefly restated below, as the applied criteria are the same as for Phase 1 of the research process and discussed in subsection 3.4.1.1.2 along with the justification for the selected criteria.

- For the professional accountants, a minimum of six years of experience as professional accountant in the SME environment was the first criterion. There was no distinction made in terms of age, gender, and ethnicity.
- They had to hold a Professional Accountant (SA) designation and be a member of a professional accountancy organisation. In order to adhere to the criteria, accountants were selected from the South African Institute of Professional Accountants (SAIPA). SAIPA's constitution usually considers a member as being a professional accountant after the completion of a traineeship together with passing a test of professional competence (SAIPA, 2018).
- The definition of a professional accountant for the purposes of this study has been defined in subsection 2.3.2. This definition formed the parameter for selecting the type of professional accountant.
- For the SME owners the requirements were, as stated in subsection 3.4.1.1.2:
- A minimum of six years of experience as SME owner working with professional accountants. As discussed in detail in subsection 3.4.1.1.2, SME owners with more than six years in business were deemed to have sufficient experience in business to participate meaningfully.
- The definition of an SME (and by extension, an SME owner) has been defined in subsection 2.3.1 for the purposes of this research. This definition formed the basis for selecting the SME owners for participation in Phase 2 of the research process.

3.4.2.3.3 Sample size

As stated previously, no prescribed minimum number of participants is essential to conduct thorough qualitative research; however, sufficient depth of information needs to be obtained to comprehensively understand the phenomena being investigated

(Fossey *et al.*, 2002). The sample consisted of forty participants. The collective group of forty was divided into three sub-groups comprising of sixteen professional accountants and thirteen SME owners respectively while eleven participants were both professional accountants and SME owners, which added to the depth of participants' account of their lived experience from both perspectives. The three collective sub-groups are represented by six functional groups which formed the basis for the workshop.

This was the first time that the appreciative inquiry method had been applied to a group of professional accountants²⁰ and as such there was no indication from prior research as to what would be a comparative sample size as was the case for Phase 1, as discussed in subsection 3.4.1.1.3. It should also be considered that to congregate a targeted combined group of professional accountants and SME owners is by no means easily achievable. Professional accountants and SME owners are usually busy individuals with fixed diaries and demanding work pressures. As such, the total sample size of forty was deemed to be large enough for the researcher to collect rich data from which meaningful conclusions could be drawn. The participants remained in these 6 functional groups for the duration of the workshop. The gender and age of the participants were considered to have no importance for the research.

3.4.2.3.4 Profiles of participants

The profiles of the participants are provided in Table 13 and are ordered per group.

²⁰ A literature research of the known body of literature did not indicate the use of appreciative inquiry within the field of accountancy research.

Table 13: Profiles of Participants (Phase 2)

PARTICIPANT	AGE	GENDER	CONSTITUENCY
G1.1	32	Male	Professional Accountant
G1.2	36	Male	Professional Accountant
G1.3	25	Male	SME
G1.4	52	Male	SME
G1.5	60	Male	Both
G1.6	26	Male	SME
G1.7	30	Female	SME
G1.8	36	Female	SME
G2.1	28	Female	Professional Accountant
G2.2	48	Female	Both
G2.3	50	Male	SME
G2.4	34	Male	Both
G2.5	29	Male	SME
G2.6	34	Female	Professional Accountant
G2.7	53	Female	Both
G3.1	43	Male	Professional Accountant
G3.2	57	Male	Professional Accountant
G3.3	30	Male	Both
G3.4	38	Female	SME
G3.5	59	Male	Both
G3.6	32	Male	Both
G4.1	53	Male	Both
G4.2	31	Male	SME
G4.3	51	Male	Professional Accountant
G4.4	58	Male	Professional Accountant
G4.5	31	Male	SME
G4.6	50	Female	Professional Accountant
G5.1	40	Male	Professional Accountant
G5.2	54	Female	Professional Accountant
G5.3	56	Female	SME
G5.4	55	Female	Both
G5.5	30	Male	SME
G5.6	31	Male	Professional Accountant
G5.7	67	M	Professional Accountant
G6.1	35	Female	Professional Accountant
G6.2	35	Male	Both
G6.3	39	Female	Professional Accountant
G6.4	37	Male	Both
G6.5	50	Male	SME
G6.6	43	Female	Professional Accountant

3.4.2.4 Data collection and data analysis

The appreciative inquiry process is simultaneously a data collection and data analysis process. This is a key aspect of appreciative inquiry, where the researcher plays a facilitating role and the participants collect and analyse their data as part of their meaning-making process. One of the researcher's supervisors is a trained, accredited and experienced appreciative inquiry facilitator and registered industrial psychologist who studied the appreciative inquiry technique at Case Western Reserve University under David Cooperrider, the co-founder and leader of the appreciative inquiry philosophy.

The entire session was led by the trained appreciative inquiry facilitator. The researcher was further assisted by his other supervisor as well as his research coach.

This appreciative inquiry process consists of four phases as depicted in Figure 15. The detail of each of the four phases will be provided as it was applied in the research process.

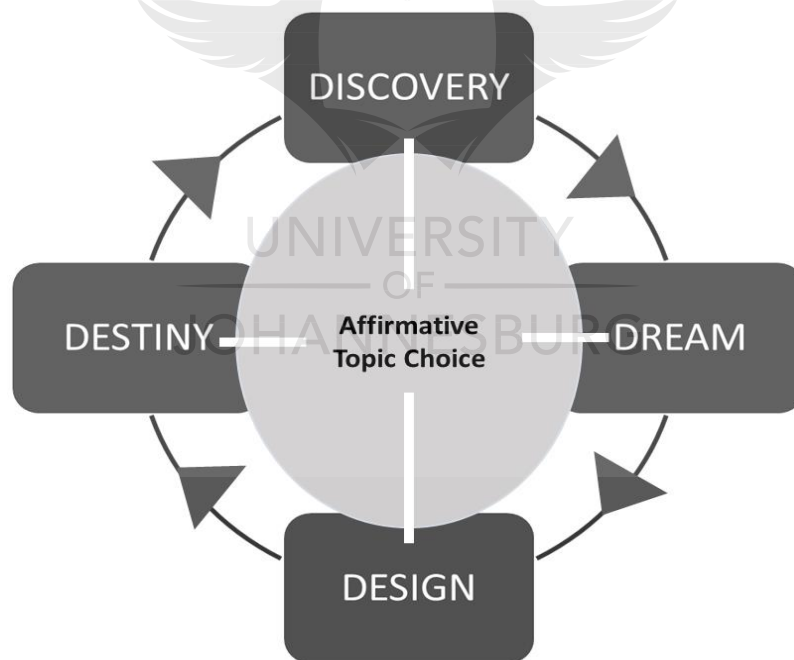


Figure 15: Phases in the appreciative inquiry process

The process progresses from the discovery phase, to the dream phase, to the design phase and then the destiny phase. Each of these phases will now be discussed as well as the data analysis that took place during the AI workshop.

3.4.2.4.1 Discovery

The purpose of the discovery phase is to distinguish and stimulate the positive potential of a group through inquiry (Van Vuuren & Crous, 2005). Scheel and Crous (2007) maintain that AI sessions are conducted to recognise the life-giving forces that are present when an organisation is functioning at its best. The objective of the discovery phase is to enhance the group discussion process through stimulating positive storytelling experiences. These positive stories form the foundations for data collection (Watkins & Cooperrider, 2000; Watkins, Mohr & Kelly, 2011). The primary task in the discovery phase is for the participants to identify and appreciate the best of “what is”.

During this phase, and to begin the group discussion, the appreciative inquiry practitioner tactfully posed questions in a workbook (see Appendix 4) about what is positive in the accounting profession. The distinguishing factor of appreciative inquiry in this phase is that every carefully crafted question choice of the workbook is positive (Cooperrider *et al.*, 2003). Hope begins to surface through storytelling and the sharing of peak experiences, values, and wishes for the group in the discovery phase (Scheel & Crous, 2007). For the discovery phase the workbook that was needed to be completed was prepared based on the *Encyclopedia of Positive Questions* assembled by Whitney, Cooperrider, Trosten-Bloom, and Kaplan (2002). The discovery phase set the tone for the rest of the appreciative inquiry process. Thereafter the data was mined and analysed by the participants (Van Vuuren & Crous, 2005; Watkins *et al.*, 2011), who identified the relevant themes stemming from the stories that represent the positive core of the professional accountant in the future. In order to keep the conversations and dynamics alive, themes of life-giving forces were subsequently identified and compiled in order to open up the next phase (Van Vuuren & Crous, 2005).

3.4.2.4.2 Dream

After the participants had found what the positive core is during the discovery phase, they were encouraged to envisage new possibilities concerning the future of the accounting profession (Scheel & Crous, 2007). The dream phase accomplished this step through story-telling, whereby the participants created collective images of the future that emerged from the embedded reflections from the participants' positive past (Cooperrider *et al.*, 2003; Scheel & Crous, 2007; Whitney *et al.*, 2002; Whitney &

Trosten-Bloom, 2010). Since this process involves a dream that is grounded in people's real experiences, it is more convincing and more realisable. It is the beginning of transforming the present-day story into a new-fangled description of optimism and opportunity (Finegold, Holland & Lingham, 2002).

3.4.2.4.3 Design

During the design phase, attention is turned to creating the model competencies of the future professional accountant within the South African SME environment in order to achieve the shared dream. The first step in the design phase is to identify the social architecture. The social architecture "addresses the design elements critical to an organisation to support the positive core" (The Centre for Appreciative Inquiry, 2019). Future images emerged through grounded examples from the accounting profession's positive past. Good-news stories were used to craft provocative propositions that bridge the best of "what gives life" with a collective aspiration of "what might be." (Cooperrider *et al.*, 2003; Whitney & Trosten-Bloom, 2010). A contemporary meta-analysis of 20 appreciative inquiry case studies conducted found that the design stage, where participants create provocative propositions (that is framed as value proposition) to be the most important of the four-phased approach (Lewis-Enright *et al.*, 2009). This can be attributed to the notion that the design phase provides for the unrelenting exchange of ideas so that participants arrive at a level of profundity and resolution as they design collective principles that the professional accountants are prepared to pledge to. Because the provocative propositions were rooted in the dream and the discovery of best past experience, they inspire confidence to reach beyond one's grasp (Finegold *et al.*, 2002). The design phase was vital to support positive change and respond to the accountancy profession's most positive past and peak potential and the positive core identified and expounded upon in the first two phases began to take form (Cooperrider *et al.*, 2003).

3.4.2.4.4 Destiny

The destiny stage gave participants an opportunity to co-develop action plans (Lewis-Enright *et al.*, 2009). The destiny phase represented both the conclusion of the discovery, dream, and design phases. Because of the shared positive image of the future, everyone was invited to consciously align their interactions in co-constructing the future (Cooperrider *et al.*, 2003). The professional accountants and their SME clients in this phase were asked to participate in an open-planning and

commitment session. (Cooperrider & Whitney, 2005; Cooperrider *et al.*, 2003). The process was a sequence of inventive actions that provide for continuing learning and innovation (Puente *et al.*, 2007; Whitney & Trosten-Bloom, 2010). The groups discussed what they can and will do to contribute to the realisation of the aspirational dream of the future professional accountant as expressed in the provocative propositions (Cooperrider & Whitney, 2005; Cooperrider *et al.*, 2003).

3.4.2.5 Data recording

To facilitate the recording of data, each participant received a workbook (see Appendix 4). The purpose of the workbook was to aid participants to organise their thoughts and ideas thereby enhancing the appreciative inquiry experience. The workbook that was handed out comprised of the appreciative interview guidelines and blank space to transcribe the results of each phase within the appreciative inquiry process. To ensure anonymity, research ethics dictated that personal particulars were not divulged on the workbooks.

3.4.2.6 Further data analysis

In the appreciative inquiry process, the data is usually mined or analysed by the participants themselves (Watkins, Mohr & Kelly, 2011). The researcher merely records and represents the results into a format that could help to achieve the objectives of the appreciative inquiry process. Data mining is a process to “find associations among pieces of information that draw out meaning and enable researchers to discover new information which might otherwise be difficult to discover” (University of London, 2019). To ensure academic rigour, the researcher further reflected on the findings and, similarly to the latent level of thematic analysis, the researcher further analysed the findings to uncover possible underlying assumptions.

3.5 Entrée and establishing researcher roles

The researcher is both an academic as well as a professional accountant. He is currently an associate professor at a South African university and has the aspiration to become a full professor. The researcher wants to inspire the use of interdisciplinary methods and qualitative research and encourage the younger academics to embark on PhDs by supervising them and supporting them in the future. He is active in all aspects of training prospective as well as current professional accountants. The

inspiration for this PhD originated from his involvement serving the accounting profession on various platforms.

He served a term as an executive member of the Accounting Practices Board (APB) from February 2010 to 2013. The APB was a private sector body consisting of several accounting and industry bodies. The APB was empowered to issue accounting standards for use by South African companies. The mission of the APB was to establish and improve financial reporting and reporting standards to provide useful information to investors and other users of financial reports and educate stakeholders on how to most effectively understand and implement those standards. Part of the responsibility of the APB is to receive and consider any relevant information relating to the reliability of and compliance with financial reporting standards and adapt international reporting standards for distinctive local circumstances. This was a prestigious position as this board determined the standards of financial reporting that would be used within South Africa

He was appointed to the board of a professional accountancy organisation a few years ago. As a board member, he serves on various committees and task groups which actively serve the accountancy profession within SA. Being proactive on this board has broadened his knowledge and understanding of both theory and practice as well as the challenges that face SMEs, the accounting profession and in particular professional accountants working in the SME environment. He has also been the Chair of the professional accountancy organisation's audit and risk committee and has been active as member of the education committee. Through these committees he is actively involved in the execution of standards in the area of professional accounting education that prescribe technical competence and professional skills, values, ethics, and attitudes.

He is also the lead mentor and facilitator on various post university professional accountant training programmes. His responsibility on the programme involves mentoring facilitators involved in the programme, planning the activities, reviewing the developed content, and leading the discussions for the week. The programme runs in Johannesburg, Durban and Cape Town. He also regularly presents various technical updates to professional accountants for their Continuous Professional Development.

He has a deep passion and appreciation for the accountancy profession and SMEs from his years of involvement in this space.

Creswell and Clark (2017), maintain that there are inherent constraints to objectivity due to past associations and experience and this may have an impact in crafting the questions and recommendations of the research. Due to the researcher's experience working with professional accountants within SMEs as well as his standing in the accounting industry, he was cognisant of potential inherent biases to the study. To ensure that the researcher stayed true to the data, various checks and balances were introduced. Firstly, the researcher read and re-read the data numerous times during all stages of the research project to ensure that findings and conclusions were true to the content of the data. Secondly, the researcher also reviewed the data, findings, and conclusions with his research coach to ensure that the findings and conclusions were firmly built upon the data provided by the participants.

3.6 Trustworthiness of the study

Various strategies and criteria have been developed to ensure trustworthy qualitative research data. Qualitative research criteria are not in the form of inflexible rules, but are open to flexible interpretation (Yardley, 2000). Qualitative researchers advocate the idea that there are multiple versions of reality and people's version of this reality (Crotty, 1998; Shenton, 2004) and the criteria used to ensure trustworthy qualitative data should be applied in this context. Authors such as Yardley (2000), Guba (1981), and Guba and Lincoln (1994) have established criteria for ensuring trustworthy data where research findings are not aimed towards establishing an irrefutable truth but rather to ascertain relevant significant worthwhile perspectives by the various actors involved in the research (O'Dwyer *et al.*, 2011; Guba, 1982). The criteria applied in this study are credibility, transferability, dependability and confirmability (Guba, 1981; Guba & Lincoln, 1994).

3.6.1 Credibility

The credibility of qualitative research is dependent on the correct identification and description of the phenomenon under study (Collis & Hussey, 2009; Lincoln & Guba, 1985). Various measures can be taken to improve credibility (Collis & Hussey, 2009; Lincoln & Guba, 1985; Guba, 1981), namely prolonged involvement of the researcher

in the study, persistent observation to ensure depth of understanding, triangulation and by peer debriefing.

As stated previously, the researcher is an academic in the field of accounting as well as a professional accountant and has been involved for the past six years in the training and development of professional accountants in the South African SME landscape, and serves on various boards and committees within the professional accountancy landscape and the research question and objectives have been shaped over the past few years. The researcher has also spent a significant amount of time conducting interviews and attending the appreciative inquiry session. Transcriptions were done by the researcher himself which added to the prolonged engagement with the research data. After the data was transcribed the researcher analysed the data in small units to ensure adequate exposure and over an extended period of time which contributed to the depth of data analysis.

During the interviews and appreciative inquiry sessions, the researcher focused on the content of the participants' contributions, but was also aware of their emotional reactions, tone, and attitude as well as contradictory comments that were made. The researcher made notes of these observations in his field notes and this added to the depth of the interpreted data. During the process of analysis, the researcher continued making notes on his own emerging perceptions, observing his own reaction to the research data. As he is actively involved in the field of study, these observations added to the credibility of the data and data analysis and depth of understanding.

To further ensure credibility in the study the researcher adopted research methods that have been well established in qualitative studies and employed triangulation by using multiple sources of data as well as different research methods. Data was collected from professional accountants as well as SME owners and semi-structured interviews were conducted in addition to the appreciative inquiry sessions.

The research was subject to peer scrutiny at various junctures. There were regular debriefing sessions between the researcher and his supervisors and a research coach. Codes, categories, sub-categories, themes as well as interpretation of results were cross-examined with two established peers whom have credibility in the academic and professional accountancy SME landscape in SA. There was also

examination of any relevant previous research to frame the findings in the appropriate context as discussed in the literature review in Chapter Two.

3.6.2 Transferability

Transferability refers to the degree to which the results of qualitative research can be generalised or transferred to other contexts or settings (Shenton, 2004). Lincoln and Guba (1994) maintain that it is the responsibility of the researcher to ensure that sufficient contextual information about the fieldwork sites is provided to enable the reader to make a transfer. They maintain that, since the researcher knows only the “sending context” (p.105), he or she cannot make transferability inferences. To ensure transferability the researcher provided a comprehensive description of all background information to both phases. This included description of the semi-structured interview and the appreciative inquiry action based method, participant’s information and setting. This was done to allow comparisons to be made and allow readers to have a proper understanding of the study. The objective was to enable the reader to compare the instances of the phenomenon described in the research report with those that they have seen emerge in their situations (Guba, 1981).

Transferability can also be ensured by collecting data with thick descriptions of the phenomenon under study (Guba, 1981). The research methods that were selected allowed for personal experiences of the participants to emerge, couched in thick descriptions and rich meanings.

Guba (1981) further states that transferability can be increased by applying purposive sampling. This sampling technique was employed since in-depth data was required from participants who have sufficient experience of the phenomena under study (Denzin & Lincoln, 2000).

3.6.3 Dependability

Lincoln and Guba (1994) give emphasis to the interrelatedness between credibility and dependability, arguing that, in practice, a demonstration of the former goes some distance in ensuring the latter. Dependability is concerned with the research process which has to be systematic, rigorous and well-documented. This may be achieved through the use of overlap methods as a form of triangulation as was done through the use of more than one research method. The research process was comprehensive and systematic and extensive methodological explanations were provided for the

study to be replicated with a thorough depiction of the research design, the participant demographics as well as the context in which the research was conducted.

3.6.4 Confirmability.

Confirmability is concerned with the extent to which the research process was described fully and whether the findings flow from the data (Collis & Hussey, 2009; Guba, 1981). To achieve confirmability, beliefs underpinning decisions made and methods adopted should be acknowledged within the research and the reasons for favouring one approach when others could have been taken should be explained. To ensure confirmability, triangulation can be applied as well as through practicing reflexivity.

To ensure confirmability, the researcher firstly employed triangulation to reduce researcher bias. The researcher explicitly stated the assumptions and beliefs considered for the study. A comprehensive methodological explanation was provided. All shortcomings in the study's method as well as their potential effects were identified.

An in-depth methodological description was provided to allow the integrity of research results to be scrutinised. The researcher also made use of diagrams to demonstrate an audit trail to show how the data eventually leading to the formation of recommendations was gathered and processed during the course of the study. An audit trail for data organisation was established and maintained as part of the content analysis on ATLAS.ti.8

The researcher practiced reflexivity. This is demonstrated by continuous reflection on the research process through field notes made during the data collection phase as well as during the process of analysis, where the researcher made notes on his own emerging perceptions.

3.7 Ethical considerations

In a qualitative study involving human participants, ethical practices are of key importance, as participants share personal information and their thoughts and feelings about potentially sensitive issues. The avoidance of harm to research participants is the beginning for any qualitative research project (Orb, Eisenhauer, & Wynaden, 2001). These embody general principles relating largely to the "dignity and privacy of individuals, the avoidance of harm and the confidentiality of research findings" (Punch, 1986: 35). Furthermore, with an increased focus on the social emphasis on human

rights, it is essential to consider ethical issues when it comes to research based on semi-structured interviews (Qu & Dumay, 2011). Ethical standards in research also dictate that participants should not be at risk of professional harm as a result of their participation (Berg, Lune & Lune, 2004). Taking the importance of ethics in qualitative research into consideration, the researcher employed a series of steps to ensure that the research displayed principles of ethical conduct.

Firstly, the researcher employed a procedural ethics strategy, which usually involves seeking approval from a relevant ethics committee to undertake research involving human participants (Guillemin & Gillam, 2004). In this regard the researcher applied the code of ethics of the University of Johannesburg and obtained approval from the ethics committee (see Appendix 6) before commencing the research. This ensured that all procedural ethical requirements have been complied with. An ethics clearance number was obtained from the University of Johannesburg's ethics committee. This number was provided to participants so that they could contact the university should they have any concerns during the interview process.

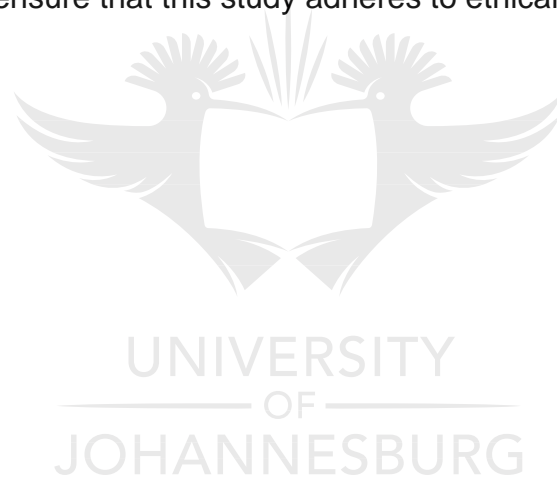
Secondly, the researcher ensured that participants' informed consent was obtained. Participants were provided with a consent form outlining the research, stating how the information will be used and presented (see Appendix 5). Furthermore, the researcher applied the principle of voluntary participation (Marshall *et al.*, 2006). This requires that people are not coerced into participating in research and are participating of their own free will.

The researcher assured the participants that confidentiality will be maintained. The researcher has kept participants' names and details separately from the transcripts. The transcripts were labelled with a number instead of a person's name. The participants from Phase 1 of the research were each assigned a code that was used to refer to individual participants. Participants were assured that identifying information will not be made available to anyone. Neither the participants' names nor their enterprises were identified. In terms of Phase 2, which involved the appreciative inquiry group session, participants were made aware that their individual details would not be requested. They were also informed that their individual responses would not be captured, as it was a combined group effort. Confidentiality was ensured as once the participants signed the consent form they were asked to randomly allocate

themselves to sub-groups, so there was no risk of tracing individuals to particular sub-groups.

3.8 Summary of the chapter

This chapter has discussed the research method followed in this study. The decision to conduct qualitative research within an interpretivist paradigm was argued with reference to the ontology and epistemology that underpin qualitative research. The study was subsequently contextualised within the field of qualitative research in accounting. The two research strategies employed in this study, namely thematic analysis and appreciative inquiry, were discussed in terms of the theoretical basis of each. This was followed by a discussion of the research process in terms of sampling, data collection, data recording, and data analysis for each of the research methods. The chapter concluded with a discussion on the trustworthiness of the study as well as the steps taken to ensure that this study adheres to ethical research practices.



CHAPTER FOUR: RESEARCH FINDINGS

4.1 Introduction

As stated in Chapter One, the research consists of two distinct aspects, namely,

- (1) How do professional accountants and SME owners experience the current role of the professional accountant in SMEs in South Africa, and
- (2) What are the expectations of professional accountants and SME owners of the future role of professional accountants in SMEs in South Africa?

Guided by these two research questions, the researcher followed two data collection and data analysis strategies as discussed in Chapter Three, namely semi-structured interviews and thematic analysis for Phase 1 and appreciative inquiry for Phase 2. In this chapter, the findings of each phase are presented separately and introduced by briefly summarising the data analysis strategies employed for each phase. The chapter concludes with a brief chapter summary.

4.2 Findings of Phase 1: Thematic analysis

This section presents the findings of Phase 1 of the research, which dealt with the first research question: *How do professional accountants and SME owners experience the current role of the professional accountant in SMEs in South Africa?* As discussed in Chapter Three, the data collection strategy for Phase 1 was conducting semi-structured interviews and the method of data analysis was thematic analysis.

As explained in subsection 3.4.1.4, thematic analysis was selected as it allows the researcher to identify patterns or themes within qualitative data. The analysis in this study operates on both semantic and latent levels. Firstly, an account of the current role and expectations for the future role of the professional accountant to SMEs is provided as it emerged, semantically, from the data, and the coding was therefore done on the semantic level. The findings from the semantic level of analysis are presented in this chapter. Secondly, the researcher interpreted the themes to form hypotheses about what these themes might mean for the current and future roles of the professional accountant and to describe the space between the current and envisaged future roles. This form of analysis was therefore done on a latent level and is presented in Chapter Five.

Four broad themes emerged from the data¹. As these themes were analysed further and contained smaller themes, these broad themes were labelled “thematic clusters”. The four thematic clusters were identified as:

Thematic cluster 1: Perceptions of the professional accountant,

Thematic cluster 2: Motivation to enter the accounting profession,

Thematic cluster 3: Roles of the professional accountant,

Thematic cluster 4: Regulation of the role of the professional accountant.

Where appropriate, the thematic clusters were broken down into a second unit of analysis that was labelled “themes”. In certain instances it was appropriate to break down the themes into even smaller units of analysis, and these were labelled sub-themes. These units of analysis and their relation to each other are presented in Figure 16.



1. It is important to note that the ‘explanation of the theme’ are findings data induced.

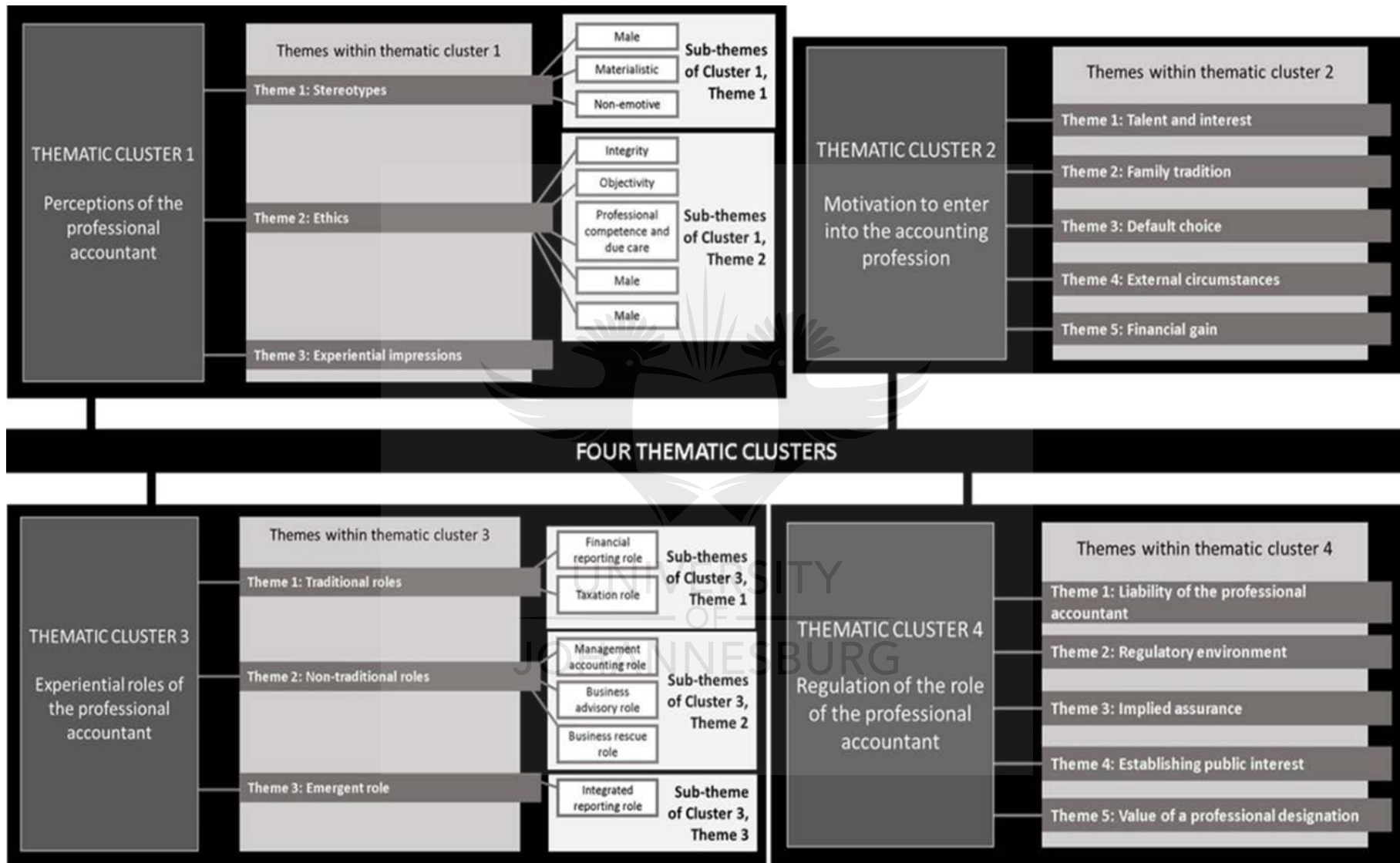


Figure 16: Units of thematic analysis across the full data set

In the detailed presentation of the findings that follows, each subsection begins with an introduction to explain the meaning of the thematic cluster, followed by a visual representation of the theme and then a table summarising the findings as it pertains to each thematic cluster, and data excerpts that support the essence of a specific unit of analysis.

4.2.1 Thematic cluster 1: Perceptions of the professional accountant

The first thematic cluster, the perceptions of the professional accountant, refers to how professional accountants perceived themselves, and how they are perceived by the SME owners. The “perceptions of the professional accountant” thematic cluster comprises of three themes. The first theme is the explicit and implicit stereotypes of the professional accountant. The second theme revealed how ethics underpins the role of the professional accountant, owing to its privileged place within the SA economy. The final thematic cluster that emerged was the “experiential impressions of the professional accountant” Experiential impressions refer to perceptions regarding the professional accountant formed by the professional accountants and SME owners through their real-world lived experience, based on their interaction and observation of professional accountants whilst fulfilling their role within SMEs. Insights into the experiential impressions are necessary to understand the current role of the professional accountant within SMEs. This thematic cluster is visually presented in Figure 17, followed by Table 14 where the thematic cluster is summarised with data excerpts.

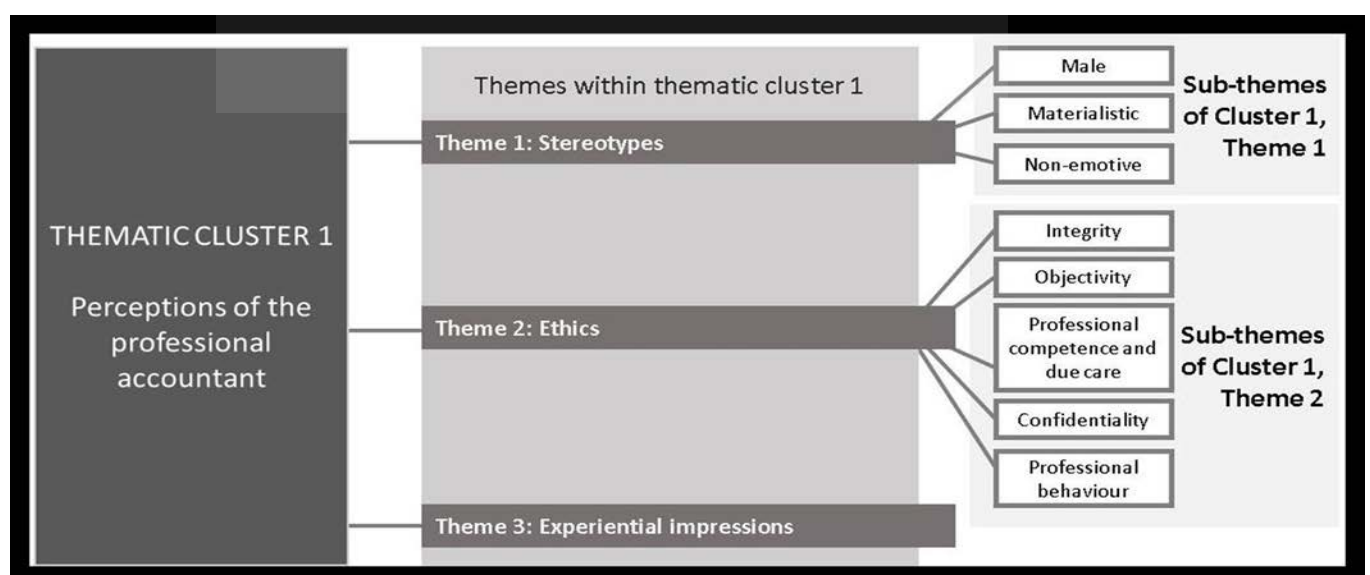


Figure 17: Thematic cluster 1: Perceptions of the professional accountant

Table 14: Thematic Cluster 1: Summary with Data Excerpts

THEMATIC CLUSTER 1	PERCEPTIONS OF THE PROFESSIONAL ACCOUNTANT
EXPLANATION OF THEMATIC CLUSTER 1	This thematic cluster refers to how participants (SME owners as well as professional accountants) formed impressions of the professional accountant and made interpretations about the role of the professional accountant. The theme exposes the overall impression of how the professional accountant is experienced. Three categories that emerged within the theme are: stereotypes, ethics and personal attributes.
THEME 1: STEREOTYPES	
EXPLANATION OF THEME 1	Stereotypes indicate the generally held images of professional accountants as experienced by participants.
DATA EXCERPTS	
SUB-THEME: NON-EMOTIVE	<p><i>The image when I started was that the way we were expected to be this dry, pinstripe-suited animal, which I couldn't adhere to. First and foremost you are human and then you become a professional accountant.</i></p> <p style="text-align: right;">PA03</p>
SUB-THEME: MALE	<p><i>I tell you, that in the first few years the SMEs used to call XYZ Accounting Services, and ask to speak to "Mr X" and the call would be put through to me. It's Mrs X accounting practice, the business is under a family surname. I found it quite funny that when a client would come in there, they'd come to see the owner of the accounting practice and expect a male to be running the show.</i></p> <p style="text-align: right;">PA02</p>
SUB-THEME: MATERIALISTIC	<p><i>They only care what's going on in my business so long as they get paid, that's as far as they care.</i></p> <p style="text-align: right;">SME11</p> <p><i>Unfortunately, SMEs think all this happens by a stroke of the pen and it can take several hours for a report. SME owners think it happens so quickly and I don't think they realise the amount of work that goes into it. There's a lot of challenges with clients when it comes to billing as then it's like, you is all about the money.</i></p> <p style="text-align: right;">PA17</p> <p><i>I'll give you a typical example. I have an SME whose turnover is close to R100 million, regarded as an SME, and because their demands are much greater than who is 10 million, you tend to spend more time with that SME. Therefore you tend to develop a kind of a</i></p>

	<p><i>partnership with that SME. Circumstances dictate that and on top of that, the SME that can afford to pay you for the service. It's as straightforward as that as well.</i></p> <p style="text-align: right;">PA02</p> <p><i>There is a tendency, not always, but there's a tendency, where the professional accountant spends least amount of time with the SME. Simply because they are going to move on to the next job. It's all about time and how much money they are going to get out of the job.</i></p> <p style="text-align: right;">SME17</p>
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THEME 2: ETHICS	
EXPLANATION OF THEME 2	<p>Ethics is a fundamental cornerstone of the relationship between the SME and the professional accountant. Professional ethics incorporate the individual, and professional standards of behaviour expected of professional accountants (IFAC, 2012). This category represents the experienced link between the trustworthiness of the professional accountant and the formation of an ethical relationship.</p>
DATA EXCERPTS	
SUB-THEME: INTEGRITY	<p><i>I think there are many professional accountants who are actually giving the profession a bad name by actually engaging in unethical practices. Consequently, it has actually been impacting us, the good professional accountants. In a sense that lots of businesses don't want to go to the good professional accountants, they rather prefer going to the unethical guys because those guys allow you to take the shortcuts that you want to take, right. I think there's definitely a huge need for the various professional accounting bodies like SAIPA and SAICA, to actually start to look at this and play a role in sorting this unethical behaviour out.</i></p> <p style="text-align: right;">PA11</p>
SUB-THEME: PROFESSIONAL BEHAVIOUR	<p><i>Recently emerging from the accounting scandals in South Africa right now, the profession is being challenged in the way in which we conduct ourselves. Professional accountants really are the, not gate keepers, but are the pinnacle of what righteousness needs to be about. By righteousness, I mean we need to adhere to our codes of ethics and professional conduct.</i></p> <p style="text-align: right;">PA09</p>

<p>SUB-THEMES: INTEGRITY, PROFESSIONAL BEHAVIOUR, PROFESSIONAL COMPETENCE AND DUE CARE</p>	<p><i>I trust that my professional accountant will serve me to the best of his ability. However, these recent ethical issues that I have read about in the media, has doubted my faith in the ethics of the profession. Look at Steinhoff for instance. We all lost money because of untrustworthy professional accountants. Having said that, in the SME space we work closely with the professional accountants and we have trust that our accountants will give us advice that is ethical and will not result in trouble with the law.</i></p> <p style="text-align: right;">SME08</p>
<p>SUB-THEMES: PROFESSIONAL BEHAVIOUR, INTEGRITY, OBJECTIVITY</p>	<p><i>This is a grey area. We use our professional accountants to get the best tax advice, it depends if SARS will see if the advice of my professional accountant is leading towards tax evasion. I expect that my professional accountant will get me the best responsible deal. The most responsible deal to me will always be paying less tax.</i></p> <p style="text-align: right;">SME12</p>

<p style="text-align: center;">THEME 3: EXPERIENTIAL IMPRESSIONS</p>	
<p>EXPLANATION OF THEME 3</p>	<p>Experiential impressions refer to perceptions formed by the professional accountants and SME owners regarding the professional accountant through their real-world lived experience, based on their interaction and observation of the professional accountant whilst fulfilling their role within the SME environment. Insights into the experiential impressions are necessary to understand the current role of the professional accountant within SMEs.</p>
<p style="text-align: center;">DATA EXCERPTS</p>	
<p><i>There's a huge consciousness of "go see him only when you need to as it is going to cost you".</i></p> <p style="text-align: right;">PA02</p>	
<p><i>You know accountants probably think "simply because of the law, they need us", lots of attitudes and essentially a grudge purchase.</i></p> <p style="text-align: right;">SME04</p>	

A client comes in and he starts to dream, if I may state it that way. It is putting the reality of his dream to say, "This is what you know you have, the capacity to add value, this is what you'd require, capital wise, financial wise, doing the interim work". You know certainly. You just have a gut feeling. A client will come in and he says... Let's say for example my client is an engineer but he wants to all of a sudden do plumbing, you know, and you'll just tell him "You know you not cut out to do the plumbing, just stay away", you know, that's gut feel. And sometimes that's all the client wants, they want me, they look at me as their accountant able to tell them whether they should commence with the thing or not. And I find at times that that is not the right way to go about it because they got to know what they want to achieve, it's not up to the accountant to tell them, you know, can they achieve it or not? and try to put it back into their sphere to say that, you know, "Think about it, think why you want to do it".

PA08

The SME space is where you learn a lot and by your close interactions with clients you can do a value transfer. This is the space where you hear of other people's problems, where you, whenever there's a new development you inform clients and they will come up and say, "Gosh what is this?" and from that you can extrapolate growth to SMEs.

PA13

My personal opinion is that SMEs' understanding of what accounting is, versus what a professional accountant is required to do, are two completely different things.

PA06

When potential professional accountants enter the accounting profession, they do not know what it is about.

PA06

The professional accountant prepares financial statements I guess at the end of the day, look after your tax and VAT, if needs be do all the administrative applications and that sort of role.

SME07

What my accountant does is my financials, that's about it. They are supposed to be drawing up our, doing our EMP 201s, our VAT 201s, our provisional tax, our company tax, our income tax, they supposed to be drawing up all these figures for us based on the financials, based on the figures we provided for them and also assisting us to do registrations with regards to workers' compensation.

SME10

Okay, what I'm doing is what I think I should be doing, so helping clients have their books in order, having them pay minimal tax.

PA17

Most professional accountants tend to be fixed on the tax and accounting services and confine their role within... I'll give you a typical example of what accountants do, there is a new guy coming to you, a new client, you tend to take his details, you meet with him and that's it, but we fail to discuss the business model and other potential value-added approaches we could be offering. Our client starts to see us in a narrow role because we see

ourselves as in this role, we don't say it, but effectively we know, we just then end up doing the tax and accounting.

PA14

4.2.2 Thematic cluster 2: Motivation to enter into the accounting profession

The professional accountant servicing the SME landscape in South Africa is entering an uncharted landscape. As discussed in subsection 2.3.1 of the literature review, it is problematic to contextualise an SME, as the definition of what an SME is varies from jurisdiction to jurisdiction. Furthermore, research on the motivations of the professional accountant to enter the SME landscape is non-existent in academic and professional literature. Understanding the motivations of the accountant to enter into the profession is important to further understand the role experiences of the professional accountant. Motivations to enter into the profession could also affect potential future entrants to the accounting profession. This thematic cluster is visually presented in Figure 18, followed by Table 15 where the thematic cluster is summarised with data excerpts.

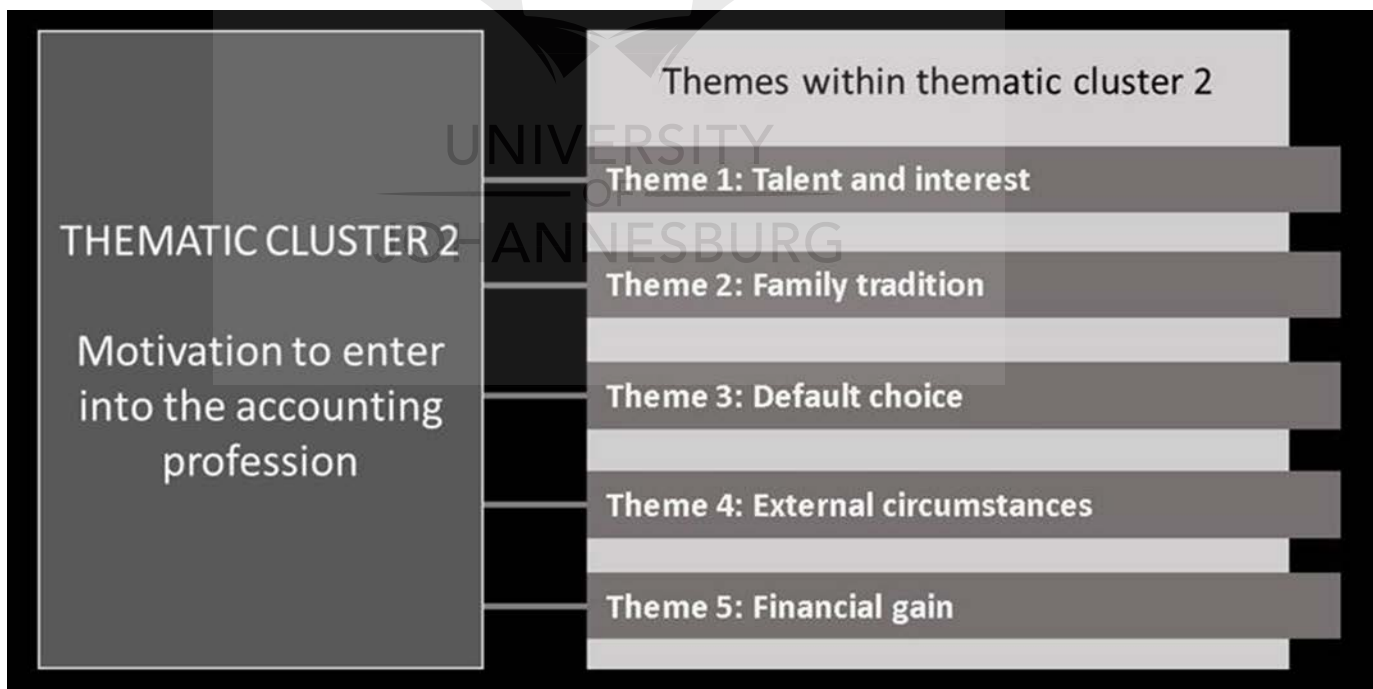


Figure 18: Thematic cluster 2: Motivation to enter into the accounting profession

Table 15: Thematic Cluster 2: Summary with Data Excerpts

THEMATIC CLUSTER 2	MOTIVATION TO ENTER INTO THE ACCOUNTING PROFESSION
EXPLANATION OF THEMATIC CLUSTER 2	To become a professional accountant is regarded as a public interest professional role (IFAC, 2012; SAIPA, 2018). The factors that motivated professional accountants to enter the accounting profession were explored. Five themes emerged within this theme: Talent and interest, family tradition, default choice, external circumstances, and financial gain.
THEME 1: TALENT AND INTEREST	
EXPLANATION OF THEME 1	Discovery of talent and interest in becoming a professional accountant during high school arising from aptitude and ambition.
DATA EXCERPTS	
<i>I had a flair for accounting and I think that's what drove me to becoming a professional accountant.</i>	PA01
<i>The reason I became a professional accountant was because I actually wanted to do art and my little brain said to me, well I can do art as a hobby, and I always enjoyed doing accounting, even at school and I was good at it and I still enjoy doing it.</i>	PA03
<i>To become a professional accountant is an acquired skill and if you're passionate about it you're much better at things. So, it was a mixture of using the platform to use my creativity. I'm not referring to cheating but rather am referring to solving problems and at the same time interacting with humans. As I grew older it became more and more evident that I enjoy it and I actually do add value to something.</i>	PA16

THEME 2: FAMILY TRADITION	
EXPLANATION OF THEME 2	Family tradition refers to the ideologies which a person inherits from their family environment and family history.
DATA EXCERPTS	
<i>My brother chose to study to become a doctor, even though I was a daughter, my father saw ability in me to take over his accounting practice, and my son will soon complete his degree and join the practice.</i>	PA18
<i>I am the third in a line of professional accountants; there was not even a debate in my mind. I knew I was becoming a professional accountant.</i>	PA13
<i>My elder brother and father are both professional accountants. I was exposed to the profession from an early stage and joined the family business and studied for my degree part time.</i>	PA05
THEME 3: DEFAULT CHOICE	
EXPLANATION OF THEME 3	Default choice represents the pre-established option of becoming a professional accountant with little or no choice at the time a decision had to be made.
DATA EXCERPTS	
<i>I think it was more because that's what everybody else was doing, so I chose the soup of the day.</i>	PA07
<i>It was more of a lack of direction at the time. If you wanted to get into any business role you became an accountant.</i>	PA06
<i>Those days there were not as many career options as there are today. Becoming an accountant seemed at the time to be an option if you were not going to become a doctor.</i>	PA08

THEME 4: EXTERNAL CIRCUMSTANCES	
EXPLANATION OF THEME 4	External circumstances refer to the turn of events that influenced the professional accountant's decision due to outside influences.
DATA EXCERPTS	
	<i>Passion and the ability to have human interaction also seemed to be an underlying motive.</i> PA14
	<i>Jobs were scarce in those days and the accounting firms usually seemed to dominate the recruitment stands at my university.</i> PA18
	<i>My reason for becoming a professional accountant is very unique. I wanted to travel and the larger accounting practices at the time were providing opportunities to see the world. After my travels I started my own smaller practice where I am in today.</i> PA15

THEME 5: EXTERNAL CIRCUMSTANCES	
EXPLANATION OF THEME 5	Lucrative financial association with the profession had bearing on the professional accountant's motivation to enter the accounting profession.
DATA EXCERPTS	
	<i>I actually didn't want to become an accountant. I wanted to become a pharmacist and its back in 1974. I come from a fairly poor family and my dad had a service station and his auditor was looking for clerks, and I was basically enrolled as a bookkeeper cum article clerk in '74. Then the penny dropped. I enjoyed accounting and I've been in the accounting profession ever since.</i> PA11
	<i>Money was not the first factor because I am a great believer that if you do things properly you are successful and the money comes. Having said that, I must confess that the profession does provide the opportunity to earn well.</i> PA03
	<i>I wanted an above average lifestyle. The accounting profession allows one to earn a good salary and live comfortably. I did not see myself becoming a struggling writer.</i> PA04
	<i>When you are in school you do not really have enough knowledge, it is more the... like you say the lucrateness of the designation and it pays well.</i> PA10

4.2.3 Thematic cluster 3: Roles of the professional accountant

The third thematic cluster, “the roles of the professional accountant”, is framed against the backdrop of an evolving and ever more demanding accounting profession. A professional accountant fulfils a variety of financial, administrative, and advisory roles for an SME. The role of the professional accountant was deconstructed into three themes and their sub-themes, reflecting the various roles that emerged from the data. These themes are: traditional roles, non-traditional roles and emergent role. This thematic cluster is visually presented in Figure 19, followed by Table 16 where the thematic cluster is summarised with data excerpts.

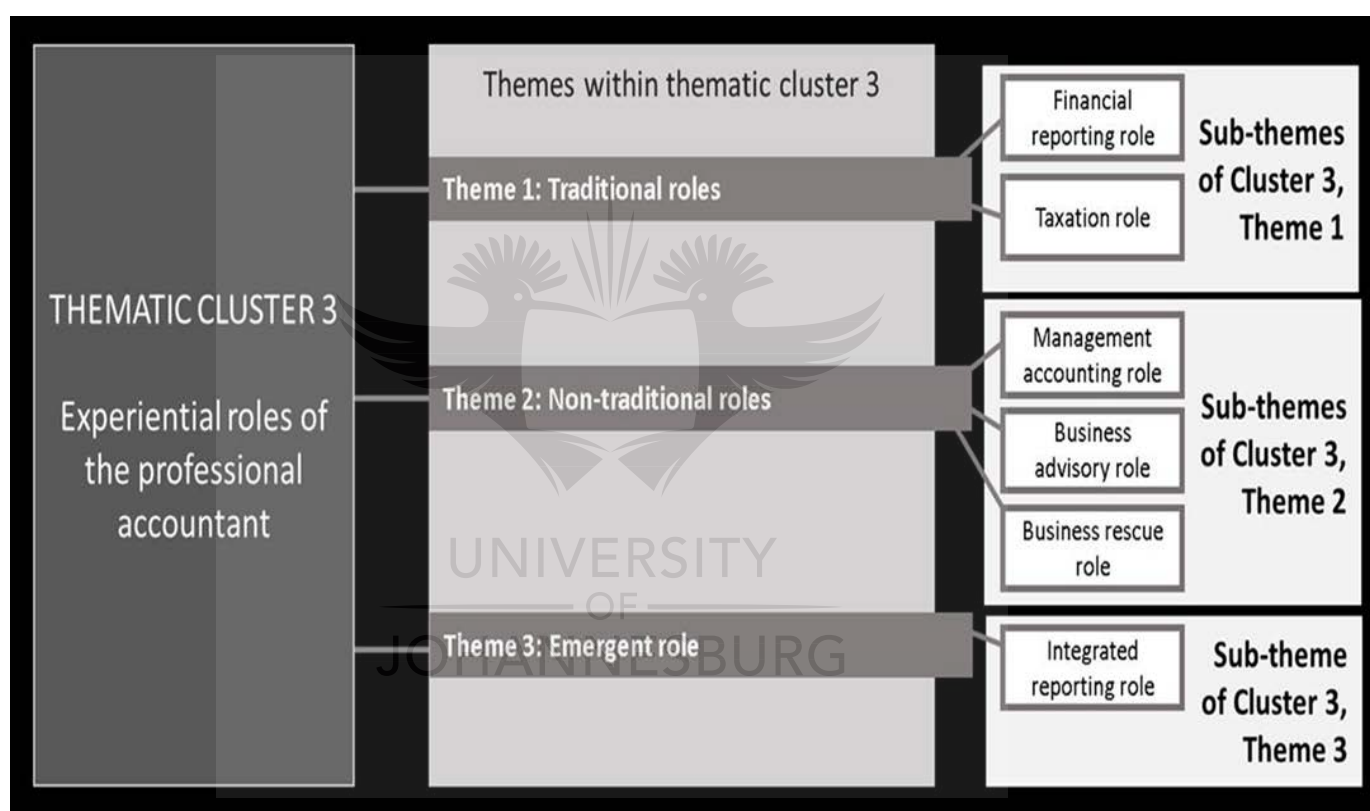


Figure 19: Thematic cluster 3: Roles of the professional accountant

Table 16: Thematic cluster 3: Summary with data excerpts

THEMATIC CLUSTER 3	EXPERIENTIAL ROLES OF THE PROFESSIONAL ACCOUNTANT
EXPLANATION OF THEMATIC CLUSTER 4	Experiential roles refer to the tasks that the professional accountant executes based on observation and experience of their day-to-day operations.

THEME 1: TRADITIONAL ROLES	
EXPLANATION OF THEME 1	Traditional roles encompass the services rendered by the professional accountant due to legislation or regulatory requirements (Everaert <i>et al.</i> , 2007). This is closely linked to the term compliance in terms of complying with applicable legislation and regulations. Compliance roles are the primary role fulfilled by the professional accountant within SMEs as indicated by the data.
DATA EXCERPTS	
SUB-THEME: FINANCIAL REPORTING ROLE	<p><i>Most clients, they don't even look at the financial statements. They just sign it and file it, until somebody asks for it. So they don't have much of an appreciation generally because he has to comply.</i></p> <p style="text-align: right;">PA10</p> <p><i>I do not have the time to worry about understanding the financial statements. It does not show me anything real. Cash is king and financials are for the academics and clever people to read. My professional accountant lodges it for me so that I comply.</i></p> <p style="text-align: right;">SME13</p> <p><i>IFRS is a good starting point for clients to help them navigate their business into a profitability situation to take them to where they want to go. When the client first comes to you, it's almost like a grudge purchase. But my experience is the minute they want to grow their business you would find that the appreciation for the financial statement increases. So that's it and generally the appreciation for our work increases. Has the potential to unlock the business, I would probably say, simply because finance houses require... [Our services] probably unlock finances for them, sometimes.</i></p> <p style="text-align: right;">PA09</p>
SUB-THEME: TAXATION ROLE	<p><i>As long as SARS is around, I think I will be in business. But if there was no SARS, then probably, nobody would worry, quite frankly.</i></p> <p style="text-align: right;">PA01</p> <p><i>SARS will grab as much as possible from me so I cannot go for tax advice to SARS, now if I approach the accountant, even if I have the intention to defraud the tax man, it is my accountant that will be able to optimise my tax planning arrangements without it being in contradiction of the income tax and relevant tax [legislation].</i></p> <p style="text-align: right;">SME11</p> <p><i>Most of my clients would say "We would rather pay you a fee to take care of our SARS compliance than for us to have to go there."</i></p>

PA01

One, to ensure that they comply with the tax legislation but two, that you will use the provisions of the Income Tax Act to minimise their tax liabilities and obligations. So, they expect you to have an in-depth knowledge to assist them. Not only to comply but to assist you to minimise their taxes within the framework of the legislation. Whereas if you go to SARS, I think you must remember the people who service you at SARS are not interested in giving you the best advice in terms of minimising your tax obligations.

PA18

THEME 2: NON-TRADITIONAL ROLES

EXPLANATION OF THEME 2

The theme of non-traditional roles refers to consultancy services that the professional accountant provides to SMEs and as such it refers to the role of a consultant to the business. The non-traditional roles are described as consultancy roles because it implies that the professional accountant applies his/her in-depth knowledge to make recommendations to management from an outsider position. One can describe this positioning as that of an outsider with insider knowledge.

DATA EXCERPTS

SUB-THEME: MANAGEMENT ACCOUNTING ROLE

I tend to prepare a little one-pager with my client what further I want to discuss with him. For example, I would discuss with him employment issues, not the cost but beyond the cost, where the financial statements only talk about the cost side of things. We would talk about industry issues. I'll give you a simple example. I have a client who is in the Khoi text carpet industry, they import and manufacture. I never knew it was so sophisticated, but I try to keep myself up to date because it is a specialised industry they are operating in and they do quite well in terms of margins. They are not a very big client but they have a niche market, so you tend to kind of talk about that. That client knows more about the industry than you but you kind of bring issues out to say you, know what, currency issues is like this, just be careful because you are importing. Talk about where we see the Rand going. I've also noticed that something which the financial statements do not bring up is risk issues, and I tend to also discuss the risk issues with my client in the financial statements. Whether it is industry risk or it is just normal business risk, and so on. I tend to do that. I find that there is a lot of value in that and clients appreciate it. Not only that, but that we somehow stimulate the professional offering. That we become more advisors than just once a year, oh I see you, we have

a cup of tea, you did badly, you did lousy, and IFRS does not allow that.

PA2

I was not interested in the service. It came down to my accountant educating me. I realised the potential. My accountant said to me that they would do managing accounting for free for 2 months and in those 2 months they will come and sit with me and explain to me and see how I could make use of it to make management decisions and I basically said in month three, yes I need this service. So again it's about education of those owners in SMEs. We don't actually understand how you can use management accounting to do forward-thinking, or backward-thinking, in other words, history or forecast to actually help us run our businesses. So I very much think that it depends on the nature of the accountant, again pushing that envelope.

SME06

I think the problem for the professional accountant is that the SME guys don't also realise that they need it for decision-making and for value. Many times they just see it as a cost instead of seeing the value. I can tell you, for example, we had a client who needed it in our view, we told them you cannot operate without having the management accounts and he said: "No, I know, blah blah blah". What happened is, we entered into an arrangement with him and we said to him look here, I'll tell you what... You pay us X amount, we'll do it for 3 months, if you feel after that you don't need it, we stop. And we didn't, we gave him a reasonable price and guess what? We used to make a meeting on the 16th of the month, to discuss the management accounts. On the fourth month we didn't do it because our contract ended, they phoned us to say where are you? Are we meeting on the 16th? So they realised the value. Your role, besides preparing the management accounts for the client, your role is to assist the client's understanding of management accounts – how to interpret it and also, how to view the future based on the information. I look at it like that, how I add value to my client, by understanding and interpreting what I'm giving to him or her, that's how I approach it.

PA02

**SUB-THEME:
BUSINESS ADVISORY
ROLE**

I think there are SMEs closing and not succeeding, because they are not getting the right advice and the right advice would be covering those areas on "how will the SME grow from strength to strength?" These services cost an arm and a leg to utilise. I am barely coping with the compliance accounting services cost.

SME02

	<p><i>A lot of entrepreneurs have these wonderful ideas, but unless somebody steps in there – and that somebody is normally the accountant – a lot of small businesses fail. Professional accountants should start getting into that role. The catch 22 of that though is normally the guys starting up a business doesn't see, he doesn't want to pay for that.</i></p> <p style="text-align: right;">PA05</p> <p><i>Clients do not expect me to grow their business. What they want us to do is navigate them. There's a difference between being the captain and the navigator. The captain will take you there, but you must navigate him. And that's the only way I can describe this, it is to navigate.</i></p> <p style="text-align: right;">PA19</p> <p><i>I think the accountants are absent because they only see them at year end. SMEs only view accountants as necessary when it comes to year-end when they must, or when they must pay provisional taxes.</i></p> <p style="text-align: right;">SME14</p>
<p style="text-align: center;">SUB-THEME BUSINESS RESCUE ROLE</p>	<p><i>More and more SMEs are going into business rescue proceedings and yet SMEs do not know better. Nobody has helped them. Now the paw-paw has hit the fan and now they look to their accountant. Who is helping them with the business rescue? Who should have helped them before it got to that?</i></p> <p style="text-align: right;">PA15</p> <p><i>One of the people that the SMEs blame for getting into financial distress is the accountant. Because the accountants are the ones who are looking at their financials and saw the writing on the wall but didn't bother to tell them. Didn't guide them at the right time into making the right decisions and highlight... You talk about risk management, we are at risk, we are at potential risk.</i></p> <p style="text-align: right;">SME05</p> <p><i>The other problem with accountants is that they have become too risk-averse and they've lost that. They have to come into touch with the reality of what business has become. So how can they help entrepreneurs take risks? That's how we succeed.</i></p> <p style="text-align: right;">SME14</p> <p><i>If I were to not be in my business and hand it over to the accountant to run it, it would definitely fail even if it was not failing. My accountant, like all others, does not even come to my premises until end of the year. Sometimes we meet at his offices. I give him</i></p>

information limited to financials and tax. Now he is expected to come to my business and save it? He will not know where to begin. Business is cutthroat.

SME11

The professional accountant certainly has that ability to identify going concern risk. He ought to have the professional judgement to determine the areas that contribute to the financial distress that the business is in. There was always this test on solvency and liquidity which was about whether you can pay your creditors as and when they fall due, and so those are still the fundamental things that a business rescuer needs to be dealing with and hence your professional accountant should be able to navigate that in order to formalise that and come up with a conclusion.

PA07

To be successful at business rescue, I harness the financial information for the benefit of the business to turn it around. I analyse and find what has caused the business to fail. I identify through analytical processes and procedures the areas that can cause the turnaround to happen or the survival to be implemented. My training equips me to do that.

PA11

THEME 3: EMERGENT ROLE

EXPLANATION OF THEME 3

Emergent roles as established within literature refer to contemporary roles that professional accountants are embarking on.

IR is defined as a communication process regarding the results of an organisation with respect to how it creates value over time (Dumay & Dai, 2017). Compared to traditional historic financial reporting, IR is claimed to represent one of the most innovative concepts introduced in the communication of business results (Attolini, 2014). An integrated report is a cohesive report about how an organisation's strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term.

DATA EXCERPTS

**SUB-THEME:
INTEGRATED
REPORTING ROLE**

IR and the role accountants are playing – taking into consideration the fact that we say that your business owners are financially illiterate – it therefore means it becomes critically important that your owners must be able to convert your financial statements into narrative forms which becomes understandable to your owners so that they can use that information rather than the financial information to assist them in terms of making sound business decisions. So yes, your IR I think is much more important to your SME market than to the corporate world.

PA20

IR is applicable for the SMEs in Europe, UK and other first world countries as the size of their businesses is much larger than in South Africa. Our SMEs are family businesses and are barely coping with current legal requirements.

PA12

Another devil child of the accounting profession – to charge us more for useless information we do not need.

SME18

Like the King Code, this is not applicable to SMEs. Show me how to get more tax savings. [Integrated reporting] will unlock nothing.

SME14

I think they can afford IR and they'll probably be willing to pay for IR if it can provide them with information that will tell them how their business is doing and what their business is all about and if you look at IR, I think the problem there is that it has become a structured regulatory report rather than a principles-based report on what the business is all about. If you look at your IR in general and the principles on which it is based, it is primarily looking at your business model which makes money for your business.

PA20

4.2.4 Thematic cluster 4: Regulation of the role of the accountant

Regulation of the accountancy profession is a specific mechanism through which the role of the professional accountant may be constructed as a consequence of the legislative environment. The purpose of any regulation or code of good practice should result in benefits and accountability to its stakeholders. As depicted in Figure 20, the thematic cluster of “regulation of the role of the professional accountant” consists of five themes, namely, liability of the professional accountant; the regulatory

environment; implied assurance; establishing public interest; and the value of a professional designation. Table 17 summarises the findings and gives data excerpts.

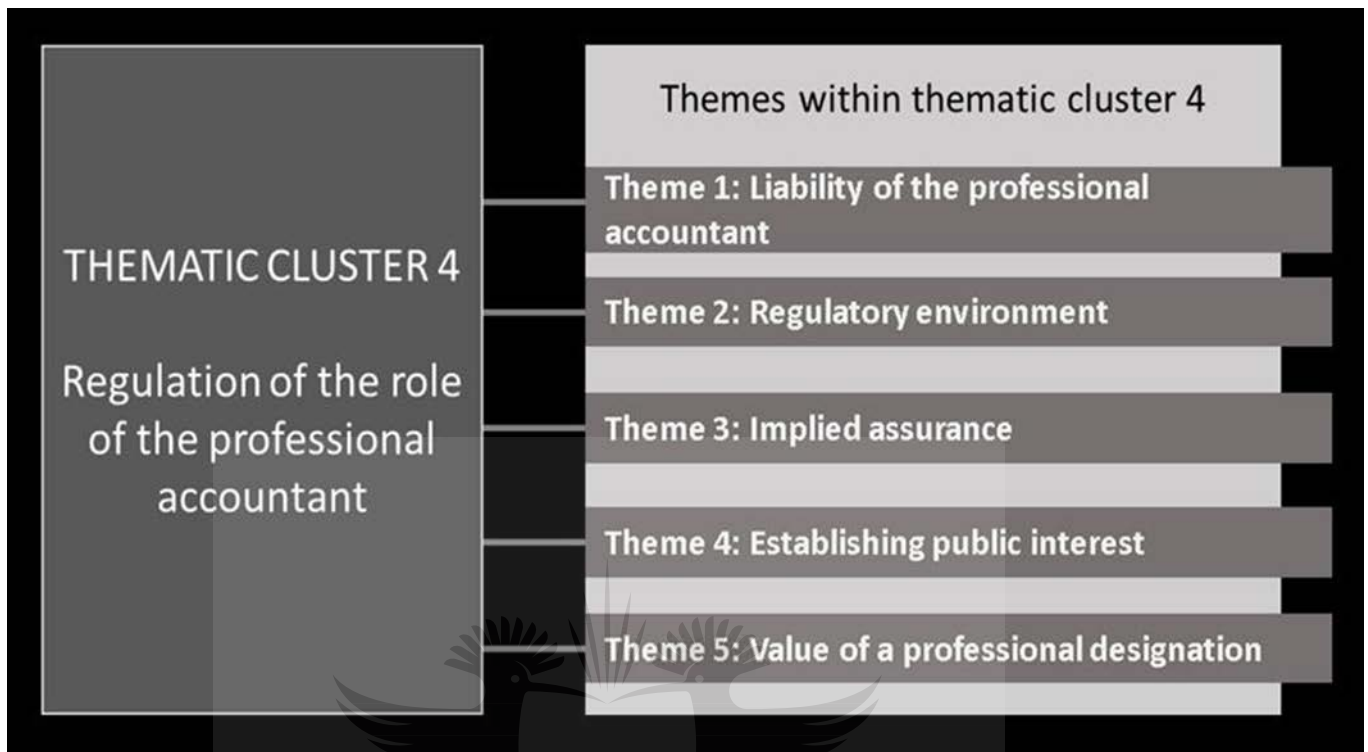


Figure 20: Thematic cluster 4: Regulation of the role of the professional accountant

Table 17: Thematic cluster 4: Summary with data excerpts

THEMATIC CLUSTER 4	REGULATION OF THE ROLE OF THE PROFESSIONAL ACCOUNTANT
EXPLANATION OF THEMATIC CLUSTER 4	The regulation of the accounting profession is deconstructed into five categories: Liability of the professional accountant; the regulatory environment; implied assurance, establishing public interest; and value of a professional designation.
THEME 1: LIABILITY OF THE PROFESSIONAL ACCOUNTANT	
EXPLANATION OF THEME 1	A professional accountant's liability refers to the legal liability that is assumed while performing professional duties when operating within South Africa.
DATA EXCERPTS	
<p><i>Financial statements are the first line of defence to inspect whether a business is solvent. If us as professional accountants are careless in our preparation then we should be held liable for our role in the business failing.</i></p>	
PA13	

I was unaware that there is no legal liability for compensation from the professional accountant in the business failing.

SME01

I think yes, because, and I think this is part of the expectations, because if we accept that SME owners, or large proportion of SME owners, are not financially literate then they therefore rely on the professional accountant to provide them with that financial literacy advice. Then yes, if businesses fail, which will glaringly be present in those financial statements, then the accountants should be held liable.

SME15

THEME 2: REGULATORY ENVIRONMENT

EXPLANATION OF THEME 2

The regulatory environment in South Africa consists of the established taxation and company legislation or regulations that SMEs must adhere to. The accountancy profession in South Africa has limited regulation at the professional level through 12 professional accountancy organisations operating within South Africa.

DATA EXCERPTS

I've seen the quality of work really being turned out and therefore, I believe accountants should be regulated.

SME16

Accountants should be regulated because of the expectation from the owners and government to ensure that accountants are, to use a very loose term, gatekeepers to the sustainability and success of the SMEs.

SME09

To a certain degree I believe yes. I hope that regulation would actually take care of the bad few out there that are giving the profession a bad name.

SME16

Yeah, it's an interesting question. I think again it's probably going to take time, but I do think it's going to be quicker than we think because the traditional way of doing things is already changing. And when I say the traditional way is changing across all sectors, I mean, you just take the compliance of the insurance sector and that is having a knock-on effect on everybody. Where compliance started to come in where banks and insurance companies asked for it. For instance, your proof of residence. It used to be a big onus, people used to say, "do we really need this?" Now it's becoming like just the norm like every other... business as

usual. So I think business as usual for the accountant is going to be diversifying, and although you haven't use the word, you used rationalise, that is the way I understand it. Accountants are going to have to grow and diversify and it's going to become the way things get done. If you are only going to present the figures and stick to thinking that it's not about you and just about what the client tells you to do, you're not going to survive in this country, well not even in just this country but in the world.

PA05

Let's put it to you this way, the problem that South Africa has with any challenge they face, they create regulation, in fact it often stifles the rig, this economic transformation that we talking about, it also stifled with the over-regulatory requirements of businesses, entrepreneurs. They've got to jump through too many hoops to get their businesses going and they are also stifled with not getting tenders because they haven't complied, so it's more a compliance and regulatory framework that stifles the advancement of the entrepreneurs in the true sense of the word.

SME03

I think we know of the ROSC report of 2011. I think now more than ever the report speaks to the fact that regulations are needed in South Africa and it's time for people to say, I want to be regulated to a certain extent because my profession hasn't been able to uphold the ethical standards that it should be upholding. I think regulation is good and that it will funnel people into an ethical stream. I don't know how you can read that anywhere, but you can't actually teach people ethics, but I think regulation will allow people to say, I'm either in this or out of this. Because where we sitting at the moment under the self-regulatory Professional Accounting Organisation status is that we're... You can fall amiss. Let's take a practical example. So we have a guy that's not in good standing that holds himself out as an accountant providing his professional services in a small one-horse town. He's not in good standing but he continues practicing, therefore not being CPD compliant, not giving the right advice, and the repercussion of that is those companies or clients and the economy, etc. and the bank, there is a knock-on effect, a domino effect of what he's doing, of what he's perpetuating. But if he was regulated, then by law he would have to comply because if he didn't there would be some greater repercussion. So, you almost need regulation, especially at this junction in South Africa, to ensure that people toe the line and that those moonlighters and people that shouldn't really be in the profession and shouldn't be considered professionals because... Remember, the reason you're called a professional accountant is because there's a definition to "profession" and "professional". So, there's a bookkeeper and there's a professional accountant and then obviously the word, chartered accountant. Because if they're not regulated then we won't have standards. People will be doing their own stuff and there are some accountants, all they're after is money. They don't care what's going on, so long as they get paid.

PA09

I think if you asked me this question a year ago I would have said no, we don't need more regulation, but after the recent events, I'm also starting to question myself. I'm starting to look very closely at some of the things I do and say, and we tend to take things for granted. Unfortunately, we are not going to self-regulate, if we could do that then we wouldn't be having the issues we have at the moment. I think regulation is necessary, I think there's a need for it. I think audit procedures, the way we carry out audits need to be redone, when you look at the samples we do, we do the sample and then put out a reassurance report, I mean, are we really satisfied that everything is as it should be?

PA15

Yes, I believe there should be an act separate from the auditors. I think the most important thing and I'm one person who believes that auditing and accounting are two separate things, although when you're auditing, you're auditing historical figures and you're doing an audit of financial information. Audits are very different in the nature of work as opposed to what an accountant does. I mean the mere fact that ENRON took expenses and counted that as an asset is truth enough that an accountant needs to be regulated rather than an auditor. An auditor needs to be regulated in a different fashion and an accountant needs to be regulated in a different way. I strongly believe there should be an accountant's act.

PA19

THEME 3: IMPLIED ASSURANCE²¹

EXPLANATION OF THEME 3

Implied assurance for the purpose of this study denotes a positive declaration to give confidence which is not directly expressed and is therefore more implicit. While the assurance landscape is outside the scope of the research, the researcher investigated whether the professional accountant by virtue of his professional standing elicits confidence in the users.

DATA EXCERPTS

I've seen the quality of work being turned out and therefore, I believe accountants should be regulated.

SME16

Accountants should be regulated because of the expectation from the owners and government to ensure that accountants are, to use a very loose term, gatekeepers to the sustainability and success of the SMEs.

SME09

²¹ Implied assurance is an original concept developed by the researcher as the semi-structured interview process unfolded. This concept links to an important aspect of role confusion, which is discussed at length in Chapter 5.

To a certain degree I believe yes. I hope that regulation would actually take care of the bad few out there that are giving the profession a bad name.

SME16

Yeah, it's an interesting question. I think again it's probably going to take time, but I do think it's going to be quicker than we think because the traditional way of doing things is already changing. And when I say the traditional way is changing across all sectors, I mean, you just take the compliance of the insurance sector and that is having a knock-on effect on everybody. Where compliance started to come in where banks and insurance companies asked for it. For instance, your proof of residence. It used to be a big onus, people used to say, "do we really need this?" Now it's becoming like just the norm like every other... business as usual. So I think business as usual for the accountant is going to be diversifying and although you haven't use the word, you used rationalise, that is the way I understand it. Accountants are going to have to grow and diversify and it's going to become the way things get done. If you are only going to present the figures and stick to thinking that it's not about you and just about what the client tells you to do, you're not going to survive in this country, well not even in just this country but in the world.

PA05

Let's put it to you this way, the problem that South Africa has with any challenge they face, they create regulation, in fact it often stifles the rig, this economic transformation that we talking about it also stifled with the over-regulatory requirements of businesses, entrepreneurs. They've got to jump through too many hoops to get their businesses going and they are also stifled with not getting tenders because they haven't complied, so it's more a compliance and regulatory framework that stifles the advancement of the entrepreneurs in the true sense of the word.

SME03

I think we know of the ROSC report of 2011. I think now more than ever the report speaks to the fact that regulations are needed in South Africa and it's time for people to say, I want to be regulated to a certain extent because my profession hasn't been able to uphold the ethical standards that it should be upholding. I think regulation is good and that it will funnel people into an ethical stream. I don't know how you can read that anywhere, but you can't actually teach people ethics but I think regulation will allow people to say, I'm either in this or out of this. Because where we sitting at the moment under the self-regulatory Professional Accounting Organisation status is that we're... You can fall amiss. Let's take a practical example. So we have a guy that's not in good standing that holds himself out as an accountant providing his professional services in a small one-horse town. He's not in good standing but he continues practicing therefore not being CPD compliant, not giving the right advice and the repercussion of that is those companies or clients and the economy etc. and the bank, there is a knock-on effect, a domino effect of what he's doing, of what he's perpetuating. But if he was regulated, then by law he would have to comply because if he didn't there would be some greater repercussion. So, you almost need regulation especially at this junction in South Africa to ensure that people toe the line and that those moonlighters and people that shouldn't really be in the profession and shouldn't be considered professionals because... remember, the reason you're called a professional accountant is because there's a definition to "profession" and "professional". So, there's a bookkeeper and there's a professional accountant and then obviously the word, chartered accountant.

Because if they're not regulated then we won't have standards. People will be doing their own stuff and there are some accountants, all they're after is money. They don't care what's going on, so long as they get paid.

PA09

I think if you asked me this question a year ago I would have said no, we don't need more regulation, but after the recent events, I'm also starting to question myself. I'm starting to look very closely at some of the things I do and say, and we tend to take things for granted. Unfortunately, we are not going to self-regulate, if we could do that then we wouldn't be having the issues we have at the moment. I think regulation is necessary, I think there's a need for it. I think audit procedures, the way we carry out audits need to be redone, when you look at the samples we do, we do the sample and then put out a reassurance report, I mean are we really satisfied that everything is as it should be?

PA15

Yes, I believe there should be an act separate from the auditors. I think the most important thing and I'm one person who believes that auditing and accounting are two separate things, although when you're auditing, you're auditing historical figures and you're doing an audit of financial information. Audits are very different in the nature of work as opposed to what an accountant does. I mean the mere fact that ENRON took expenses and counted that as an asset is truth enough that an accountant needs to be regulated rather than an auditor. An auditor needs to be regulated in a different fashion and an accountant needs to be regulated in a different way. I strongly believe there should be an accountant's act.

PA19

THEME 4: ESTABLISHING PUBLIC INTEREST

EXPLANATION OF THEME 4

A hallmark of the accountancy profession is its obligation to act in the interest of the public. Public interest can be defined as the net benefits derived for, and procedural rigour employed on behalf of, all society in relation to any action, decision or policy as a consequence of the information produced by the professional accountant. The primary purpose of the professional accountant acting in the best interest of the public interest involves providing reliable and credible advice to third parties regarding the regulation and distribution of economic resources. The information produced helps realise certain interests of society, many of which are economic in nature and related to the efficient management of resources.

DATA EXCERPTS

Look, I generally look to the business first, okay. Because, to me if the business survives, and if the business is doing well, the rest is looked after. So whether it's employment, that benefits the public. Or whether it's the owner who has a sustainable business, that's how I look at it. Because if the client grows, you grow as a professional accountant, that is my view. I had clients who came as corner shops and went right up to wholesaling, you know, so if they grow, I grow. That's my attitude.

PA16

To be honest with you, I don't think they serve the public interest. If you use KPMG as an example, accountants are set to serve the public in terms of validating and providing some level of credibility to the information they provide and prevent white collar crime, yet it is the accountants who instead of serving the interests of the public, they serve the people paying their pay-checks. Unfortunately the state of, the reality of the example of KPMG is so symptomatic of every level of the profession right down to the roots. We don't serve the public; we serve the person paying the pay-check. That is in my opinion the fundamental problem, and then the other element of what's making it hard is that the concept of ISQC1 in terms of conflict of interest. Conflict of interest in payments of independence is that accountants are there to clean up the mess of the entrepreneurs. They're not there to help avoid the mess. I've come across clients that said to me, accountants come after the fact that I needed to teach them how to do the taxes. I need to tell them how they must do my taxes for me. So when that is the general consensus of what accountants really serve, then you got to ask yourself, are they serving the public or are they serving the people paying their pay-checks? They're possibly serving themselves.

PA06

I think at the moment perhaps they serve the users. The users primarily being, for example, the client himself, be it a shareholder or an owner, it could perhaps be the serving metro but I think the role needs to be extended much further ultimately to society as a whole, because it has a moral obligation to ensure that whatever it's reporting is proper and it's fairly conservative.

SME01

We serve all aspects because if you look at it, yes we're also serving ourselves at the same time but when it comes to service delivery, there is an obligation on the person to first service the client, which obviously services the business at the same time. So it doesn't end only with the company's structure, it also deals with their personal needs if you want to call it that, and with that society is factored in because if there are jobs opening up, then you're just circulating and trying to cater for everybody.

PA14

First of all, you have to serve your client because your client gives you information which you will utilise to draft financial statements, but you also serve a bigger purpose in that you assist your client to be compliant. Now one of the things you and many clients have to be compliant with is with their tax statements, their PAYE and all the other tax that they have to pay. Now, in assisting the client, you are therefore ... in assisting him to be compliant, you are therefore serving public interest. Whichever way you look at it, if you are assisting anybody with producing financial statements, that could assist that person to obtain a loan, pay his taxes correctly, maybe apply for something ... a particular kind of a job, etc., those financial statements are part of that pack. You are acting in the public's interest. Whichever way ... although it's your client, you're acting in the public's interest.

PA19

THEME 5: VALUE OF A PROFESSIONAL DESIGNATION

EXPLANATION OF THEME 5

A professional designation is earned by a professional accountant registered with a Professional Accountancy Organisation. The value of the designation is a hallmark of quality that attests that the professional accountant is competent to perform certain defined tasks.

DATA EXCERPTS

To be honest, no. I think the SME is more interested in whether you are an accountant. I don't even ask "show me a qualification that you are an accountant".

SME01

Basically, clients mainly start challenging our fee that we charge. That's the most important thing. They find that if our fees are too high then they don't realise what value added services we provide and are keen to go to another accountant that's much cheaper and provides a crappy service, and then at the end of the day there'd more queries than anything else. That's what the market is all about. It's all about fees that the client will pay. So they don't care about designations, it's about fees."

PA13

No, they don't worry about designations. They actually get work done by people that are not even proper accountants as well.

PA13

The professional designation is important because it gives you the indication that the person has the necessary competencies and skills to provide information that can be used for business and financial decision-making. So yes, a designation is important because that gives you an indication that the information that is presented gives you a level of assurance that yes, you can rely on that information.

PA20

I am going to answer this with an example. I had a client, right, a medical doctor and he had several other businesses as well. So, as a professional accountant, my designation is a professional accountant. When he started off as a medical practitioner, I was his accountant. Then he opened these small businesses for his wife, etc. and then he said to me one day, I would love to give you these businesses. So I asked: "Why, because you made me open them?" So, he said: "No, because you're a professional accountant and I am giving this thing to an IEC. Somebody from the IEC so then obviously it will be much cheaper". So, I said, "No, he won't be able to provide you with the service that I provide to you". He said, "No, those are very small businesses. I don't need you to do that. I'll give it to somebody else. At your level I can't give you this kind of rats and mice," as he called it. "I want to give you a proper big business." So, you can see, he either considered me as a professional accountant to be with a very high standing and somebody from another profession also related to the sister organisation to be at a lower level. So, I presume in that one case my professional designation did matter. But the important thing is that most of my clients are fully aware of the fact that

I'm a professional accountant. The reason for that is because as a professional I believe we should be telling our clients what's happening in that market as well, so occasionally I would summarise something that I find in the paper or at SARS... SARS does something or the professional accountant does something or there's a change in the standard that requires your financial statements to look different. I then just send a little note to them to say that this is what's happening in the industry and a professional accountant will be required to follow that. So, my clients are aware that I'm a professional accountant but some of them do not. You might get a situation where some people equate you to be a bookkeeper. I have been called that but when I... that was earlier in my career as a professional accountant, but subsequent to that I know that a professional accountant has got quite a much higher name that they used to have in the past.

PA17

4.3 Findings of Phase 2: Appreciative inquiry

This section presents the findings of Phase 2 of the research, which dealt with the second research question: What are the expectations of professional accountants and SME owners of the future role of professional accountants in SMEs in South Africa?

The findings are presented systematically and are aligned with the four stages of the appreciative inquiry process. The findings of Phase 2 are a product of the collaborative analysis that was undertaken simultaneously by the participants under the guidance of a trained appreciative inquiry facilitator as discussed in Chapter Three.

The findings are categorised and discussed with respect to the following four stages of the appreciative inquiry process:

1. Discovery stage: a summary of the professional accountant's positive core.
2. Dream stage: explanations of a flourishing professional accountancy profession inspired by the positive core.
3. Design stage: crafting by of the professional accountants' value proposition for all stakeholders, its key principles, values which are embedded in the accountancy profession's social architecture.
4. Destiny stage: the professional accountants and SME owners embrace commitment to action the dream and the design so as to strengthen the professional accountant's future role within SMEs in South Africa.

4.3.1 Findings: Discovery stage

During the discovery stage, the participants were divided into six groups. Participants within groups were paired to engage in one-on-one interviews. By means of the prepared appreciative inquiry workbook, participants discovered past and present stories relating to their experience of the way the professional accountant had interacted with SMEs. Subsequent to the paired interviews, best stories were shared among participants within the respective groups, and key themes were extracted to facilitate reflection. These themes were then discussed among the larger group to interpret meaning. The themes were recorded on a flipchart paper, reflecting what is valued about the services of professional accountants to SMEs within SA. As explained in Chapter Three, during this stage participants mined and identified the themes themselves through dialogue and consensus. The seven themes are presented in Table 18, not in any specific order of importance. The seven themes represent the positive core of the professional accountant partnership.

Table 18: Findings: Discovery Phase

THEME 1: DIVERSE COMPETENCE AND SUCCESS	
EXPLANATION OF THEME 1	Diverse competence of the professional accountant is a catalyst for congruent success within a flourishing professional accountant-SME partnership. Theme 1 discusses the ability of the professional accountant to render manifold tasks in a successful manner in order to advance a thriving relationship between the professional accountant and an SME.
DATA EXCERPTS	
<p><i>SMEs are the catalyst for the natural development of the economy by serving the informal market through innovation and creativity, which requires the genius of forward-thinking.</i></p> <p><i>The ability and competence to analyse and deconstruct the complex problems encountered by SME owners in developing simple, practical and implementable solutions.</i></p> <p><i>A professional accountant has a vast understanding of the need for financial information to ensure the growth, sustainability and competitiveness of SMEs. Therefore, the trust placed on the technical financial reporting competence of the professional accountant in addition to his/her clear understanding of the business reality all play a part.</i></p>	

THEME 2: EXPERTISE, PROFESSIONALISM AND ADDING VALUE

EXPLANATION OF THEME 2

The professional accountant's expertise, level of professionalism and ability to add value are essential attributes of a successful professional accountant. Theme 2 encompasses the significance of these attributes and uncovers the expectations of a professional accountant to create economic benefits to the SME through its partnership with the SME.

DATA EXCERPTS

A professional accountant has a positive role to play by assisting the SME business owners beyond understanding the numbers, in order to sustain the business and place the business on a positive growth trajectory.

When an SME was on its knees facing liquidation, I educated the business owner about the importance of financial information in avoiding financial distress. The business was able to recover in the long run with my initiatives.

We [professional accountants] are governed by a professional body that is constantly busy updating us and improving our standard by which we are regulated and governed.

Efficient application of knowledge and skills to promote business efficiency.

THEME 3: APPLYING THE NECESSARY SKILLS AND KNOWLEDGE TO GROW AND DEVELOP SMES

EXPLANATION OF THEME 3

Competent professional accountants need to apply their minds, underpinned by the necessary skills and knowledge, in order to facilitate growth and develop SMEs. Theme 3 encompasses the significance of applying knowledge acquired in demonstrating the required competence in order to facilitate growth and develop SMEs.

DATA EXCERPTS

Being able to provide induction and training to SMEs, as they didn't know the business, finance and tax requirements.

We have various SMEs in the fishing industry. This industry is regulated firmly by government by issuing fishing permits. We [professional accountants] set up about 40 companies in the West Coast, by specifically applying our minds to block shareholders. Our knowledge and expertise ensured that those components will still have fishing permits after 15 years.

Professional accountants are not only valuable for providing tax services, they have the ability to positively impact the business, its environment, industry and customers by providing advice in all areas including exploring various business opportunities.

My experience as a seasoned professional accountant with all my accountancy and business knowledge, gives life to a new business.

As a professional accountant, I can assist an SME in getting his house in order, to plan better, to execute the plan, to re-evaluate. We are more than just “compliance officers”. We set the trend for good business decisions.

I had performed mentoring and coaching services to a waste recycling company. The business owner had no accounting knowledge. I was able to grow his business and educate him to make decisions based on sound financial knowledge.

THEME 4: INTEGRITY AND ETHICS	
EXPLANATION OF THEME 4	The credence of any professional accountant is underpinned by integrity and ethics (IFAC, 2011c). Theme 4 establishes the qualities of moral principles that govern a professional accountant’s behaviour and professional judgement when rendering services within the SME environment.
DATA EXCERPTS	
<p><i>Universal standards are creativity and a culture of honesty, integrity, accountability, which refers to reliance and trust in what is produced.</i></p> <p><i>Contribute to the economy by ensuring tax compliance and thereby assisting the state to create a vibrant business environment and climate and create employment opportunities to communities to become active economic participants.</i></p> <p><i>There were two brothers who started the same business in two different locations. The one utilised the services of a professional accountant from a recognised body. The other brother chose to not pay taxes and use a non-accredited accountant. The brother who used the recognised professional accountant always felt that he was making less than his brother. The recognised professional accountant explained to the client the risk of tax evasion. Five years later the tax evading brother was investigated by SARS and eventually his business closed down. The other brother is still a client of the professional accountant after 35 years.</i></p> <p><i>You have to stand firm, as SME owners want to get away with things such as avoiding tax. Practice by your ethics. Do not be influenced by your client. Explain the consequences to your client.</i></p>	

There was a situation where a company had employed a bookkeeper that did not have any qualification. As a result, the company did not have any internal controls. In this organisation there was a lot of stealing of new material. This resulted in the company not being able to pay its suppliers. The owner of the company was referred to me [a professional accountant] to sort out his problems. We were able to eradicate the stealing of raw material. We were further able to negotiate payment terms with creditors of the company, thus enabling the company to return to solvency, and the company is still trading.

Ethics and credibility of the professional accountant mean that I am receiving services of quality.

THEME 5: TRUSTED ADVISOR

EXPLANATION OF THEME 5

Theme 5 refers to the hallmarks of a professional accountant in becoming a trusted advisor to the SME business.

DATA EXCERPTS

A professional accountant is invaluable to the success of the business. The role is to facilitate the client from a SME to a non-SME and to become a major role player in chosen space.

A new client had problems managing his business. He had no idea how to do cash flows, controlling debtors and creditors. I taught him to do this, as cash flows for SMEs is very important.

I assisted in obtaining new wills for a husband and wife and partnered with a financial adviser to get investments and policies in place, so that the business has a succession and continuity plan.

A client was unable to still continue business as they were on the point of insolvency. I partnered with the SME by assisting in financial management of the business. By assisting with the normal payments and follow-up of debtors/creditors and preparing cash flows, I turned around the SME to a positive solvency.

A professional accountant learns a lot from the client with regard to the practical and business side. All of this forged through teamwork, trust and friendship.

THEME 6: GROWTH WITHIN SMEs TO BE FACILITATED BY VALUABLE DATA

EXPLANATION OF THEME 6

Growth within SMEs is usually facilitated by the professional accountant providing valuable data to the SME. Theme 6 focuses on the role of the professional accountant in providing useful financial information to the SME that will aid the SME in making the best possible decisions for its growth and sustainability.

DATA EXCERPTS

A client that was in business for more than 10 years, had never done financial statements and had a number of outstanding tax returns. We assisted in building up proper accounting records and updating tax returns, including negotiating payment arrangement with SARS.

SMEs are not aware of all the government legislation and as accountants it is our role to make them aware of this and highlight any risk factors.

Professional accountants now offer live information to the SME that can result in exponential growth.

A professional accountant that provides relevant information to the SME assists the SME to contribute to the economy and provide opportunities for job creation.

THEME 7: INNOVATIVE TRANSFORMATION

EXPLANATION OF THEME 7

The successful professional accountant needs to display the ability to innovate and manage transformation to assist SMEs in operating within a South African context.

DATA EXCERPTS

Every professional accountant and entrepreneur has an integrated part to play in the promotion of the business and its achievement of the strategic goals. As a professional accountant, my role was as important as a thumb to a hand, with the ability to touch every finger of the business and bringing them together in the form of a fist in order to fuel the business.

Through my creative thinking, I was able to save fifteen jobs which would have been lost. A professional accountant can empower a BEE entrepreneur. Furthermore, a resourceful professional accountant can identify future opportunities.

The ability to gain access to different types of industries and to give clients a different perspective about their businesses.

The client was able to set up a brand new business with minimal or no capital and convince the financier to buy into his business idea and provide the required finance.

The professional accountant performs his functions like a chameleon that is able to adapt and apply his competencies and experience to meet the collage of different environments and needs of the SME.

4.3.2 Findings: Dream stage

The dream stage required the participants to use their imagination to envision a cherished aspiration, ambition, or successful future for the professional accountant-SME partnership. In groups of six to eight, participants individually reflected on their personal dreams and shared these within their respective group's members. As a collective, the groups summarised the key themes in response to the question:

"It is five years from now. Energised by the positive core of the Professional Accountant-SME partnership, SME's are flourishing and contribute extensively to the South African economy. Please describe what this imagined SME-landscape looks like. Looking back, what role(s) did professional accountants play in bringing about this positive state of the economy?"

These roles were identified in relation to six different performance areas, as indicated in Table 19.

Each group's dreams were successively shared and discussed with the entire group of participants so as to create a combined vision for a successful professional accountant-SME partnership.

Table 19: Findings: Dream Stage

PERFORMANCE AREA 1: ENTREPRENEURIAL SPIRIT	
EXPLANATION OF PERFORMANCE AREA 1	The lifespan of SMEs needs to be driven by creativity and innovation in order to develop a business model that contains the entrepreneurial spirit and DNA of the business owner. The entrepreneurial spirit is a gift that inspires others to become the best they can be and encompasses passion and positivity, leadership, and ambition (Entrepreneur, 2008).

DATA EXCERPTS

The business life cycle has to be analysed and evolve from “the business is the owner” to “the owner directs the business”. The foundation of SMEs must be enshrined in the business philosophy of the entrepreneur in thinking out of the box to create a unique market for its products and services rather than to fit into a market.

The futuristic SME is one that is flexible, adaptable and fluent to the tides of the market fluctuations.

SMEs should grow to an extent that unemployment in South African drops to an acceptable level.

Professional accountants have a role to mentor SMEs on compliance and their responsibilities by applying their experience to help SMEs convert their ideas into a lucrative business.

Professional accountants ought to aid in facilitating funding opportunities for SMEs to develop and grow.

PERFORMANCE AREA 2: INTEGRATED THINKING

EXPLANATION OF PERFORMANCE AREA 2

SMEs that move towards preparing integrated reports will thrive by adopting integrated thinking. Integrated thinking is about connecting performance with purpose. It involves identifying, executing, and monitoring business decisions and strategies for long-term value creation. Integrated thinking builds on the need to reconcile competitiveness and sustainable growth within the context of inclusive business models in order to take advantage of the opportunities and face the challenges of the market (CIMA, 2017).

DATA EXCERPTS

Professional accountants in the future will evolve from a bookkeeping mind-set to a value-adding mind-set.

The professional accountant can contribute to the SME of the future and its successes by focusing on integrated thinking. This will be actioned by the adoption of the concept of the six capitals of IR to pursue the strategic goals of the business.

Integrated thinking involves the entrepreneur aligning the implementation of the original plans through its business model and using financial information as a resource to promote effective and informed business decision-making.

Professional accountants will not only report on the numbers but the activities underpinning them that allow interpreting the numbers to predict the future.

Integrated thinking within SMEs can be implemented by professional accountants evolving into a business coach.

To achieve integrated thinking requires the professional accountant to start to align systems and processes within the SMEs. This is done in order for the SME to be able to be at the forefront of innovation, integration, have access to structures, and so forth.

PERFORMANCE AREA 3: PROFESSIONAL JUDGEMENT

EXPLANATION OF PERFORMANCE AREA 3

Professional accountants need to develop their professional judgement by refocusing on their conceptual knowledge. Professional judgement is defined as the application of the accumulated knowledge and experience gained through relevant accounting training, by making use of the ethical standards, resulting in making informed decisions about the courses of action that are appropriate in specific circumstances, such as the accounting of economic transactions, by observing accounting principles (Ivan, 2016).

DATA EXCERPTS

Professional judgement requires that the professional accountant not merely be a “number cruncher” but rather demonstrating competence as a business expert which will be able to look forward and to advise about the future challenges and opportunities.

Dedication and commitment to learning is essential for professional judgement and in order to maintain professional competence and apply due care.

Attributes of professional judgement involves the professional accountant being able to detect quite early when the SME is heading towards financial distress. This involves actively analysing financial data and being a partner in the decision-making process.

PERFORMANCE AREA 4: TRANSFORMATION

EXPLANATION OF PERFORMANCE AREA 4

Transformation is needed to develop SMEs to flourish within SA. A professional accountant can empower SMEs by being accessible to SMEs. Transformation within South African SMEs has two meanings. The first meaning is transformation in an organisational context denoting a process of profound and radical change that orients an organisation in a new direction and takes it to an entirely different level of effectiveness (Business Dictionary, 2018). The second meaning is transformation in a South African context which relates to the transformation of society to be more inclusive and representative (Harvey, 2004).

DATA EXCERPTS

Transformation barriers require professional accountants to ensure their accessibility in all geographical areas across South Africa.

Part of transformation also involves broadening the scope of historically disempowered groups by educating, training and mentoring those identified groups and assisting them to participate within the economy and within their communities.

Female-owned SMEs that offers flexibility to working mothers, more black-owned businesses and more opportunities for people with disabilities.

Transformation should further facilitate growth amongst the various stages of the business lifecycle within the SME.

Professional accountants need to transform from providing compliance services to value-adding services within their value chain.

PERFORMANCE AREA 5: DIGITISATION

EXPLANATION OF PERFORMANCE AREA 5

Digitisation of the profession requires professional accountants to restructure the manner in which their service offerings are geared in order to remain competitive. This requires a 360 degree business change. Digitisation at its simplest means the conversion of analogue information into digital information. As digitisation capabilities extend, virtually every aspect of life is captured and stored in some digital form, and we move closer towards the networked interconnection of everyday objects. The impact of this is a real-time global exchange of information between multiple connected devices (fixed and mobile) (EY, 2012)

DATA EXCERPTS

Reporting and compliance need to embrace cloud-based accounting to stimulate a collaborative accounting environment between SMEs, professional accountants and other stakeholders (such as SARS and the banks).

Routine manual processes need to move to fully automated digitised platforms. This will result in automated compliance with the aid of block chain.

With the aid of artificial intelligence systems, professional accountants should draw their focus on more important aspects and strategic parts of business.

Within SMEs the professional accountant needs to facilitate a culture of understandability with respect to the different roles of IT that should be integrated within SMEs to create efficiency. Part of the role will be the assistance of the SME in keeping competitive with technological developments.

PERFORMANCE AREA 6: ACCOUNTABILITY AND PROFESSIONALISM

EXPLANATION OF PERFORMANCE AREA 6

As previously discussed in the literature review, the recent accounting scandals in South Africa again highlighted the need for accountability and professionalism in the accounting profession. Accountability and professionalism will underpin the success of the professional accountant in the future.

DATA EXCERPTS

Professional accountants need to form trusted relationships with their SME clients by displaying a high level of professionalism.

Operating in the challenging South African political landscape, South Africa needs to be governed by leaders with integrity, and government employees driven by passion (not salaries). Professional accountants need to be the custodians of credible and reliable information that supports this aspiration, and aid in creating economic opportunities within SMEs in South Africa.

Promote accountability and ethics within a legislative framework by ensuring that SMEs play their part by abiding by the law, by paying tax and conducting their affairs responsibly.

4.3.3 Findings: Design stage

The participants worked together to craft the ideal professional accountant/SME partnership so as to realise the dream and sustain the positive change. During this stage, the participants designed two elements for the future of the professional

accountant-SME partnership, namely: the accountancy profession's value proposition to SMEs, and the outlining of what will make the dream come to fruition.

Firstly, the participants as a group identified the stakeholders involved in building the professional accountant's positive core. These were identified in no particular order of importance. This was followed by value proposition statements created for each stakeholder, as shown in Table 20.

Table 20: Findings: Design Stage

IDENTIFIED STAKEHOLDER 1	VALUE PROPOSITION
SMEs	<p><i>SMEs benefit from utilising the professional accountant's competence, expertise and experience that add value to their business through the following outputs:</i></p> <p><i>Integrated service offerings to SMEs.</i></p> <p><i>Economic growth by access to reliable information.</i></p> <p><i>Access to knowledge and mentorship.</i></p> <p><i>Business advisory services focusing on strategy, risk management, governance and revenue maximisation.</i></p> <p><i>Providing for the SME to focus on its core competency as opposed to getting constrained by admin and technical legislative challenges.</i></p>
IDENTIFIED STAKEHOLDER 2	VALUE PROPOSITION
The accounting profession	<p><i>The accounting profession will benefit from the more public interest focused view of the professional accountant in the following ways:</i></p> <p><i>Ensuring firstly that the professional accountant will render services which protect the public interest while at the same time contributing to the sustainability of the SME.</i></p> <p><i>Ensuring compliance to legislation and standards by continuing to improve the professional accountant's competence through CPDs.</i></p> <p><i>Enhancement of public trust in the profession by adhering to the codes of professional conduct.</i></p>

	<p><i>Better quality professional accountants working within the economy.</i></p> <p><i>Opportunities for upliftment of the profession through the attendance of Continuing Professional Education and networking thereby adopting peer embracing.</i></p> <p><i>Restoring the trust and accountability of the entire profession.</i></p>
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IDENTIFIED STAKEHOLDER 3	VALUE PROPOSITION
Lenders and investors	<p><i>Lenders and investors will benefit as they can place confidence in the information that they are using for their decision-making.</i></p> <p><i>More reliability on the reports prepared by the professional accountant that comply with the relevant regulatory standards and trust that responsible advice is given within an ethical framework.</i></p> <p><i>This will assist them with better information to evaluate the SME and make more informed decisions thereby reducing the lending risk.</i></p>

IDENTIFIED STAKEHOLDER 4	VALUE PROPOSITION
Government and the public	<p><i>Government will reap the benefit of credible information that maximise taxation revenue collection and stimulates employment.</i></p> <p><i>Government benefits as the professional accountants and SME are working in an economic responsible environment which results in maximisation of revenue collection and increasing employment.</i></p> <p><i>Public benefits as the professional accountants will now serve the public interest.</i></p>

Principles and values for designing the future of the professional accountant within SMEs were described, as shown in Table 21.

Table 21: Principles and Values for the Future Professional Accountant

PRINCIPLES AND VALUES	EXPLANATION OF PRINCIPLES AND VALUES
Business value catalyst	<i>The services the professional accountant renders to the business will stimulate the business to grow and become sustainably viable.</i>
Virtual Chief Financial Officer for every small business	<i>Harnessing the effective capabilities of technology, the professional accountant will be in constant contact with the financial information of the organisation, thereby creating an environment of real time decision-making.</i>
Information Brokers	<i>Transformation of the professional accountant from information generators to information brokers. Information brokerage services to be rendered by the professional accountant will not be constricted to a compliance function in terms of preparing financial statements. There will be an evolution of the professional accountant in developing into an analyst and user of financial information to support SME decisions.</i>
Value capital for SME growth and sustainability	<i>The professional accountant needs to focus on the alignment of financial information with the strategic information within the business model of the entity. This will become an embedded measure of risk and how the SME has deviated from it. Methods like this will result in the professional accountant selling the most value capital for business growth and sustainability. Information will be of key importance, however, the value capital proposition will be the value of understanding, analysis, interpretation and utilisation of such information.</i>
The professional accountant is the essential partner in every SME existence.	<i>Partnership relationships are one of mutual benefit to both parties involved in the relationship. Once both parties can overcome agency problems, goal congruence can be achieved. An essential requirement for a partnership is that the SME needs to embrace the professional accountant as a trusted advisor.</i>
Business coach	<i>The professional accountant, due to their diverse servicing offerings, is well positioned to coach SMEs who have skill-set deficiencies. Part of business coaching involves the transfer of expertise and knowledge.</i>
Enabler of integrated thinking	<i>The professional accountant will have the necessary competence to apply their technical knowledge to implement activities as per the business model in order to realise the strategic goals of the SME.</i>

At this stage participants designed the role dimension with respect to the stakeholders identified previously, as shown in Table 22.

Table 22: Role Dimensions in Relation to Stakeholders

ROLE DIMENSIONS	EXPLANATION OF ROLE DIMENSIONS
<p>Primary Stakeholders (SME , accounting profession)</p>	<p><i>The service relationship between the professional accountant and the SME is working well. The service relationship is one of mutual benefit and organic cohesion. Part of the servicing relationship involves the trading of information, business coaching and fostering integrated thinking within the SME.</i></p> <p><i>The membership arrangement between the professional accountancy organisation and the professional accountant is functional. There is stewardship and oversight from the professional accountancy organisation and there is accountability from the professional accountant. The professional accountancy organisation and the professional accountant are working together to service the SME and protect the secondary stakeholders</i></p>
<p>Secondary Stakeholders (lenders , investors , government and the public)</p>	<p><i>The secondary stakeholders understand the role that the professional accountant plays within its service offerings to SMEs. The information presented by the professional accountant and the advice given to the SME is trusted and valued by the secondary stakeholders. Professional accountants are seen to be utilitarian in the discharge of their roles and service offerings.</i></p>
<p>Value of a professional accountant</p>	<p><i>The professional accountant understands the role and capabilities of what is expected. There is integrated thinking embedded in the delivery of the service offerings. SMEs and the professional accountant unlock the value of the professional accountant</i></p>
<p>Ethics and public interest</p>	<p><i>The relationship between the primary stakeholders is founded on trust and public interest and therefore secondary stakeholders are protected.</i></p>
<p>Survival and evolution of the professional accountant</p>	<p><i>Professional judgement needs to be developed alongside digitisation. Digitisation and the constant impact of IT are embedded in all relationships to ensure the professional accountant is relevant and is adding value.</i></p>

4.3.4 Findings: Destiny stage

The destiny phase asks from each participant a commitment to “sustain the design from the dream that was discovered” (Cooperrider *et al.*, 2003: 182). It is a series of inspired actions that support ongoing learning and innovation (Whitney & Trosten-Bloom, 2003). During this phase, leadership commitments are discussed and mobilised, and it is an opportunity for deep change. When applying the appreciative inquiry process, the future is consciously constructed upon its positive core strengths – that which gives life and vitality to the leader (Cooperrider *et al.*, 2003). Participants considered all the constructions deemed important and as such no rankings were done with regard to importance. The findings are summarised in Table 23.

Table 23: Commitments, Offerings and Requirements for the Success of a Flourishing Partnership between the Professional Accountant and the SME

ROLE DIMENSIONS	COMMITMENT	OFFERINGS	REQUIREMENTS
Virtual CFO for SME	<i>Professional accountants will embrace the rapid technological developments and recognise the advantages that digitisation and artificial Intelligence offer for both the professional accountant as well as the SME.</i>	<i>Assisting SMEs with automated accounting software programmes that automatically capture the books from the bank statement</i>	<i>More advanced programmes for accounting to help with the automation process</i>
		<i>Cloud based accounting whereby the professional accountant can analyse the data and produce reports about the financial health of the business in a live and continuous fashion</i>	<i>Keeping abreast with technology</i>

ROLE DIMENSIONS	COMMITMENT	OFFERINGS	REQUIREMENTS
Information brokers	<i>Professional accountants will broker as much knowledge as possible that is within their capacity to service the SME.</i>	<i>Professional accountants commit to becoming more involved in the day-to-day management of the SME.</i>	<i>Regular training and update on latest developments relevant to the SME environment</i>
			<i>Different and creative ideas will be necessary and therefore the information repository needs to constantly evolve.</i>
Value capital for SME's growth and sustainability	<i>Collaboration with SMEs in creating synergies for the SME with respect to opportunities for growth</i>	<i>Competence to support the SME, ensure that it organically grows and flourishes</i>	<i>Assistance and advice from professional accountants to better manage the SME to remain creative and fast paced, at the same time remain compliant</i>
	<i>Understanding business and its drivers.</i>		
The professional accountant is the trusted partner in every aspect of the SME's existence.	<i>Building mutually beneficial and long lasting relationships with the SME</i>	<i>Systematic development of business solutions given the challenges of sustainable optimal resources utilisation</i>	<i>Personal and professional service delivery</i>
			<i>Accounting and advising excellence beyond any measure</i>

ROLE DIMENSIONS	COMMITMENT	OFFERINGS	REQUIREMENTS
Business coach	<i>Establishing a creative relationship with the SME so that there is focus on the establishment and alignment of the SME's strategy to achieve its goals</i>	<i>Assisting SMEs in setting realistic and quantifiable goals</i>	<i>To have the proper backing and academic background from professional bodies to assist in the field of SMEs and professional accountancy practice</i>
		<i>Assistance in setting the strategy</i>	
		<i>Providing support to the SME to overcome challenges in attaining its goal</i>	<i>The professional accountant will need to re-examine the manner in which services are delivered and reported to SMEs.</i>
Enabler of integrated thinking	<i>Fostering integrated thinking within the SME</i>	<i>Assisting the SME owners with strategic planning.</i>	<i>Skills and knowledge of IR framework</i>
	<i>Professional accountants will enhance and develop their professional judgement.</i>	<i>Knowledge of accounting education systems</i>	<i>Educational institutions and professional accountancy organisations jointly need to re-look at the way that they deliver to the profession.</i>
		<i>Early adaptation to new technology</i>	<i>Time to develop new ways of teaching accounting that focuses on developing critical thinking, problem solving and professional judgement</i>
		<i>Identifying gaps in processes</i>	

4.4 Summary of the chapter

The findings from Phase 1 and Phase 2 outlined in Chapter Four present the rich and diverse experiences of the professional accountants and SME owners interviewed. The main research question of “What are the current and future roles of the professional accountant within SA SMEs?” was answered. Phase 1 presented the results from the semi-structured interviews while Phase 2 presented the results from the appreciative inquiry process. The results were classified into codes and then themes and subthemes. The next chapter will provide a discussion and interpretation of the results.



CHAPTER FIVE: DISCUSSION OF FINDINGS

5.1 Introduction

To recap briefly, the findings of Phase 1 and Phase 2 of this research study were presented in the previous chapter. The chapter comprised the research findings as derived from the thematic analysis and appreciative inquiry analysis. In this chapter the research findings and insights regarding the research questions are discussed and related to the existing body of knowledge as discussed in the literature review (Chapter Two). Restated briefly from Chapter One, the research question consists of two independent, but interrelated aspects as indicated in Figure 21:

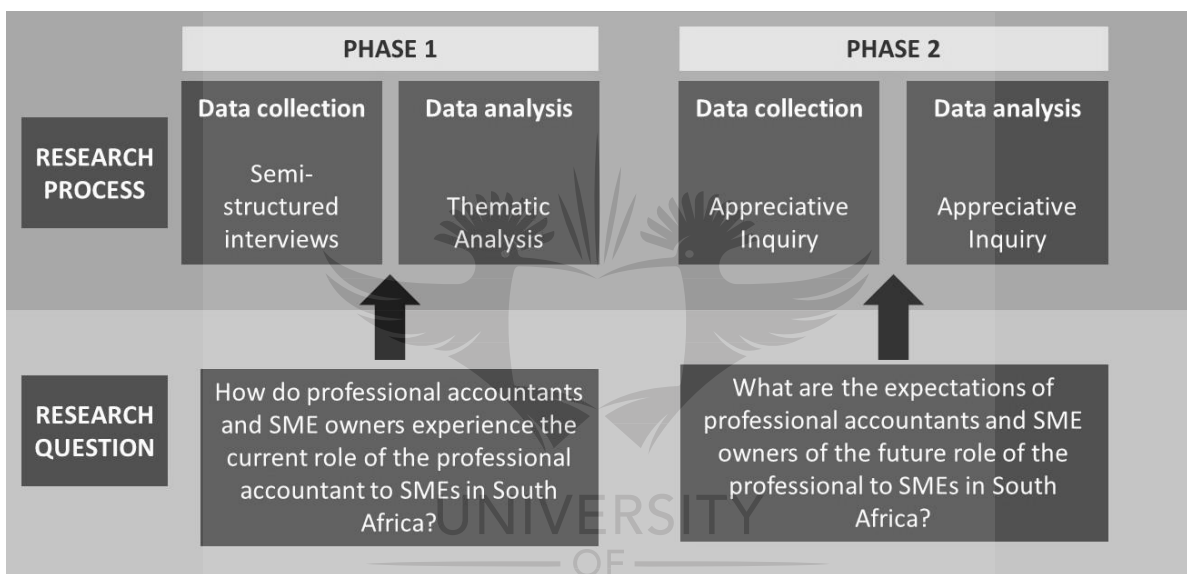


Figure 21: Two phases of the research strategy in relation to the two research questions

This chapter commences with a discussion of the findings of the thematic analysis (Section 5.2) of the semi-structured interviews conducted in Phase 1 of the research. Section 5.3 is dedicated to a discussion of the findings from the appreciative inquiry session conducted during Phase 2 of the research.

5.2 Discussion of findings: Phase 1

In this section, the findings from the data collected from the 40 semi-structured interviews, (20 with professional accountants and 20 with owners representing SMEs) are discussed in terms of the themes that emerged from the thematic analysis.

The themes were subjected to a further interpretive analysis. This involved a deeper analysis of the themes that transcends the identification of apparent elements to infer the underlying meaning within these elements (Boyatzis, 1998). This analysis examined the themes across the entire sample in a process of interpretive reconstruction and expansion (Lee, 1999; Treviño, Brown & Hartman, 2003), which took into account the unique perspectives of the professional accountant and the SME owner.

This section is structured according to the following four main themes, as presented in Chapter Four and summarised in Figure 22:

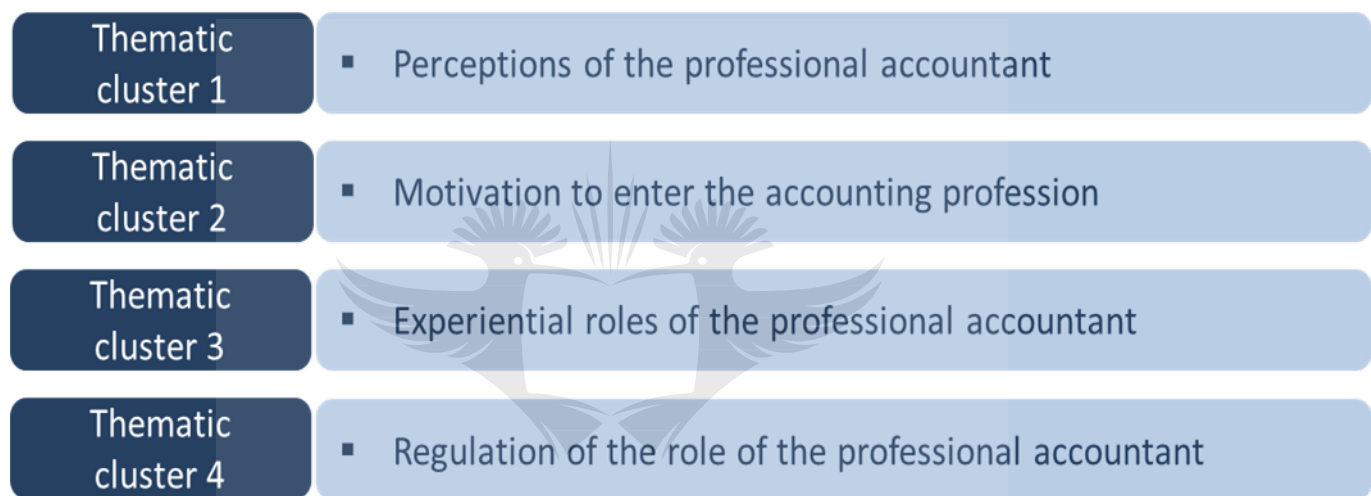


Figure 22: Identified themes from Phase 1 of the research process

Each theme will introduced by providing a brief summary of the thematic cluster as it was presented in Chapter Four. This is followed by the identification and discussion of the main themes and sub-themes within each of the thematic clusters. The discussion of each theme concludes with a brief summary.

5.2.1 Thematic cluster 1: Perceptions of the professional accountant

The first thematic cluster, the perceptions of the professional accountant, refers to how professional accountants are perceived by themselves, and how they are perceived by the SME owners. As such, this theme is representative of the social construction of the current role of the professional accountant as experienced by participants. To reiterate, social construction is based on the premise that social actors conceive their social situations or structures of the world and the interpretations they attribute to their shared interactions with other social actors (Berger & Luckmann, 1991; Edvardsson,

Tronvoll & Gruber, 2011). This understanding of the social construction of the current role is important as it may reveal whether there are any prejudicial influencers inherent in the SME environment that could potentially endanger the successful fulfilment of the construction and/or definition of the current role of the professional accountant within this environment.

The thematic cluster, “perceptions of the professional accountant”, comprised three themes and various sub-themes, as presented in Chapter Four and summarised in Figure 23 below.

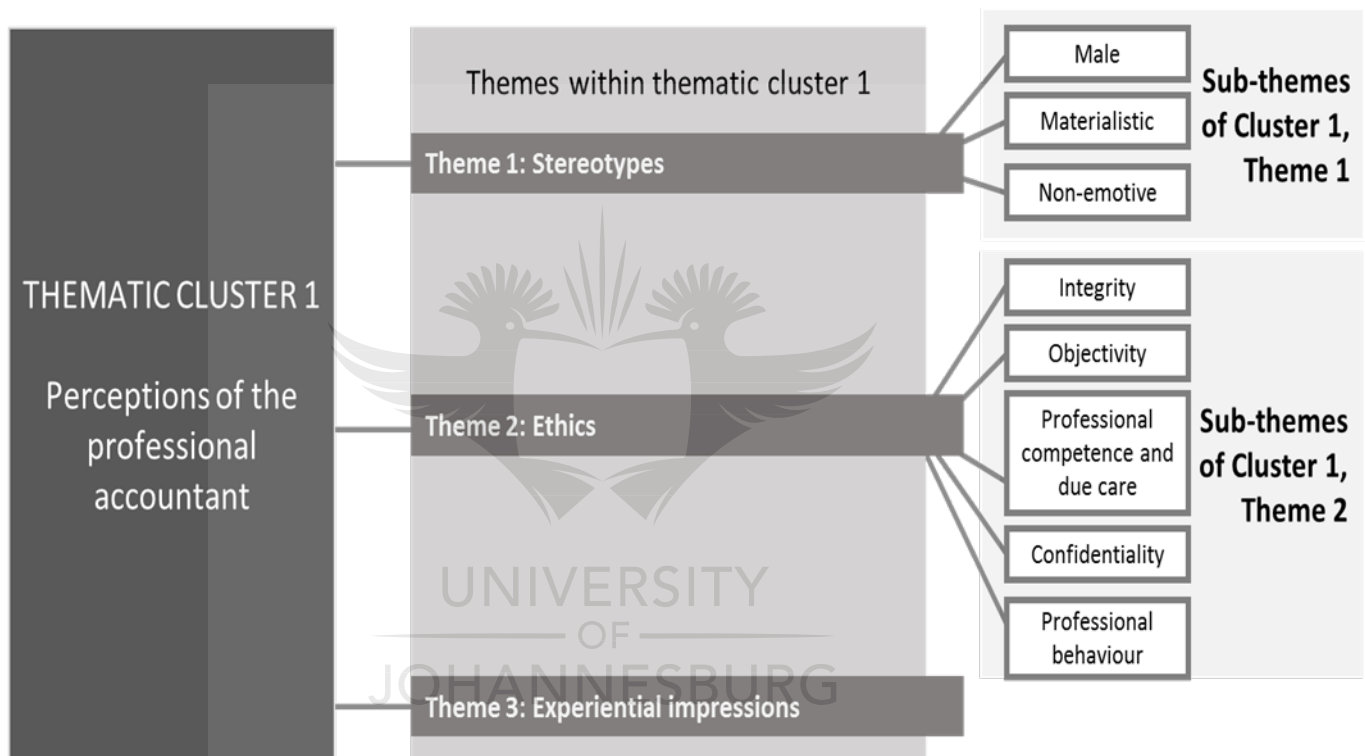


Figure 23: Thematic cluster 1, themes and sub-themes

The first sub-theme represents explicit and implicit stereotypes of the professional accountant. The second sub-theme deals with the concept of ethics as manifested by the professional accountant in his dealings with the SME. The final sub-theme that emerged was the experiential impression of professional accountants and how these impressions influenced the role of the professional accountant within SMEs. Subsection 5.2.1 concludes with a summary integrating the three categories within the overall theme.

5.2.1.1 Stereotypes

Stereotypes in the context of this research specifically refer to generally held image of professional accountants as experienced by the research participants. A stereotype is an idea that is used to describe a particular type of person or thing, or what a person or thing is thought to represent. As such, a stereotype is “a widely held but fixed and oversimplified image or idea of a particular type of person” as well as “a person or thing that conforms to a widely held but oversimplified image of the class or type to which they belong” (Oxford Dictionary, 2019).

The thematic analysis revealed stereotypes about the professional accountant in terms of gender, materialism and a lack of emotional intelligence. Professional accountants and SME owners shared similar perspectives regarding the stereotypes of the current role of the professional accountant. The common perceptions under this category described the professional accountant as a male, materialistic and non-emotive person.

As discussed in the literature review (subsection 2.5.3), the characteristics identified by both groups of participants have been defined and discussed in detail within the literature as the “bean-counter” stereotype (Friedman & Lyne, 2001) which participants of this study confirmed. The “bean-counter” stereotype attributes negative qualities associated with the current role of the professional accountant. This stereotype, as discussed in the literature review, implies that the professional accountant is male, introverted, money absorbed, narrow-minded, lacks entrepreneurship, and is dismally uninteresting (Beard, 1994; Cory, 1992; DeCoster & Rhode, 1971; Dimnik & Felton, 2006; Parker, 2000; Robert, 1957; Wessels & Steenkamp, 2009).

However, there are also positive connotations to the image associated with the bean-counter stereotype. Some of these positive attributes as identified within the literature are that the professional accountant is truthful, dependable, prudent with financial decisions, well-mannered and composed (Carnegie & Napier, 2010). What warrants further attention, however, is the perception that emerged from the findings, also confirmed by literature, of minimal evidence of diversity in personality types thereby reinforcing stereotypes (Schloemer & Schloemer, 1997), namely that professional accountants are seen as male, materialistic and non-emotive.

5.2.1.1.1 The male stereotype

The findings presented in Chapter Four reveal that within the SME environment the male stereotype emerged strongly from both groups of participants. Professional accountants were usually referred to in the masculine sense (by using male personal pronouns) by fellow professional accountants and SME owners alike. The stereotype of the professional accountant as a male professional could suggest that the role of the professional accountant is strongly anchored in patriarchy.

Patriarchy is a socially constructed system founded on the principle that men hold primary power, and exerts dominance in roles of leadership, authority and privilege (Encyclopedia.com, 2018). According to Facio (2013):

Patriarchy is a form of mental, social, spiritual, economic and political structuring of society produced by the gradual institutionalization of sex-based political relations created, maintained and reinforced by different institutions linked closely together to achieve consensus on the lesser value of women and their roles. These institutions interconnect not only with each other to strengthen the structures of domination of men over women, but also with other systems of exclusion, oppression and/or domination based on real or perceived differences between humans, creating states that respond only to the needs and interests of a few powerful men (Facio, 2013: 2).

There is a body of literature²² that argues that there is an important relationship between gender and professionalisation (Witz, 2013). In the profession of accounting, women were not only excluded from the profession as a result of their biological sex in the past, but any opportunity of their entering was limited (Loft, 1986). It is argued in the literature that there needs to be a greater body of accounting research to explore the role of gender in the construction of the role of the professional accountant (Kirkham & Loft, 1993).

The accounting profession has seen a relative increase in women entering the profession (Broadbent & Kirkham, 2008; SAICA, 2018b); however, women

²² This body of literature was not part of the scope for the systematic literature review as presented in Chapter Two. The body of literature on gender and professionalisation emerged in order to make sense of and interpret the findings subsequent to doing the research. The researcher intentionally did not go back to the systematic literature review to scope it in and chose to reflect and explain this body of knowledge in an integrated manner within this discussion chapter.

accountants experience injustices and major challenges in their general day-to-day experiences in the workplace, which affect their achievement levels (Broadbent & Kirkham, 2008; Dambrin & Lambert, 2008; Gammie, 2007; Nutley & Mudd, 2005). Although an in-depth analysis of gender identity and challenges in the accountancy profession is beyond the scope of this study, it is argued that an exploration of the existing body of literature regarding gender and professionalisation could facilitate the understanding of the findings in terms of the male stereotype as it emerged from the data, as well as the impact of this stereotype in the SME environment. The following discussion therefore provides a high-level framework based on the literature to interpret the male stereotype in the context of this study.

When women increase their participation in a traditionally patriarchal profession, challenges arise that could hinder their entrance into the profession or prevent career progression as a consequence of reconciling a career with a family (Davies, 1996; Walker, 2011; Witz, 1990). This is closely linked to the concept of the glass ceiling, where men in power deliberately exclude women from progressing in an organisation beyond a certain level.

This poses a huge challenge for women in the SME environment (Songini & Gnan, 2009). There is a tendency for women to be in charge of mostly operational, clerical and support roles in SMEs as opposed to the more technical and advisory roles (Songini & Gnan, 2014). Given the unequal distribution between male and female professional accountants within the accountancy profession (Payi, 2017; Small, Yasseen & Sallie, 2019) and more so within SMEs as discovered from the current study, these stereotypes hold important implications for the role of the professional accountant within SMEs. Since the current role of the professional accountant is founded upon patriarchal structures, a risk emerges which could prevent females from progressing within the profession in general and, by extension, within the SME environment. This is supported by Anderson-Gough, Grey, and Robson (2005), who found that a lack of female professional accountants' participation in male-dominated networks limits general progression within the profession. According to research (Chowwen, 2007; Davey, 2008; Martin & Barnard, 2013), a lack of female perspectives may result in potential negative effects where the environment is male-dominated. According to Davey (2008), potential behavioural effects may include: political game-playing; aggressiveness, and backstabbing. More participation from women seems to

counter such effects, as women tend to establish a culture of mentorship and to adopt participatory leadership styles (Jogulu & Wood, 2006). The role of the professional accountant could further be influenced by patriarchal situations where male professional accountants are perceived to be doing all the work as they are dealing face-to-face with clients and the female professional accountants are assigned the role of technical, office-based tasks. This has been confirmed by research within larger accounting practices, where the male-dominated networks within the larger accounting practices are often not inclusive of women unless they take on the subordinate “hand maiden” role (Windsor & Auyeung, 2006).

Furthermore, it can be inferred from the data that women opt to start their own businesses in an attempt to balance motherhood with a career. Future research may need to explore the shared experiences amongst female entrepreneurs and female professional accountants with their own businesses and how their shared experience could possibly provide additional support for female entrepreneurs. This will be reflected upon further in Chapter Six.

5.2.1.1.2 The materialistic stereotype

The materialistic stereotype of the professional accountant also featured strongly amongst both groups of participants in the study. Professional accountants were of the view that their billings were based on the time spent on work for their clients and were justified. SME owners commonly held the view that the billings rate in most cases is the prime focus of the professional accountant and that the SME’s interest and client service are not the focus of the professional accountant.

The perception of SME owners, as it emerged from the data, is that the professional accountant is not focused on understanding the nature of their business, but is primarily concerned with revenue generation within the SME as this provides an indication of how successful the SME is and how much the professional accountant can charge. As such, the worth of a client is dictated by the potential earning ability of the professional accountant. Instead of adding value, the role of the professional accountant in the SME environment is regarded as self-serving, where the accountant’s interest is driven by the client’s ability to afford his/her services as well as the amount that the professional accountant can charge.

While the entrepreneurial nature of the professional accountant should be encouraged, a materialistic and opportunistic approach may endanger the role and result in the professional accountant matching the quality of the work delivered to the time and fee that the SME is able to pay, which is deemed to be mostly to the detriment of the SME. The effect of this may be that only well-established SMEs have access to professional accountants' expertise and start-ups, and that SMEs that are struggling to stay afloat and might be most in need of the services of an accountant are unable to gain access to professional accountancy expertise. This finding is alarming for developing economies such as SA where professional accountants' skills are particularly needed, given the constrained resourcing challenges and lack of growth of SMEs (Devi & Samujh, 2010; Gooderham *et al.*, 2004; Han & Benson, 2010; Karanja *et al.*, 2012).

5.2.1.1.3 The non-emotive stereotype

The non-emotive stereotype emerged from the data in the form of metaphorical language which strongly relates to the "bean-counter" stereotype that is discussed in subsection 5.2.1.1. For example, PA03²³ referred to the professional accountant as a "dry, *pinstripe-suited animal*". It can be inferred from this metaphor that the professional accountant doesn't display human characteristics, specifically in terms of lacking emotional intelligence.

Goleman (1996: xiii) describes emotional intelligence (EI) as a "basic flair for living" and having the ability "to rein in emotional impulse; to read another's innermost feelings; to handle relationships smoothly" (Goleman, 1996). As such, emotional intelligence is defined as involving the abilities to accurately perceive emotions in oneself and others; use emotions to facilitate thinking; understand emotional meanings, and manage emotions (Mayer & Geher, 1996). The metaphor of a "dry, *pinstripe-suited animal*" suggests that the professional accountant lacks sentient abilities around reading and interpreting verbal and non-verbal emotional cues and integrating these cues with his/her professional judgment in order to have a broad and deep understanding of an SME's complexities and to advise SME owners with due consideration of all factors affecting the business.

²³ Participants from the group of professional accountants are referred to as PA followed by a number.

Given the risk of the accountancy profession becoming partially or wholly redundant due to automation and advanced technology as discussed in the literature review (Frey & Osborne, 2017; Kepes, 2017; Nagarajah, 2016), these perceptions are disturbing. If the accountant doesn't add value or is perceived to not add value beyond his/her technical abilities, the accounting role becomes much easier to replace with automated systems.

The findings further suggest that the professional accountant interacts only with the technical and financial information generated by an SME and neither with the people who make the SME function nor with the people who produce that particular set of information. The question remains whether accountants need emotional intelligence. It is argued in the literature that professional accountants need to possess emotional intelligence skills in order to be successful (Jones & Abraham, 2008). The skills that are expected of professional accountants have evolved in scope over the years and it is argued that technical proficiency needs to be matched by strong emotional intelligence skills (Coady, Byrne & Casey, 2018; Foley, 2007; Manna, Bryan & Pastoria, 2009). This is because professional accountants embark on various roles and have extended their service offerings, which requires an extended skillset as they operate as knowledge professionals rather than only as accountants (Jones & Abraham, 2009). Technical expertise has over time been regarded as the baseline in the accounting profession, while emotional intelligence is now increasingly seen as instrumental to business success (Coady *et al.*, 2018; Goleman, 2000; Kirch, Tucker, & Kirch, 2001; Smigla & Pastoria, 2000).

In conclusion to subsection 5.2.1.1, it can be stated that there are various stereotypes regarding the professional accountant. As with all stereotypes, there are vulnerabilities attached to the role of the professional accountant due to these stereotypical perceptions, as it might become a self-fulfilling prophecy whereby professional accountants will start to conform to as opposed to challenge the stereotype (Johnston, 1996).

The overall findings affirm the pervasiveness of the traditional stereotype of the professional accountant as a "bean-counter" in the SME environment. This challenges the suggested role of the professional accountant as a "business advisor" to SMEs which is being advocated by professional accountancy organisations (ACCA, 2018;

SAICA, 2018c; SAIPA, 2018). The professional accountant in a “business consultancy” role will further be discussed in subsection 5.2.3.3.4.

As discussed in the literature review, negative perceptions of the accountancy profession in South Africa also persist as a consequence of the public accounting scandals of 2017–2018. Despite the current negative image of the accountancy profession, there are also positive connotations to the image associated with the bean-counter stereotype, as stated in subsection 5.2.1.1, namely, that the professional accountant is truthful, dependable, prudent with financial decisions, well-mannered and composed (Carnegie & Napier, 2010). The findings do support the existence of these positive attributes; however, the majority of participants (SME owners and professional accountants) were conflicted regarding the ethicality and commitment of professional accountants within SMEs. This links to the perception of the role that ethics plays in the current role of the professional accountant within SMEs, as discussed in the following subsection (5.2.1.2).

5.2.1.2 Ethics

Based on the data, it can be said that ethics is a fundamental cornerstone of the relationship between the SME and the professional accountant. Ethics can be defined as the moral principles and norms by which human actions may be judged (IFAC, 2018). Professional ethics incorporates the individual, and professional standards of behaviour expected of professional accountants (IFAC, 2012). This theme represented the influence of ethics on the social construction of the current role of the professional accountant within the SME environment. It can be argued that while technical accounting knowledge and creative and innovative ways of assessing a client’s business are important, they have to be underpinned by the highest standards of ethical conduct (Wolk & Nikolai, 1997). The discussion of the findings was contextualised in terms of the five principles prescribed by the IFAC Code of Ethics under Section 110.1A1 (IFAC, 2018b):²⁴

²⁴ The IFAC’s Code of Ethics was not explicitly incorporated as part of the systematic literature review in Chapter Two. However, the expectation of ethics in the context of public interest, the ROSC Report as well as the public accounting scandals of 2017 and 2018 were discussed in the literature review. The body of literature on the IFACs Code of Ethics emerged in order to explain and interpret the findings subsequent to analysing the data. The researcher intentionally did not go back to the systematic literature review to scope it in and chose to reflect and explain this body of knowledge in an integrated manner within this discussion chapter.



Figure 24: Core principles of IFAC's code of ethics

All the principles of the IFAC's Code of Ethics are of equal value. The principles contained in the IFAC Code of Ethics were purposefully mapped in order to draw practical and theoretical meaning from the data and to determine how professional ethics influenced the current role of the professional accountant as experienced by SME owners and professional accountants.

5.2.1.2.1 Integrity

It has been established in the literature that the professional accountant has an elevated social standing and part of this social standing is related to the expectation that the professional accountant would act to the benefit of public interest and would therefore adhere to codes of good ethical conduct (Bromell, 2017; Dellaportas & Davenport, 2008; IFAC, 2012). This elevated social standing is based on the assumption that, firstly, the professional accountant should act with integrity. The IFAC Code of Ethics defines integrity "as the ability of the professional accountant to be

straightforward and honest in all professional and business relationships” (IFAC, 2018: 18). The findings from Phase 1 of the research indicate that the professional accountant’s role is strongly influenced (in terms of reality as well as expectations) by the formation of an ethical relationship based on integrity with the SME owner.

There are a variety of complexities, however, around the aspect of ethics from the perspectives of both professional accountants and SME owners. The professional accountants expressed concern that their role as professionals is challenged by the different tiers of ethical standards that are upheld by the various professional accounting organisations operating within the current SA context. This situation exists because professional accountants belong to various professional accountancy organisations which may or may not be IFAC members, and therefore not all accountants can be held accountable as per the IFAC Code of Ethics. The concern expressed by the professional accountants was not whether they were required to behave ethically but rather a concern about the enforceability of disciplinary measures by professional accountancy organisations to ensure that the ethical are maintained and applied across the board.

Although this concern of the professional accountants is not necessarily shared by the SME owners, one can reflect on the direct and indirect impact within the SME environment based on the following questions:²⁵

- What is the impact on the behaviour of professional accountants, knowing that standards are not universally applied, or in instances where a professional accountant is not a member of IFAC?
- Can SMEs rely on ethicality and accountability of professional accountants with such diverse standards of ethics?
- Do professional accountants who do not belong to a “legitimate” professional accountancy organisation exhibit behaviour that could potentially discredit other professional accountants that do belong to a professional accountancy organisation?

²⁵ These questions arose for the researcher based on the findings. The exploration of these questions is beyond the scope of this study, but all could be meaningful research topics for future research, as will be discussed in Chapter Six.

- Is there a need for universal ethical standards in accountancy? How knowledgeable are SME owners about Codes of Ethics and how they relate to professional conduct, as well as their options for recourse when things go wrong?

In terms of the data, concern was raised by the professional accountants regarding the ability of all professional accountants to uphold the principles of ethical conduct in the context of such varying professional memberships and associated codes of conduct. It was also observed that there could potentially be unequal measures of disciplinary action by the various accountancy organisations if professional accountants do not act with integrity and ethical standards are not upheld.

Further complexity arises from the fact that professional accountants²⁶ have a choice as to whether to belong to a professional accountancy organisation or to operate without membership of a professional accountancy organisation. This further contributes to the situation where no universal framework of ethical conduct governs the professional conduct of all accountants, and by extension, could hamper the formulation of a universal definition of integrity in the accountancy profession.

Given the above background, it can be inferred that the differences amongst various professional accountancy organisation's ethical codes of conduct, and the variety of membership options place both professional accountants and SME owners at risk of ethical misconduct. The concerns raised in the data as stated above are supported in the literature as they correspond with the concerns raised in the ROSC report, as discussed in the literature review in Chapter Three (World Bank, 2013).

There is an inherent reputational risk to the current accounting environment. If a professional accountant acts without integrity and doesn't belong to a professional accountancy organisation, the perception could be created that there are no consequences for unethical conduct. Furthermore, such an individual could tarnish the reputation of the profession and the assumption could be that all professional accountants are unethical. This, in addition to the fact that SME owners have very little understanding of professional accountancy organisations, codes of ethics, and options

²⁶ As discussed in the literature review under Section 2.5.1.4, a professional accountant is not a regulated term within South Africa and therefore an individual may identify themselves as a professional accountant even if they do not belong to a formal accounting body.

for recourse, could add to the reputational risk for professional accountants as well as SME owners.

5.2.1.2.2 Objectivity

Objectivity refers to a professional accountant's ability to not allow "bias, conflict of interest or undue influence of others to override professional or business judgments" (IFAC, 2018: 18). The overall findings suggest an underlying tension that challenges the professional accountants' ability to remain objective. The tension relates specifically to the expectation of SME owners in contrast with the professional accountant's commitment to ethical behaviour in terms of adhering to taxation regulations. The SME owner expects the professional accountant to find ways to minimise tax payments while the professional accountant has to do so within the regulatory context of taxation laws. The tax minimising expectation of SME owners places pressure on professional accountants, and this creates a situation which could lead to tax evasion should the professional accountant be unduly influenced by the SME owner, i.e. challenging the professional accountant's objectivity. Considering that professional accountants already experience the threat of becoming redundant, and the finding that some accountants are focused more on the revenue that they generate through clients than the service they deliver, this could create a breeding ground for unethical behaviour in an attempt to remain employed by SME owners and to sustain or grow the revenue that professional accountants receive from their SME clients.

The findings further indicate that, from the professional accountant's perspective, objectivity is achieved by being focused on ensuring compliance with tax legislation that will not bring any consequences in terms of tax audits. Although this would in principle lead to ethical behaviour, one has to ask to what extent ethical behaviour is fuelled by the internal value system of the professional accountant and to what extent it is the result of compliance with external regulations out of fear of retribution or a combination of the two? The answer to this question lies beyond the scope of this research, but is worth investigating in future research, as discussed in Chapter Six.

The data further indicates²⁷ different perspectives with regard to the SME owners' awareness of the influence of objectivity on the role of the professional accountant

²⁷ There is a limitation that SME owners could be completely oblivious of the objectivity of professional accountants; however, the researcher attempted to unravel this as the semi-structured interviews unfolded. It

within the SME. The data suggested that SME owners are unaware of the importance of objectivity in the professional accountant's fulfilment of his/her role. As stated, SME owners relate the value of professional accountants, to a large extent, to the professional accountant's ability to minimise tax obligations for their businesses. Some SME owners did state, however, that they also rely on the professional accountant to ensure compliance and avoid fines and legal repercussions. Having said that, based on the findings, it doesn't seem that the SME owners relate the importance of objectivity to the professional accountant's role in ensuring compliance.

5.2.1.2.3 Professional competence and due care

Professional competence and due care refer to the expectation that the professional accountant should act diligently and in accordance with applicable technical and professional standards when providing professional services (IFAC, 2018: 18). The findings suggest, from the perspectives of both the professional accountant and the SME owners, that professional competence in their opinion centred around the professional accountants' role in having and maintaining sufficient knowledge, experience, and expertise of accountancy and taxation to provide quality services to SMEs.

The findings further indicate that professional accountants should undertake continuous professional development (CPD), as this significantly affects their role to deliver their service offerings to SMEs. Data on SME owners indicate that they remained neutral with regard to how the professional accountant keep up their CPD, but they felt that it was very important that professional accountants are knowledgeable and up to date with recent developments in their field. Professional accountants concurred on the importance of maintaining CPD, but they had mixed feelings about the way that CPD hours were monitored by IFAC and other professional bodies.

It can further be inferred from the findings that the SME owners expect professional accountants to produce financial statements that will allow the SME to secure access to finance from banks and creditors. The understanding of professional competence and due care from the SME owner's perspective is focused on the professional

is therefore argued within the data that the SME owners had a notion of understanding the concept of objectivity.

accountant's knowledge and ability to prepare information that will protect the lifestyle of the SME owner regardless of whether the SME is paying adequate taxes.

5.2.1.2.4 Confidentiality

Confidentiality refers to the professional accountant respecting the confidentiality of information acquired as a result of professional and business relationships and not disclosing such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose it (IFAC 2018). The overall findings affirm that the role of the professional accountant in servicing SMEs was not influenced by a confidentiality risk. This finding is significant in the context of the Non-Compliance to Laws and Regulations (NOCLAR) code that is binding upon all IFAC-registered accountants. The NOCLAR code added under Section 360 of the code requires a professional accountant to follow the governance structures and report any instances of non-compliance. This new addition may be seen as contrary to the principle of confidentiality afforded to SME owners. The overall findings indicate that professional accountants did not understand the NOCLAR code and the majority were not aware of it. The SME owners expressed concern when the NOCLAR code was mentioned to them.

5.2.1.2.5 Professional behaviour

Professional behaviour refers to a professional accountant complying with relevant laws and regulations and avoiding any action that discredits the profession (IFAC, 2018). The overall findings indicate that professional behaviour was a contentious issue. The professional accountants reflected that the public accounting scandals of 2017–2018 affected how they were viewed by SME owners. They confirmed that the current operating environment since the public accounting scandals had discredited their reputation, as SME owners did not distinguish between professional accountants in listed companies compared to the SME environment. SME owners also confirmed that the accounting scandals had influenced their perceptions of professional accountants.

The behaviour of professional accountants was further discredited due to the current under-regulated environment that they operate in. The professional accountants confirmed that other professional accountants who were not subjected to rigorous enforcement of their professional accountancy organisations' codes of ethics often

resulted in those accountants engaging in reckless activities within the SME environment and this impacted all accountants' reputation and standing within the SME environment.

In summary to subsection 5.2.1.2, it can be stated that professional accountants and SME owners placed significant emphasis on ethical conduct, and consequently ethics influences the role of the professional accountant within the SME environment. As was indicated in this subsection, there are divergent views in terms of accountants' fulfilment of their ethical obligations as well as underlying conflict in terms of the expectations of SME owners with regard to tax relief and access to financing, which seem to be of greater importance to the SME owners than ethical behaviour.

5.2.1.3 Experiential impressions

Experiential impressions refer to perceptions formed by the professional accountants and SME owners regarding the professional accountant through their real-world lived experience, based on their interaction and observation of the professional accountant whilst fulfilling his/her role within SMEs. Insights into the experiential impressions are necessary to understand the current role of the professional accountant within the SME environment.

The findings suggest that timing of the provision of services influenced the experiential impressions regarding the role of the professional accountant within the SME environment. SME owners argued that a professional accountant could add more value on a continuous basis if the professional accountant was closely involved in business matters on an ongoing basis rather than once a year. Two opposing points of view emerged from the findings which have a direct bearing on the perceived value of professional accounting services.

Firstly, professional accountants argued that, because the regulatory environment requires certain submissions and action, associated services therefore also have to be completed annually. Findings suggest that a significant proportion of professional accountants and SME owners are of the opinion that SME owners only require and value their professional accountants' input in terms of meeting the SME's annual statutory legislative obligations. More often than not, professional accountants reflected on how SMEs were not complying with legislative requirements, especially concerning their statutory taxation obligations. This resulted in the SME owners being

issued with letters of demand for non-compliance from SARS. As a consequence, in order to meet these obligations, the SME owners solicited the services of a professional accountant.

At the same time, however, there exists a negative perception from both professional accountants and SME owners regarding the professional accountant's role in offering the obligatory statutory services to SMEs. The nature of the negativity can be ascribed to the frequent use of a metaphor describing the role of the professional accountant as a "grudge purchase". This metaphor was used a number of times in the semi-structured interviews by both groups of participants.

In marketing terms, a grudge purchase is defined as: "products a consumer purchases because they do not have an option, even though the consumer would rather spend the cash or cash equivalent on another option" (Media Update, 2012). Examples of other grudge purchases are the purchase of insurance for one's health, protection of one's assets or income (Daily Mail, 2013; Judex, 2012; Loader, Goold & Thumala, 2015). The use of this metaphor suggests that the SME owner's utilisation of the services of a professional accountant is not based on a positive decision to involve him/her to play a pivotal role in the growth of the business, but is seen as an unavoidable expense. This is supported by the findings, which indicate that the professional accountant is often only called upon when the SME owner has no choice.

There could also be another interpretation regarding the origins of grudge purchases from consumer behaviour literature, which argues that, when a service or product failure occurs, the frustrated consumer may choose to cope by holding a grudge. The consequence is a negative attitude toward the service provider (Aron, Gordon, Judson, Aurand & Domagalski, 2008). This negative perception has been confirmed by the data as the findings indicate that SME owners felt that professional accountants did not always provide them with quality service and professionalism. Many SME owners felt that professional accountants know that SMEs need accountancy services due to regulatory obligations, and as a result some professional accountants exploited SME owners.

There were opposing views, however, that differed significantly from the views expressed above. Some professional accountants perceived themselves to play, or able to play, a more significant role than purely a "grudge purchase". According to the

professional accountants, if SME owners were to overcome their perceptions of the “grudge purchase”, the professional accountants could offer much more value to the SME. These professional accountants were of the view that although assisting with and ensuring compliance was their basic role, they were able to offer a variety of advisory services to the SME. However, in most cases these services don’t manifest, as SMEs still operate with a short-term survivalist mind-set as opposed to being focused on long-term growth. If the professional accountant is only involved once a year, he/she is not in a position to add continued value, suggest strategic changes, assess risk continuously or maximise opportunities. Because the professional accountant seldom has the opportunity to show what value he/she can add, the SME owners remain unaware of the benefits that the continued involvement of the professional accountant could offer to their businesses. The lack of added value then becomes the perception of the SME owner.

In summary, it can be stated that the findings suggest that the provision of taxation and statutory reporting services to the SME is the main focus area of the professional accountant. From the SME owner’s perspective, the findings suggest that the role of the professional accountant with regard to an ethical relationship is influenced by two factors. The first is that SME owners believe that the professional accountant’s ethical responsibility is firstly towards the SME owner. An expectation thus arises that although SME owners expect ethical behaviour from accountants, higher importance seems to be placed on the accountant’s ability to decrease the amount of tax that the SME has to pay. The second expectation is that the professional accountant should produce financial statements that will allow the SME to secure access to finance from banks and creditors.

The findings indicate that professional competence and due care from the SMEs owner’s perspective requires that the professional accountant should first and foremost prepare financial information that is to the benefit of the SME owner’s lifestyle and to a much lesser extent to ensure that the SME is paying adequate taxes. In the same manner, although SME owners state that they expect ethical behaviour from accountants, this demand seems to be less important than the accountant’s ability to present figures in a positive light in order to gain access to financing. This links back to the underlying conflict in the relationship between the professional accountant and the SME owner, as discussed in subsection 5.2.1.2.2 regarding the objectivity of the

professional accountant. As stated previously, this conflict, in combination with the professional accountant's experience of the accountancy role being under threat of becoming redundant, as well as the finding that accountants tend to be focused on material gains, could create the breeding ground for unethical behaviour in an attempt to remain relevant to SME owners and to sustain or grow the revenue received from their SME clients.

From the professional accountants' perspective there is a constant conflict between fulfilling the role of "a compliance officer for SARS" and fulfilling a regulatory role versus the broad variety of services that they could offer and by doing so, add significant value to the SME owner's business and help the business grow and flourish.

There were also professional accountants who were of the opinion that the compliance role that they fulfil and their acting as a middleperson between the SME owner and SARS, in addition to compiling financial information, were their core functions. These participants didn't see the need to extend their services beyond this basic offering. This could limit the potential role that the professional accountant could play in the future because these functions have already been automated to a large extent and will continue to impact the traditional role of the accountant.

5.2.2 Thematic cluster 2: Motivation to enter the accounting profession

This thematic cluster is representative of the professional accountant's perceptions of the influencing factors that played a role in their decision to become a professional accountant, as depicted in Figure 25. The themes within the cluster were identified as: talent and interest, family tradition, default choice, external circumstances, and financial gain.

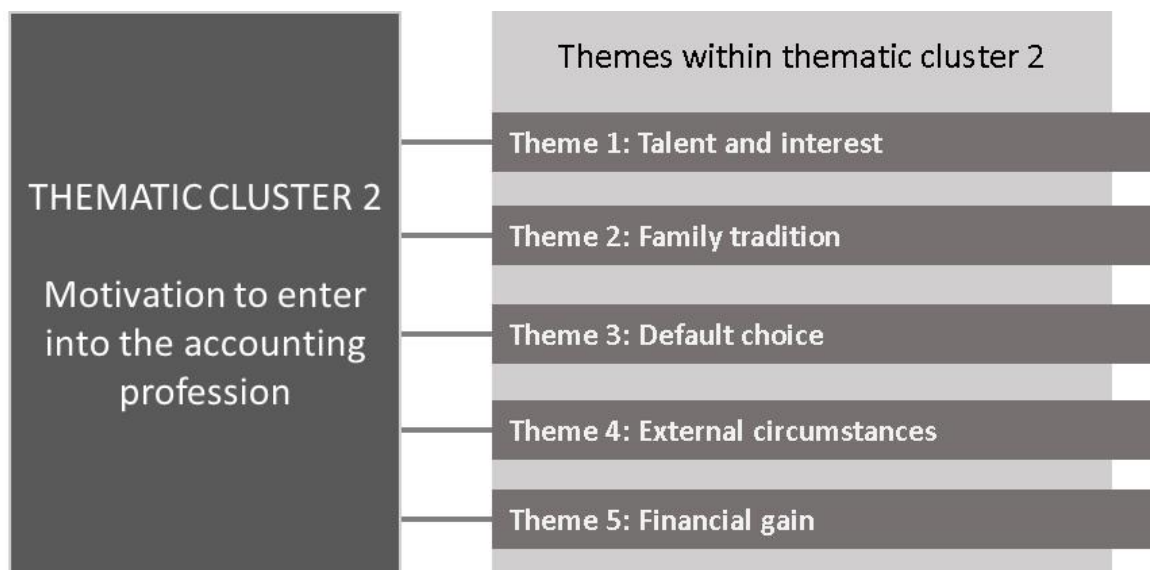


Figure 25: Thematic cluster 2 and associated themes

Understanding the motivation of the accountant to enter into the profession was important in order to interpret the role experiences that are attended to under the third theme. Motivation to enter into the profession could influence the role of current and future professional accountants entering the accountancy profession. This could possibly also be related to what happens when expectations are not matched by experience.

Furthermore, it has been claimed that a professional accountant is regarded as fulfilling a professional role with the responsibility to act in the interest of the public (IFAC, 2012; SAIPA, 2018). Given the numerous accounting scandals and the current state of the accountancy profession as discussed in Chapter Two, the question arises as to how the professional accountant should fulfil his/her role in order to act in the best interest of the public. The exploration of this question is beyond the scope of this research study, but the researcher is of the opinion that an understanding of what motivates an individual to become a professional accountant, could, in part, provide insight into how the professional accountant exercises his/her role within the SME environment. This is because understanding what motivates professional accountants may potentially shed light on the behaviour of professional accountants in their role within the SME environment.

As stated, five themes emerged within this thematic cluster: talent and interest; family tradition; default choice; external circumstances and financial gain. These themes

were analysed using the cognitive Theory of Planned Behaviour (TPB) as a theoretical framework. This framework has been applied in prior similar accountancy studies (Law, 2010; Tan & Laswad, 2006). According to the TPB, individual behaviour is governed by an individual's behavioural intentions, whereby behaviour is a function of three determinants: an individual's attitude towards behaviour; subjective norms and perceived behaviour control (Ajzen, 1991). These concepts are explained in Table 24.

Table 24: Concepts of the Theory of Planned Behaviour

CONCEPT	EXPLANATION
Behavioural intention	The resolve to perform a certain behaviour including the motivation to perform this behaviour and the belief that this behaviour can be performed (Conner & Armitage, 1998).
Attitude towards behaviour	This refers to the degree to which a person has positive or negative feelings towards the behaviour of interest. It entails a consideration of the outcomes of performing the behaviour. (Ajzen, 1991 ; Tan & Laswad, 2006). Attitude towards the behaviour is defined as the individual's positive or negative feelings about performing a behaviour. It is determined through an assessment of one's beliefs regarding the consequences arising from a behaviour and an evaluation of the desirability of these consequences (Law, 2010).
Subjective norm	This refers to the belief about whether significant others think he or she will perform the behaviour. It relates to a person's perception of the social environment. The subjective norm is defined as an individual's perception of whether people who are important to the individual think the behaviour should be performed. The contribution of the opinion of any given referent is weighted by the motivation that an individual has to comply with the wishes of that referent (Law, 2010). Example of beliefs regarding normative expectations are that of a family or friends (referents) (Ajzen, 1991 ; Tan & Laswad, 2006).

Applying this theoretical framework to the five identified themes would provide an interpretive reconstruction and expansion process regarding the link between the motivation to enter the accountancy profession and the current role experienced by

the professional accountant within SMEs (Allen, 2004; Cohen & Hanno, 1993; Tan & Laswad, 2006). The TPB characterises individual behaviour as intentional and rational. It assumes that individuals consider the implications of their actions and behave in accordance with their beliefs about the outcomes of their actions and their evaluation of those outcomes. Accordingly, the TPB predicts that individuals' (in this case, professional accountants) intentions to pursue a career will be strongly related to their attitudes toward that career (Felton *et al*, 1994).

5.2.2.1 Talent and interest

This theme deals with the professional accountant's behavioural intention to embark on a career as a professional accountant through the discovery of talent and interest in accountancy. Professional accountants reflected on their positive experience through the scoring of good grades in accounting as a school subject as one of their behavioural motivators to become a professional accountant. Within the TPB framework, the behavioural intention to embark on a career as a professional accountant is influenced by the individual's positive or negative attitude. Many of the professional accountants' behaviour was based on their ability to achieve good grades in accountancy. This is because professional accountants regarded their grades as "social normative pressures" which influenced their choice to become a professional accountant. In the context of this study, many of the professional accountants identified talent and interest as positive motivating factors for them to embark on a career as professional accountant. As such, it can be said that these accountants' attitude towards their behaviour was positive in terms of expecting success and satisfaction in their studies and career, since they had both talent and an interest to pursue this career.

Talent and interest also play important roles in a professional accountant's attitude towards the profession. These positive behavioural motivators are consistent with the theory of Tan and Laswad (2006) who determined that positive grades are linked to beliefs that influence potential entrants to major in accounting while negative scores indicate beliefs that favour a business area other than accounting. These findings are also substantiated in prior studies indicating that positive quantitative relationships exist between embarking on a career as a professional accountant and the experience of accounting at secondary school level (Byrne & Flood, 2005; Byrne *et al.*, 2012; Felton *et al.*, 1994; Jackling & Calero, 2006)

The second reason that emerged was the interest in accounting as a number-orientated and problem-solving subject at secondary school level. Professional accountants interviewed revealed that they had a talent with numbers and calculation that resulted in problem-solving, which motivated their decision to become a professional accountant as there was an expectation that this is what the role entailed. These findings are supported by Bogler and Somech (2002), who found that students' motivation to choose a career as a professional accountant was influenced by their interest in and talent for working with numbers.

Students' perceptions of accounting are also linked to their perception of their own inherent creativity (Baxter & Kavanagh, 2012). It was perceived by SME owners and most professional accountants in the current study that professional accountants lack inherent creativity. The research further confirmed that the perception of the accounting stereotype discussed in subsection 5.2.1.1 influenced potential entrants to become professional accountants. A possible reason for this perception is due to a link between the perceived lack of inherent creativity of professional accountants and the notion that creativity is not needed in the accountancy profession. This could potentially lead to a situation where professional accountants may be technically skilled and numerically proficient but still lack the creative skills required to succeed within the contemporary business environment (Coady *et al.*, 2018; Jones & Abraham, 2009). The literature is unclear on the exact type of creative and emotional intelligence skills that influence such choices, but reference is made to business advisory skills, which are discussed under thematic cluster 3, theme 2. These concerns regarding the preference for numeracy and ignoring creativity have already been raised in prior studies (Baxter & Kavanagh, 2012; Felton *et al.*, 1994). As discussed in Chapter Two, professional accountancy organisations have been trying to change this perception; however the cycle seems to be the same, that numbers are the motivation that drives the role and that the role originates from numbers (Kember, Ho & Hong, 2010).

Creativity, or lack thereof, may have a further impact on the role of the professional accountant within the SME environment. It has been argued in the research that emotional intelligence is a form of creativity (Ivcevic, Brackett & Mayer, 2007; Mayer, Salovey & Caruso, 2000; Zhou & George, 2003). Furthermore, it can be argued that emotional intelligence and creativity both impact on leadership, interpersonal skills,

and communication skills, which are all needed to fulfil the current role of a professional accountant (Bolt-Lee & Foster, 2003).

Creativity may also be viewed as a negative trait in the sense of a dishonest accountant who is “creative with numbers”. This links closely with the ability to apply professional judgement. This underlying narrative implies that an accountant should not be creative and that it is not a desirable skill. This impacts the role in the sense that the professional accountant may be able to provide solutions that are not only number-driven and assist SMEs to flourish, however, the underlying narrative limits the role of the professional accountant as creativity is associated with unethical behaviour.

The findings confirmed the existence of these traditional stereotypes and the participants’ understanding of the professional accountant’s role is, to a large extent, framed by a focus on numeracy and technical skills. However, as argued in the literature (ACCA, 2016), these are not the only skills needed. Skills such as creativity, emotional intelligence and professional judgement are becoming equally important. The stereotyping confines the role or potential role of the professional accountant. However, a small group of professional accountants offered a different perspective. These professional accountants’ motivators to embark on a career as a professional accountant were linked to their passion and problem-solving skills. In their current role as professional accountants in the SME environment, they therefore challenge the traditional stereotype by focusing on the human side of their relationship with the SME owner. However, this view was limited to a small number of professional accountant participants.

These underlying behavioural motivations provided insight into how the role as a professional accountant is perceived. The assumption that numeric abilities are sufficient to be successful as an accountant in general and, in the context of this study, within the SME environment, has significant implications. A lack of knowledge of the requirements for being a professional accountant that adds value to the SME environment can have unforeseen consequences. From the perspective of the SME owner, it can add to the view that an accountant is only of value once a year and that their role is limited to ensuring compliance or to oversee the compilation of financial statements. Secondary to this, it can limit the fulfilment of an SME’s growth potential

and place the SME in a position of risk through not having regular, deep and broad reviews of the business's financial health and embarking on actions that could mitigate this risk. As stated in Chapter One, SMEs have an extremely high failure rate and this, in combination with the fact that SMEs play a key role in the growth of emerging economies, could have far-reaching consequences for South Africa's economy.

There have been various debates regarding the personality traits and skills required by professional accountants (Briggs, Copeland, & Haynes, 2007). If the professional accountant is not properly equipped, it could lead to job dissatisfaction and questioning his/her abilities when struggling to succeed within the SME environment with its very specific challenges. It can be argued that since most SME owners are entrepreneurs (Gray, 2006; Man & Lau, 2000; T. B. Ward, 2004), the professional accountant needs to understand the entrepreneurial mind-set. Exploratory research in this area also confirms that, despite concerted initiatives, there is an inability in attracting a wider variety of personality types to the accountancy profession (Kovar, Ott & Fisher, 2003). Limited research exists to adequately indicate the personality types that are attracted to the profession. This would have made an interesting comparison to the findings.

Given the continued automation of accounting processes (Giacomelli & Shukla, 2017; Kepes, 2017; Nagarajah, 2016), it should be noted that some skills such as professional judgement and ethics cannot be substituted by automation (Giacomelli & Shukla, 2017). The findings of the current study have implications for the current and future roles of professional accountants within the SME environment. Professional accountants will need to extend their perception regarding the range of skills required to service SMEs in South Africa in the future. This will require a shift in mind-set from focusing on only numerical and technical abilities to an approach that values innovative skills as well to ensure that professional accountants can contribute to realising the growth potential of SMEs.

5.2.2.2 Family influence

Family influence, in terms of the TBA model and in the context of this study, refers to the behavioural intention of an individual to become a professional accountant due to family influence. The attitude towards behaviour would in this context refer to an individual's positive or negative attitude towards his/her family's wish that he/she should embark on a career as a professional accountant. It can also relate to the

individual's positive or negative perceptions and expectations about accountancy as a career path based on his/her experience of family members being professional accountants. As such, family influence, where family members are the referents in terms of the TBA model, is directly related to the third dimension of the TBA model, subjective norm.

The findings of this study suggest that family influence had an impact on the professional accountant's motivation to choose accountancy as a career path. These findings within the SME environment correspond with other studies maintaining that family influence plays a central role in the selection of an occupation (Auyeung & Sands, 1997; Cohen & Hanno, 1993; Grey, 1994; Gul, Andrew, Leong & Ismail, 1989; Law, 2010; Tang, Fouad & Smith, 1999; Whiston & Keller, 2004).

The findings also indicated that, if the professional accountant had successful parents/family members who were professional accountants that had secured enough wealth through practicing their profession, then this is often the default choice of a vocation (discussed in subsection 5.2.2.3). Although not stated directly, one could possibly infer from the findings that this could be a wealth preservation strategy to sustain a family business. This inference is not that implausible considering that professional accountants acquire their practical skills through an apprenticeship and where a family member has an established accounting practice, it is not uncommon for the newcomer to complete his/her apprenticeship in the family business. Furthermore, in terms of the role of the professional accountant, it can be inferred, due to the prominent influence of family members as referents, that a professional accountant chooses a career that fits in with their lifestyle expectations based on what they experienced growing up, which they then consciously or unconsciously link to choosing accountancy as a profession.

5.2.2.3 Default choice

Default choice refers to a situation where becoming a professional accountant is the only perceived option at the time when a decision had to be made. As mentioned in subsection 5.2.2.2, this is sometimes linked to family influence.

The findings suggest that lack of career direction also had an influence on some of the participants becoming professional accountants. Participants who lacked their own direction had started to mimic the career choices of their peers. As established in the

literature, the social standing of accountancy as a profession has developed over time and subsequently it is often a career choice that is promoted by teachers and career counsellors (Myburgh, 2005). Teachers and career counsellors also played a role in influencing this group of participants. In terms of the TBA model, peers, teachers and counsellors become the referents whose subjective norms influenced the behaviour of the participants. This result is consistent with the findings of Allen (2004), Cohen and Hanno (1993) and Tan and Laswad (2006).

In the present day context of South Africa, this lack of direction manifests in the large number of students registered at South African higher education institutes for majors in accounting, or embarking on careers in accounting, without having thoroughly investigated the nature of the profession that they have chosen. This is supported by research suggesting that lecturers in accounting at foundational tertiary level have an important role to play in exploring students' intentions to pursue a career as a professional accountant (Byrne & Flood, 2005; Byrne *et al.*, 2012; Jackling & Calero, 2006; Mladenovic, 2000).

A more alarming finding was the fact that a career as a professional accountant was often not a first career choice, but rather a deficit choice for careers such as medicine. Universities and PAOs both need to carefully consider the implications of their marketing initiatives to address these findings. This area of the default choice lacks a body of knowledge, and further research is needed to better contextualise the impact of accounting as a default choice. This will be discussed in further detail in Chapter Six under future research opportunities.

5.2.2.4 External circumstances

External circumstances refer to events that arise from an individual's environment influencing his/her decision to become a professional accountant. Findings indicate that the ability of the participant to find a job was an important influencer for participants choosing to embark on a career as a professional accountant.

In terms of the TBA model, external circumstances are linked to the individual's perception of social normative pressures that influence his/her behaviour. The extant literature states that availability of employment and earning opportunities are the most significant motivators for potential professional accountants to enter the profession

(Ahmad *et al.*, 2012; Ahmed, Alam & Alam, 1997; Felton *et al.*, 1994; Myburgh, 2005; Paolillo & Estes, 1982).

Findings also suggest that the dominant presence of professional accountancy firms at career days served as motivating factor. This dominance of the professional accountancy firms reinforces the perception that there is employment available at accountancy firms. Participants acknowledged that jobs were scarce and employment conditions in South Africa are not very favourable. The ability to secure a job strongly influenced participants' decision to become a professional accountant. As such, a career in accountancy is considered a practical choice for job security. Taking the socio-economic landscape of South Africa into account, this finding suggests that more individuals will embark on careers as professional accountants in order to earn a livelihood. However, the data suggests that many participants amongst the professional accountants did not fully comprehend the nature of the role or its associated expectations when they took the decision.

5.2.2.5 Financial gain

The findings indicate that lucrative financial gain associated with the profession is also a motivating factor for professional accountants to enter the accounting profession. The expectation to have a secure financial future had a significant influence on the professional accountants' behavioural motivation to embark on the career. The professional accountant participants' individual subjective norms arose from the motivation by the extrinsic financial rewards associated with being a professional accountant. This finding is consistent with the broader body of knowledge which proposes that the prospects of financial gain and social status serve as two of the primary influencing factors for prospective professional accountants choosing this profession (Arquero, Byrne, Flood & González, 2009; Byrne & Flood, 2005; Felton *et al.*, 1994; Myburgh, 2005). Law (2010), however, found that financial gain had no influence on a potential professional accountant's career choice.

It can be inferred from the findings that professional accountants within the SME environment consciously entered the profession for the financial gains that could be attained. This also confirms the perceptions of the SME owners, as identified in subsection 5.2.1.1. The debate around the role of the professional accountant and the financial rewards seems to be a point of contention amongst SME owners and

professional accountants. Professional accountants are ultimately rendering professional services and are entitled to remuneration in line with the services they provide, but the issue centres around the rates being charged compared to the perceived value that SME owners receive, which was discussed under thematic cluster 1, theme 1, sub-theme 2 (materialistic stereotype). The data confirms a strong perception amongst SME owners that many professional accountants are driven purely by financial rewards and therefore enter into the SME environment with the perception that it is easy to exploit the SME owner. The exploitation perception of SME owners arises from some of the SME owners' experience that professional accountants inflate their billing as the SME owners are dependent on the professional accountant to ensure compliance and avoiding legal and financial repercussions for non-compliance.

From the perspective of some of the professional accountants, SME owners are regarded as the exploiters, unwilling to pay for the services as they deem it to be a grudge purchase arising from legislation. The data revealed that some professional accountants perceived that working in the SME environment brought significant challenges, that systems and record-keeping were often not in place, and that the workload was significant for relatively little money. Furthermore, it was argued that a professional accountant's resources are spread thinly, as SMEs have lean structures and they need to be involved in many aspects of the business for which they aren't necessarily paid much. These perceptions have a number of implications for the role of the professional accountant and the services they offer, and will be discussed in subsection 5.2.3, which deals with the experiential role of the professional accountant.

The perceptions discussed in this subsection, are further supported by the fact that both professional accountants and SME owners stated that there were lifestyle expectations which needed wealth generation in order to achieve. There was also the implication that, for some participants who came from poor communities, a career as a professional accountant was perceived as a gateway from poverty into a more financially comfortable lifestyle. The expectation of individuals pursuing a career as professional accountant is that the role is associated with monetary rewards, and to a large extent, these individuals are driven by a financial motive. However, the experiential role seems to be complex due to the various factors discussed in this subsection.

5.2.3 Thematic cluster 3: Experiential roles of the professional accountant

The exploration of the role of the professional accountant is dedicated to uncovering the various role dimensions as suggested by the data. The perceived role of the professional accountant was specifically explored in the context of the SME environment. What is known in the literature is that that professional accountants' role in the SME environment is very different to the role of a professional accountant within a listed company environment (Blackburn & Jarvis, 2010; Devi & Samujh, 2010; Oosthuizen, 2018).

Experiential roles refer to the roles that the professional accountant fulfils based on the lived experience of the participants as well as on observation from the SME owner participants. It therefore refers to role fulfilment that is required within the professional accountants' day-to-day operational services to SMEs. As established in the literature review in Chapter Two, available research in terms of the roles that professional accountants fulfil within SMEs is limited to perspectives of SME owners and is predominately quantitative in nature, making use of pre-determined role categories. It has been established in the literature, however, that three types of roles can be identified, namely, traditional, non-traditional and emergent roles.

The third thematic cluster, namely, the experiential roles of the professional accountant is summarised in Figure 26. The definition of each of the themes as provided in Chapter Four will be restated for the sake of clarity in the subsections that follow.

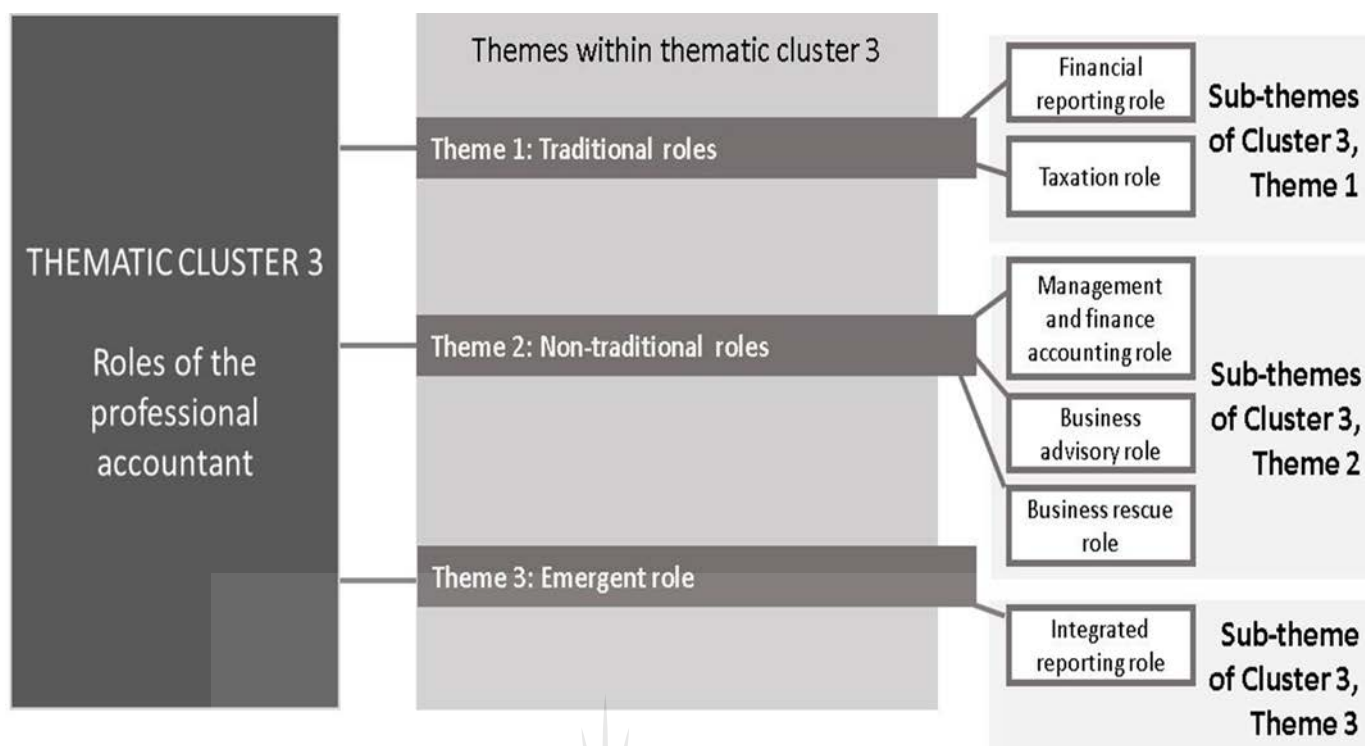


Figure 26: Thematic cluster 3, themes and sub-themes

The traditional roles will be discussed in subsection 5.2.3.1. The non-traditional roles will be discussed in subsection 5.2.3.2, and the emergent role in subsection 5.2.3.3.

5.2.3.1 Traditional roles

Traditional roles encompass the services rendered by the professional accountant due to legislation or regulatory requirements (Everaert *et al.*, 2007). The traditional role category is closely linked to the term compliance. Compliance roles are also the primary role fulfilled by the professional accountant within the SME environment as indicated by the data.

Professional accountants traditionally established themselves within the SME environment to render compliance services to meet regulative burdens (Carey & Tanewski, 2016; Døving *et al.*, 2004; Parker, 2001). It is indicated in the literature that professional accountants are still predominately employed in the traditional compliance role within the SME environment (Devi & Samujh, 2010; Døving & Gooderham, 2008). This can be attributed to the obligatory regulatory requirements that establish the demand for professional accountants in SMEs (Marriott & Marriott, 2000). The types of roles that are categorised under traditional compliance roles are primarily the rendering of taxation services and the compilation of financial reports for

SMEs (Døving & Gooderham, 2008). The obligatory requirements for the SME as identified from the data are the lodging of financial statements for SARS and/or the banks, and the filing of tax returns. The financial reporting and taxation roles as experienced by the professional accountant within the SME environment will subsequently be discussed.

5.2.3.1.1 Financial reporting role

Professional accountants and SME owners who participated in the study unequivocally confirmed that the professional accountant had an “important” role in SMEs with regard to the preparation and lodging of financial statements. Both groups of participants experienced the importance of the role in the context of compliance demands, since the SMEs were obliged to meet certain statutory legislative requirements. Based on the data, the financial reporting role is influenced by five factors, as indicated in Figure 27. The financial reporting role will be discussed in terms of each of these factors.

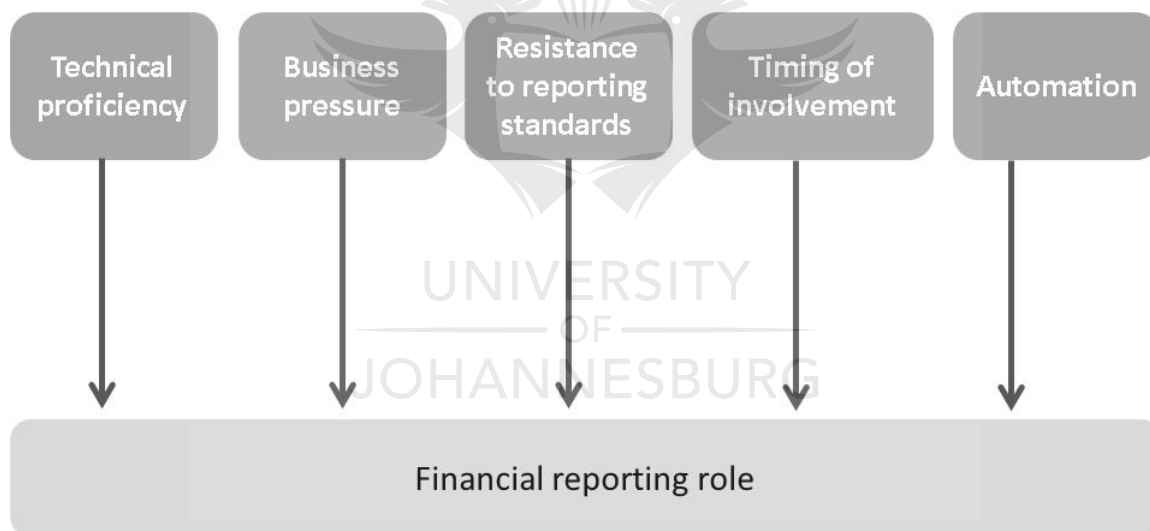


Figure 27: Factors influencing the financial reporting role

5.2.3.1.1.1 Technical proficiency

Professional accountants and SME owners acknowledged that the professional accountant had the necessary technical accounting skills while SME owners in South Africa in most cases did not possess such technical acumen. The findings indicate that the majority of SME owners and professional accountants are of the opinion that SME owners are unwilling to develop the technical acumen to prepare financial statements. But the data also suggests that the SME owners are not financially

illiterate and have the potential to understand and achieve technical proficiency within current financial reporting standards. This has been confirmed in prior studies which established that SME owners may be conscious of the market conditions in which they operate but could lack training in the accounting and regulatory aspects of the SME (Collis & Jarvis, 2002; Marriott & Marriott, 2000). However, a strong unwillingness amongst SME owners to attempt to understand or be trained on the technical aspects of the financial reporting function within their businesses can be inferred from the data. The implication of this is that the current role of the professional accountant may become increasingly redundant should SME owners become more willing to understand the accounting and regulatory aspects of their businesses as identified in paragraph 2.36 of the Conceptual Framework for financial reporting (IASB, 2018).

The unwillingness of SME owners to become more proficient in the accounting and regulatory aspects of their businesses do, on the one hand, ensure that the services of the professional accountant are needed in the SME environment. However, this could lead to a situation where the professional accountant is reluctant to share knowledge with the SME owner in order to safeguard his/her role. Furthermore, if the professional accountant did play a broader and deeper role beyond financial reporting, it would be important to explain the financial reports to the SME client and assist the owner to interpret the statements. This would mean that the SME owner needs to have at least a certain level of understanding of financial reporting, and this would require the professional accountant to share his/her knowledge with the SME client.

5.2.3.1.1.2 Business pressure

Both professional accountants and SME owners stated that SME owners have time constraints and are under mental pressure to meet the demands of running a business and are not in a position to provide due attention to financial reporting requirements. The findings indicate that the financial reporting requirements are considered to be too demanding and onerous for the SME owner to invest time and energy in, and consequently the services of a professional accountant become necessary.

Prior studies have confirmed the tendency of SME owners to exhibit increased psychological stress if there is a threat that the SME might not meet its compliance obligations (Amoako, 2013). The professional accountants who were interviewed experienced their role to be one of the preparer and lodger of the financial reports to

relieve the SME owner from this stressful responsibility. The SME owners supported the professional accountant's experience in terms of the financial reporting role.

These findings further suggest a "segregation of duties" in terms of which the professional accountant prepares the financial statements and the SME owner focuses on the business activities. Such "segregation of duties" will have an impact on the SME business as a whole. For example, a situation was described during an interview where the management of an SME was required in terms of the current set of financial reporting standards (the South African Companies Act No 71 of 2008) to select the appropriate accounting policies that the accountant should apply when preparing the financial reports. The data reveals that in reality, with this "segregation of duties" there is an abdication of this responsibility by the SME owner to the professional accountant. The professional accountant therefore provides a dual role by selecting the accounting policies and subsequently preparing and lodging the financial reports without the involvement of the SME's management.

5.2.3.1.1.3 Resistance to reporting standards

The data revealed significant resistance to IFRS or the adapted IFRS for SMEs within the South African SME environment. These findings proved contradictory to Mohamed *et al.* (2019), who found that South African accounting practitioners had embraced IFRS for SMEs as opposed to the IFRS. The difference in findings could be explained by the fact that Mohamed *et al.* (2019) asked practitioners to reflect on the reporting burden relief of IFRS vs IFRS for SMEs, as was corroborated by Schutte and Buys (2011a). In contrast, participants in the current study were asked to reflect on the overall acceptability of the current financial reporting regime within SMEs. The current investigation did take into consideration the views of both SME owners and professional accountants, however, as was done with prior studies.

The data suggested that while the professional accountant had established an "important" dual role within SMEs, the importance of their role did not arise from their choosing a particular financial reporting framework. The majority of professional accountants and SME owners questioned the need to prepare financial statements that have to meet the technical requirements of IFRS/IFRS for SMEs, and professed that the reporting standard holds no value for SMEs. Even though the professional accountants stated that they embarked on their role as preparer of the financial

statements with technical care and accuracy, SME owners still dismissed the value of the financial statements regardless of the effort required. The majority of SME owners observed that regardless of the perceived quality of IFRS/IFRS for SME standards, this did not translate into any monetary gain for the business. Reasons cited were that IFRS did not reduce any information risk to stakeholders, but rather increased the SME's cost burden to comply. This is contrary to studies conducted with larger listed companies and contradicts the assertion of the IASB that financial reporting principles within IFRS or IFRS for SMEs reduce information risk and costs for stakeholders (Ball, 2006; Carmona & Trombetta, 2008; Daske *et al.*, 2008; Soderstrom & Sun, 2007). These findings further contradict quantitative studies claiming that the value of an SME can be ascertained through the compilation of reliable financial information and that reliable financial information resulted in fewer barriers to access credit as well as a lower rate of borrowing (Allee & Yohn, 2009; Collis, 2003; Collis & Jarvis, 2002; Maas *et al.*, 2014; Oosthuizen, 2018).

A possible interpretation of these findings is that SME owners and professional accountants generally view only banks and SARS as stakeholders and, as such, regard the preparation of such financial statements as a compliance cost, since the investors are usually the management of the entity and don't see any benefit in financial reports. This has been supported by Mohamed (2017), who found that financial reporting is perceived as a compliance cost within SMEs in South Africa.

The majority of professional accountants and SME owners who participated in this study confirmed that SME owners do not appreciate financial statements and, as such, they do not value the professional accountant's financial reporting role. According to them the value of this role lies in the compliance aspect and not in the value that financial reporting has for the SME owners' businesses. Both groups of participants also regularly referred to the SME soliciting this service as a "grudge purchase" in similar terms, as discussed in subsection 5.2.1.3. This metaphor of a grudge purchase again implies that the SME owner is unwillingly and resentfully electing the service. The data reveals that the term "grudge purchase" arises from the SME owner having no alternative concerning the outcome as the service is required due to regulations irrespective of how the business operates and whether or not these services increase economic gains for the SME. These negative perceptions have also been supported by Keasey and Short (1990), who found that the purchase of financial reporting

services from a professional accountant is regarded as a distress purchase as it arises from compliance needs as opposed to accessing the value-adding abilities of the professional accountant. This results in a paradox as to how the professional accountant experiences his/her financial reporting role. The professional accountant as preparer of the financial statements is deemed to be an important service provider to ensure compliance on the one hand, but the actual service is not perceived to be of real benefit to the SME. The financial reporting role of the professional accountant therefore is vested in legislation and is thus protected in the SME environment.

Prior studies have confirmed that the objective of financial reporting is to provide information for external decision-making purposes and is not intended for the SME owner's use (Halabi, Barrett & Dyt, 2010; IASB, 2015; Sian & Roberts, 2009). The SME owners were made aware of the potential of financial reporting to gain access to funding which can lead to monetary gain and growth of the SME (IASB, 2015) during the interviews, but they did not seem to be convinced of these possible benefits.

The taxation role of the professional accountant will be discussed in depth in subsection 5.2.3.1.2, but in terms of the financial reporting role it is important to note that, according to the research, the perceived benefit that SME owners gain from the professional accountant is the execution of the taxation role rather than the financial reporting role (Collis & Jarvis, 2002; Everaert *et al.*, 2007; Halabi *et al.*, 2010).

5.2.3.1.1.4 Timing of the professional accountant's involvement

Participants were of the opinion that financial statements are compliance reports which add very little value to SMEs' success, and therefore very few SME owners even read these financial statements. Furthermore, these reports contained historic information which the SME owner doesn't regard as relevant to the here and now of their business operations or in terms of future planning. Various reasons emerged from the data as to why financial statements were perceived to add little or no value to SME owners.

Firstly, financial statements gave little direction on how owners should run their businesses currently or in the future. Secondly, the information presented was perceived to be outdated due to the difference between the compiled historic date and when the transactions actually took place. As SME owners are aware of the transactions when they happen, from their point of view there is no new information in the financial statements. The third reason was that the timing of the professional

accountant's involvement was problematic. A perception exists amongst the majority of SME owners that the professional accountant's role in the business is seasonal, depending on the timing of compliance needs. These reasons could further explain why many of the SME owners perceive the services of a professional accountant as a grudge purchase. Furthermore, the financial reports prepared by the professional accountant are unregulated, as there is no monitoring board to ensure compliance to the reporting standards for SMEs. Financial statements are prepared on the accrual basis, whereas SME owners measure and attribute their success and sustainability based on cash flow. SME owners are very much focused on the here and now and their current cash flow position, and less on what the trends of the past were and what can be learned from them to apply in the present with the aim to improve future results. As such, the professional accountant is not considered to play a role in planning for the future by assisting them to interpret current and historical data and look at forecasts by taking various factors into account.

This has two implications in terms of timing. The first is that the way in which financial data and statements are interpreted and prepared doesn't unlock the potential value of financial reporting. The second is that the professional accountant needs to be involved in the business planning and analysis on an ongoing basis and not only once a year, to be able to provide continuous analysis and recommendations regarding the business' financial health. Again, a shift in mind-set is required from both groups of participants.

A minority of the professional accountant participants were of the opinion that whilst financial statements contain historical information, they can be used as a tool to determine the SME's growth and progress if interpreted correctly. Furthermore, it was stated that the information presented in the financial statements has a certain level of predictive value and can therefore guide the SME owners to position themselves to enter into its next cycle of growth or prepare for difficult times ahead. Although the majority of SME owners perceive the purchase of the service as grudge obligation, there was also a minority view that suggests appreciation of the fact that financial statements can unlock potential within the business through proper understanding and interpretation of the set of financial statements. To enhance the financial reporting role, many SME owners and professional accountants were of the opinion that professional accountants should be involved on a more continuous basis to really add value.

5.2.3.1.1.5 Automation

As discussed in the literature review in Chapter Two, automation is threatening several jobs with obsolescence, and the accountancy function is purportedly high on the automation list (Nagarajah, 2016). A significant finding that emerged from the data was the influence of automation on the role of the professional accountant within the financial reporting process.

Professional accountants and SME owners agreed that while computerised accounting software was used, SME owners had no intention of replacing their professional accountants even though automation was increasing rapidly. The professional literature remains divided. Kepes (2017), argued that accounting software providers have been further supporting the automation claims that professional accounting will become redundant. Small *et al.* (2019), affirmed the findings of the current study and argue that while digitisation will continue to disrupt traditional financial reporting, it would not make professional accountants redundant. This relates to what was stated earlier in this chapter, namely, that professional accountants and SME owners confirmed that SME owners did not have the time, or the willingness, to develop financial acumen in terms of accountancy skills. SME owners affirmed that professional accountants had technical mastery of the financial reporting requirements. This is supported by the existing literature which argues that a professional accountant requires a complex set of skills and technical abilities, needs to invest significant time, and undergo extensive training to master the knowledge required by the profession (Millerson, 1964; Richardson, 1988).

Issues regarding professional judgement have emerged due to the use of standardised software. Professional accountants and SME owners identified that standardised financial reports were often computer-driven and transactions were automated. It can be inferred from the data that, with a too high reliance on automated reporting, there may potentially be neglect by the professional accountant to factor in qualitative factors such as political, environmental, social and legal factors when making accounting estimates. The inference could be made that the reason why participants did not believe that reports assist in obtaining better access to financing is due to an over-standardisation through automated processes and the production of cumbersome financial reports which are of little or no use to other stakeholders who may potentially need to use the information to make financial or investment decisions.

This line of thought provides further insight into why even apparently simplified reporting standards like IFRS for SMEs are seen as burdensome for the SME as indicated in various South African studies (Mohamed, 2017; Schutte & Buys, 2011a; Van Wyk & Rossouw, 2009).

The body of existing research should be interpreted with caution, however. Mohamed *et al.* (2019), Schutte and Buys (2011a), and Van Wyk and Rossouw (2009) all focused on the technical nature of the IFRS for SMEs from the perspective of the professional accountant and did not consider the views of SME owners. Research in financial reporting has focused mainly on the application and implementation of appropriate financial reporting standards for SMEs (Albu, Albu, & Fekete, 2010; Jermakowicz & Epstein, 2010; Mohamed, 2017; Mohamed *et al.*, 2019; Quagli & Paoloni, 2012; Schutte & Buys, 2011a, 2011b; Uyar & Güngörmüş, 2013; Van Wyk & Rossouw, 2009).

The data from the current study revealed that the technical nature of financial reporting will be integrated more into computerised accounting software over time as automation increases. The current study further confirmed that legislation currently “protects” the professional accountant, as the SME owners still show reluctance to be part of the financial reporting and compliance process. The view that the traditional role of the professional accountant is “safe” is clearly not embedded in the depth or breadth of value that the professional accountant adds, and is based rather on the onerous compliance processes and the perceived cumbersomeness of financial reporting, requiring the services of a competent technician.

Ironically, these aspects of the accountancy function are the easiest to replace. Even though SME owners are currently of the opinion that they won't go the route of full automation as they believe they would then need to spend time generating and interpreting reports or take care of compliance issues themselves, this may change in the not too distant future as software is continuously being developed and through the advances of artificial intelligence, high-quality interpreted financial reports will possibly become the rule rather than the exception. Compliance processes will also continue to become automated and will most probably in future demand very little human input. It can therefore be said that the irreplaceable value of the professional accountant in

general, and specifically in the SME environment, does not lie in their technical skills and abilities.

5.2.3.2 Taxation role

The collected data indicated that the professional accountant is deemed to have a robust understanding of the taxation laws of South Africa and as such able to assist SMEs with tax filing as well as tax planning. The service offerings of the professional accountant as a tax advisor within SMEs formed a significant part of the relationship between professional accountants and SME owners. Professional accountants and SME owners resolutely identified that providing taxation services for the SME was at the core of the relationship between the SME owner and professional accountant and was perceived as a valued service. The data analysis uncovered a significant theme that indicates how the professional accountant takes up the role of middle person between the SME owner and the South African Revenue Service (SARS). In the following subsection, this positioning will be discussed and related to two key aspects, namely, the SME owner's lack of taxation knowledge and skills compared to the professional accountant who is knowledgeable and skilled in terms of taxation, and, secondly, the significant lack of trust in SARS that SME owners have.

5.2.3.2.1 The professional accountant as intermediary

The data suggests that the role of the professional accountant in the SME environment is, to a large extent, as a taxation service provider. This is echoed by prior studies that have found that SMEs more often than not outsource the taxation compliance obligations to a professional accountant (Coolidge *et al.*, 2009; Letsoalo, 2014).

The theme of the professional accountant as middle person is indicative of how the legislative environment shapes the role of the professional accountant within an SME environment and relates specifically to the position that the professional accountant takes between the SME/SME owner and SARS. It can be inferred from the data that the professional accountant is positioned between the SME owner and SARS due to a strong reluctance from SME owners to deal directly with SARS. The data revealed reasons such as lack of trust in SARS, trepidation, lack of understanding of tax legislation and time-consuming processes. It was argued that the professional accountant alleviates the stress experienced by the SME owner, which, in itself, has value.

The data also suggests there could potentially be a risk that professional accountants use the negative associations people have of SARS to secure their positions in SMEs.

The perception from both professional accountants and SME owners was that if there was no tax compliance obligation placed upon businesses, then the value of professional accountants would diminish significantly. This reason can be further substantiated by the data, which found that professional accountants had a far more comprehensive understanding of taxation legislation than SME owners, and this service was therefore of benefit from a compliance, tax saving and time management perspective. It is argued in the literature that citizens are usually unwilling to pay the taxes levied and therefore many taxpayers intentionally attempt to reduce the tax liability imposed by SARS (Abrie & Doussy, 2006). The majority of SME owners and professional accountants perceived the role of the professional accountant as directly linked to tax legislation within the country. The implications of this finding are important as the data suggests that if the complex taxation legislative framework implemented through SARS did not exist, professional accountants' role within the SME environment would diminish significantly.

Due to the professional accountant's advanced technical mastery of the South African tax legislation, the taxes payable by SMEs can be minimised within the legislative framework and still comply with taxation requirements and ensure that the SME is not penalised through fines and penalties. Prior studies have already confirmed that a significant number of the SME owners are not skilled regarding the administrative and technical requirements in terms of tax compliance (Killian *et al.*, 2007).

5.2.3.2.2 Lack of trust in SARS

As stated, the data also revealed that SME owners have a lack of trust in SARS, as there was a perception that SARS had the objective to aggressively penalise their business through the collection of taxation. The perception of SME owners was that more often than not SARS takes a portion of their hard-earned profits and cash generated, while taxes are used by government for fruitless and wasteful expenditure with no societal benefit.

An important aspect that emerged from the data was that professional accountants validated the fear and distrust of SME owners of SARS and acknowledged this posed an opportunity to establish their role and generate work by acting as an intermediary

between the SME and SARS. Professional accountants within the SME environment were cognisant of this advantage that they had, and confirmed that these taxation services came at a high premium to the SME. This finding has been confirmed by Evans (2003), who also found that taxation compliance costs proportionately constitute a significant percentage of total costs for micro SMEs compared to larger SMEs in South Africa. SME owners acknowledged these high premiums but still found the provision of taxation services by the professional accountant to the SME of significant value. The data further implied that the underlying valuable role that the professional accountant fulfils was contingent upon the ability of the professional accountant to ensure that the SME owner's lifestyle needs are met and less taxation is paid over to SARS. Such perceptions may be in conflict with the expected role of the professional accountant to serve the public interest. Public interest is a complex matter, however, and will be delved into in more detail in subsection 5.2.4.4.

In summary, it can be stated that the professional accountant, SME owner and SARS are involved in a complex triangular relationship. The dynamics of this relationship is depicted in Figure 28, which shows the distrust that SME owners have of SARS as well as their trepidation in dealing with SARS.



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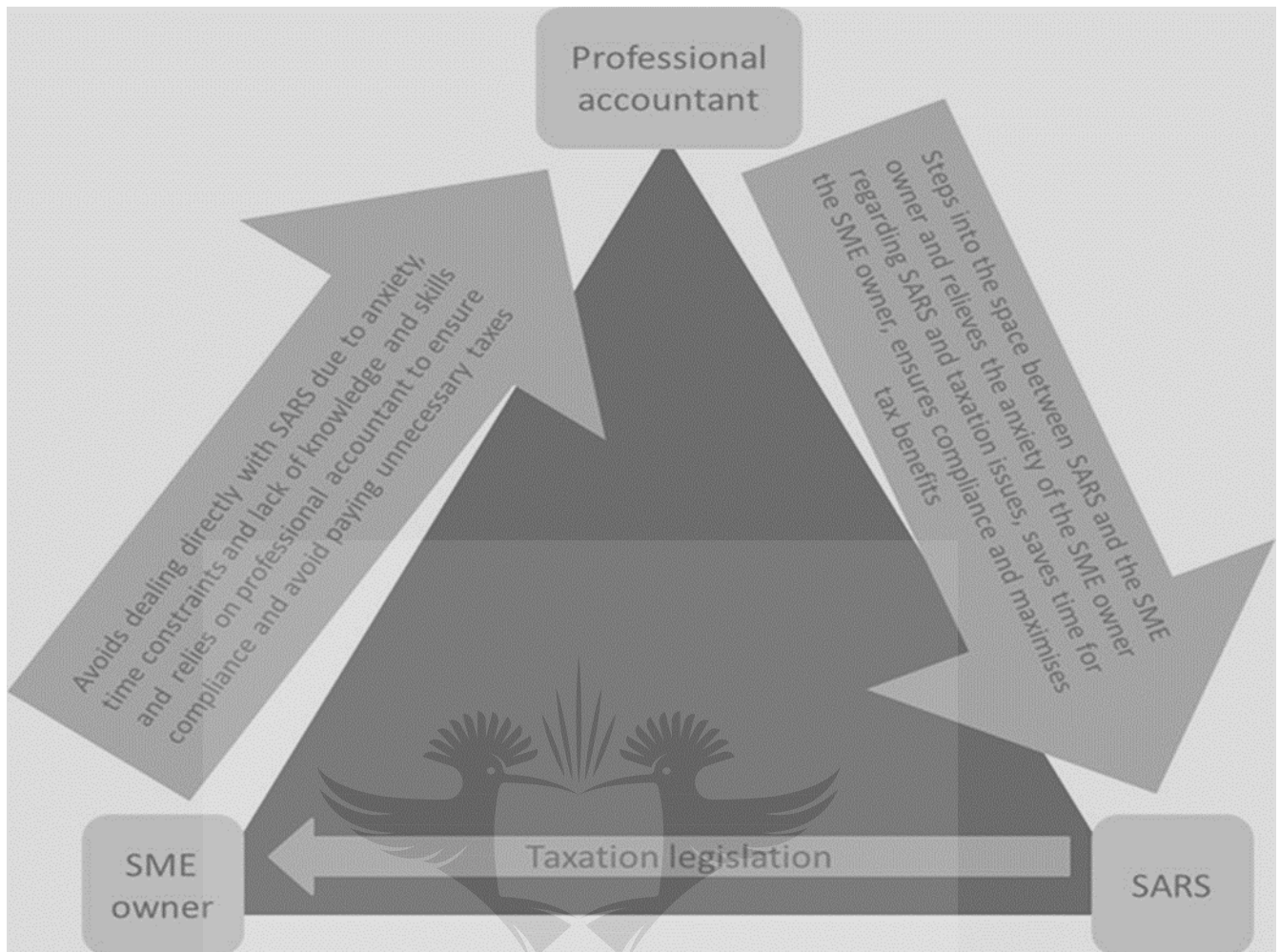


Figure 28: Triangular relationship dynamics of the professional accountant, the SME owner and SARS

One can reflect on how healthy and sustainable this dynamic is, as the professional accountant possibly secures his/her role as taxation advisor based on the SME owner's negative feelings towards SARS. Should SARS build a strong partnership with SMEs, which would undoubtedly be in the best interest of SARS as well as to the benefit of public interest, the value of the accountant's role would probably diminish. This is however a complex topic in itself and beyond the scope of this study, but further research into this matter would add to a deeper understanding of these dynamics.

5.2.3.3 Non-traditional roles

The theme of non-traditional roles reflects consultancy services that the professional accountant provides to SMEs, in contrast to the traditional roles discussed in the previous sections. The non-traditional roles can be described as consultancy roles because it is implied that the professional accountant applies his/her in-depth

knowledge to make recommendations to management from an outsider position. One can describe this positioning as that of an outsider with insider knowledge.

The data was further analysed to obtain a better understanding of the experience and perceived value of these consultancy or non-traditional roles. Four sub-themes emerged, namely, management accounting and finance roles; business advisory roles, business rescue roles and provider of knowledge roles.

It is important to note that the acceptability of these non-traditional roles, which do not arise from legislation but from voluntary solicitation of the service of a professional accountant by the SMEs, is debated in the literature (Bennett, 2007; Deakins *et al.*, 2001; Gibb, 2000; Gooderham *et al.*, 2004; Schizas *et al.*, 2012). The only exception to the voluntary employment of a professional accountant is the business rescue role (as discussed in the literature review), which arises from the legislative requirements of the South African Companies Act 71 of 2008 (RSA, 2008). The findings of the current study indicate a restriction of the role of the professional accountant based upon the establishment of accountancy as a rule-based field with clear guidance on the parameters within which accountants perform their services. It can be inferred from the data that expecting the professional accountant to fulfil non-traditional roles places pressure on their role and on the professional accountant in less formalised contexts like SMEs. The implications and acceptability of these roles together with the ethical implications will subsequently be explored.

5.2.3.3.1 Management accounting and finance role

Management accounting refers to the tools adopted and services provided by a professional accountant to assist an SME to make informed decisions regarding costs, budgets and operations (Drury, 2017). The management accounting and finance role can further be defined as the assistance given to design financial structures that empower management in their responsibilities, which may consist of a variety of tasks such as performance reporting, budget forecasting, product costing of goods or services, capital budgeting, and investment consideration (De Araújo Wanderley *et al.*, 2011; McChlery *et al.*, 2005; Oosthuizen, 2018). The provision of management accounting services is not a new role within the business advisory realm (Drury, 2017; Langfield-Smith, 2008; Shields, 1997). Management accounting is the first form of business consultancy that SMEs would have most likely engaged professional

accountants in (Gooderham *et al.*, 2004; Lavia López & Hiebl, 2014; Nandan, 2010). As established, the management accounting and finance role is a voluntary service that an SME owner can source from a professional accountant.

The findings from the current study suggests that consultancy services such as management accounting and finance services were sourced with some difficulty from the professional accountants by the SME owners. However, the data also revealed various positive experiences of professional accountants and SME owners where successful results were achieved through the involvement of the professional accountant in a management accounting and finance role.

The data revealed challenges as well as role inhibitors that need to be addressed and overcome in order for professional accountants to fulfil a meaningful and mutually beneficial management accounting and finance role in the SME environment. The first challenge is the cost charged by the professional accountant for these services as opposed to the value that the SME owners believe they would derive from them. The data revealed that SMEs generally were faced with huge compliance costs within SA and were therefore struggling to grow and sustain the SME. Since management accounting and finance is not an obligatory service offering, it was only through exposure to the benefits of the service that some of the SME owners realised the contribution that the professional accountant can make in this role. Secondly, the data suggests that SME owners usually do not understand what the management accounting and finance service entails as the scope of management accounting and finance activities is so broad (Business Dictionary, 2018; Debono, 2014; Lavia López & Hiebl, 2014).

Despite the reluctance of some of the SME owners to invest in management accounting and finance services, there was also a different perspective where some of the SME owners were of the opinion that the management accounting and finance role of the professional accountant is undervalued. One of the reasons stated for this, is that professional accountants do not sufficiently explain to SME owners what value can be gained from rendering management accounting services on a practical level. An important aspect that was revealed is that SME owners' actual experience of the value of these services shifted their perspective. This could have implications for the

way in which these services should be marketed and offered to SME owners, as will be discussed in Chapter Six.

The size of the SME seemed to be of little consequence in terms of the need for management accounting and financial services in the SME environment. As stated, most participants maintained that once the perception of the value of the service could be established, the SME would in fact value the role of the professional accountant in this regard. This finding contested previous studies which proposed that the need for management accounting and finance services is dependent on the size of the SME and therefore “smaller” SMEs did not require such detailed and complex information for decision-making (Mitchell & Reid, 2000; Oosthuizen, 2018; Perren, 2000). This proposition can be contested since research has shown that SMEs generally experience more difficulties compared to larger businesses and are also more susceptible to business failure thereby reinforcing the need for detailed and complex management accounting and finance information (Lavia López & Hiebl, 2014; Nandan, 2010; Oosthuizen, 2018). This argument could be summarised as follows. Firstly, “small” SMEs experienced more difficulties than larger SMEs. Secondly, SMEs in general experienced more difficulties compared to larger businesses. By extension, this implies that the size of an SME did not influence the value of the role of the professional accountant in providing the service except that smaller SMEs might have an even greater need for these services than larger SMEs.

The data of the current study further suggested that if SME owners were more educated about how important the management accounting and finance role of the professional accountant is, more SME owners would be willing to employ professional accountants to render the management accounting services, rather than just focusing on the compliance role. However, in order to establish the value of the professional accountant within this role, the professional accountant would probably first have to provide the service on a pro-bono basis until economic benefits are realised for the SME.

The positive stories as shared by the participants suggest that only once the professional accountant and the individual SME connect in terms of understanding the business needs of the SME the management accounting and finance role starts to develop and evolve. It can further be inferred from the data that the management

accounting and finance role could form a basis to build a more solid relationship between the SME owner and the professional accountant to mutual benefit of both parties. This connection requires a wide variety of competencies of the professional accountant. It can be inferred from the data that these competencies are reliant on the professional accountant establishing a comprehensive knowledge of the SME environment, as well as the way in which the SME is governed and how it operates.

However, there appeared to be divergent views between the SME owners and professional accountants on how useful the management accounting consultancy role could be to the SME (Marriott et al., 2008). These divergent views could arise due to the different perspectives and interpretations of what management accounting means in the context of the SME environment. This would be a plausible explanation as, according to prior studies, SME owners draw upon professional accountants' management accounting and finance skills more often than on the other non-traditional roles (Bennett & Robson, 1999; Collis & Jarvis, 2002; Devi & Samujh, 2010; Gooderham *et al.*, 2004; Samujh & Devi, 2008). The implications for the professional accountant within the management accounting and finance role is that he/she needs to provide relevant financial information to the SME that is of practical use to the owner. The opportunities will be explored in more detail in the final chapter. In subsection 5.2.3.3.4, the business advisory role of the professional accountant will be discussed. The separation is due to the fact that these two roles (management and financial accounting, and business consultation) overlap in some ways and are often confused with one another.

5.2.3.3.2 Business advisory role

The role of a professional accountant in a business consultancy capacity incorporates both financial and non-financial services to SME owners to assist SMEs with better decision-making. Although providing management accounting and finance services could also be construed to be a consulting role, it differs from the business consultancy role as the latter doesn't only refer to input regarding financial matters, but includes providing business advice relating to non-financial matters or matters that are not purely financial in nature. The data suggests that business information, external and internal, becomes valuable to SME owners if it is processed, analysed and presented in a manner that adds practical value to the SME owner. The business consultancy role therefore refers to a role of the professional accountant in which information and

advice are provided pertaining to various aspects of the business such as risk management, business controls, governance, and strategic planning that will assist SME owners to make sound decisions and to have a dual view on their businesses in terms of short-term and longer term planning. These services could include aspects of management and financial accounting. In addition, these services would play an important role in bridging the segregation gap of functions between the SME owner and the professional accountant and provide for a more holistic view of the business where financial and non-financial functions are integrated and the broader business environment is also taken into account.

Various participants (professional accountants as well as SME owners) perceived professional accountants as providers of knowledge across a variety of business domains. The data further revealed that, depending on the size of the SME, professional accountants didn't only act in an advisory capacity, but also provided operational support to SME owners. These operational services however only emerged from the professional accountants and SME owners who had established a positive relationship. Participants' stories reveal that some SME owners rely heavily on professional accountants due to their resourcing challenges. In these instances, business advice extended to the provision of a range of operational services. Examples of the data indicate that these operational roles range from basic legal advice, guidance on personal financial matters; human resource matters, marketing initiatives; labour laws; basic legal business advice and to a limited extent, information technology advice. Prior studies partially identified and confirmed these additional operational roles (Berry, 2006; Harris *et al.*, 2008; Watson, 2007). For example, Blackburn *et al.* (2006) found that within SMEs there are affordability issues regarding employing a full time human resources professional to assist with employment regulations. This was also confirmed by Jarvis and Rigby (2012) who found that the extended operational role provided by professional accountants may include recruitment, succession planning and advice on reward structures.

The findings of the current study also revealed that these services were usually offered by the professional accountant without expecting compensation as a trusting relationship between the SME owner and professional accountant developed over time. This is supported by the existing literature that states, in order for professional accountants to render support roles to SMEs, trust has to be established first within

the relationship (Blackburn & Jarvis, 2010; Gooderham *et al.*, 2004). Trust was usually earned through the successful demonstration of competence by the professional accountant within the traditional compliance role which subsequently gives rise to opportunities for the fulfilment of another role (Jarvis & Rigby, 2012). The data suggested that the operational support role can potentially exist under conditions of trust and partnership as well and could also be driven by the size and the resourcing needs of the SME. The timing of the professional accountant's involvement within the SME is also a critical success factor for the role.

A number of studies have been conflicting in propositioning the relationship that is experienced between the performance of the SME and the business advisory role of the professional accountant (Bennett & Robson, 1999; Carey, 2015; Oosthuizen, 2018; Robson & Bennett, 2000). Similar to the management accounting role, the business advisory role is a non-traditional role and as such similar constraints exist. The literature remains divided on whether this service actually is of any financial benefit to the SME. The collected data indicated that there could be potential for the professional accountant to embark on a business advisory role within the SME, particularly to enable SMEs to grow and sustain themselves. However, like with the management accounting and finance role, the SME owner needs to overcome the cost barriers and first experience the financial benefits related to the professional accountant's fulfilment of this role before it will be fully accepted and appreciated.

The data further suggests that professional accountants who understand the SME environment are more successful in a business advisory role. This specifically relates to the professional accountant's understanding of the financial, operational and economic risk within the SME environment. It can be inferred that a professional accountant's ability to advise the SME owner from a holistic perspective adds significant value.

The data also revealed that the professional accountant's years of experience as well as his/her understanding of the type of SME to which the service is rendered were critical indicators that affected the ability of the professional accountant to add value within this role. Unfortunately some professional accountants who were referred to as

“lone-rangers”²⁸ in the data, had the necessary experience but would not offer these services due to an unwillingness to move away from traditional services which seemed more lucrative to them.

Some of the SME owners did not have confidence in the professional accountant within the business advisory roles. This partially confirms prior research which argues that SME owners are reluctant to source business advisory services from professional accountants (Blackburn, Carey & Tanewski, 2010; Nandan, 2010). SME owners’ perceptions emerged from the view that professional accountants were generally not accessible to the SME before the end of the financial year. The absence of the professional accountant from the daily operations of the SME negatively influenced the SME owner’s confidence and appreciation of the value of the professional accountant within a business advisory role. Prior studies have confirmed that professional accountants are perceived to not be in touch with reality and as such are not regarded as credible advisers for strategic matters and therefore not consulted by SME owners (Blackburn & Jarvis, 2010; Burke & Jarratt, 2004).

Cost to access these business consultancy services together with the compliance costs resulted in SME owners considering this service as a luxury expense and not really essential to the welfare of the business. Furthermore, it could be inferred from the data that professional accountants had to invest in professional development to enable them to render these services and this came at a huge cost that needed to be recovered. Many of the professional accountants also supported the view that their fulfilling a business consultancy role would have potential growth benefits for the SME. The professional accountants interviewed also stated that SME owners do not utilise their full range of competencies and skills that could ensure the success as well as the sustainability of their businesses. These findings are supported by Deakins *et al.* (2001), who found that business advisory decisions are often dynamic processes and based on relationships with the professional accountant and are deemed critical at the early growth stage of the SME. Conversely, the professional accountants were only willing to engage in a business advisory role should the SME be willing to pay the premium fee charged. Such attitudes in a South African context are particularly

²⁸ A lone ranger refers to a professional accountant who runs a sole practice. This type of professional accountant was described in the data as someone who operates without peer consultation. A lone-ranger may also refer to a professional accountant who does not belong to a PAO.

concerning since SMEs, unlike larger companies, are more susceptible to business risk due to the lack of resources that is often needed for growth and survival (Gooderham *et al.*, 2004). SME owners in developing countries in particular face internal resourcing challenges, which further place constraints on their business effectiveness and efficiency (Devi & Samujh, 2010; Karanja *et al.*, 2012). It can be stated that the professional accountant's role is wedged in a paradoxical situation from which neither the professional accountant, nor the SME owner, can move forward because of contradictory expectations from the SME owners, namely, to manage the compliance requirements on behalf of the SME owner, as well as fulfilling a business advisory role in combination with the requirement of having to supply these additional services at low or no extra cost.

Reasons for the resistance to business consultancy that emerged from the data were that the benefits provided by the business consultancy services was not realised as quickly as the cost of utilising the services. It was frequently implied by participants that, because SME owners only need the professional accountant for traditional compliance services, many SME owners often lose the opportunity to realise the growth of their SMEs because they do not utilise the full value that professional accountants can offer. This view is supported by Kirby and King (1997) who found that aggressive fee structures and a lack of understanding displayed by professional accountants are reasons cited by SME owners for potential resistance to engage with professional accountants.

The professional accountants who participated in this study indicated that they would need to add a premium to these services due to the time and level of expertise needed and were unwilling to render services without their fees being in line with their input. Prior studies further indicate that SME owners do not appear to be satisfied with the outputs that they receive when these services are sourced (Blackburn & Jarvis, 2010; Ciccotosto, Nandan & Smorfitt, 2008; Marriott & Marriott, 2000; Marriott *et al.*, 2008).

The majority of the interviewed professional accountants in this study indicated that it was problematic when an inexperienced professional accountant without sufficient depth and breadth of understanding of the business that they are dealing with, provide misguided advice to SME owners. This could possibly contribute to the high number of SMEs being liquidated or closed long before they can realise their growth potential.

These findings could explain the levels of dissatisfaction of many SME owners with the services of professional accountants as stated in the prior studies mentioned above.

On the other hand, the findings also indicate that professional accountants are of the opinion that SME owners often adopted a lackadaisical attitude which inhibits their SMEs from growing. Furthermore, most SME owners stated that the SME was a means of supporting their lifestyle and growth was ideal as long as it could meet their personal needs. This could be another contributing factor why the business advisory role of the professional accountant would be difficult to fully realise. A potential consequence of the SME owners not making use of professional accountants as business advisers is that SMEs may unwillingly have to make use of their services as business rescue practitioners. In subsection 5.2.3.3.5 the role of the professional accountant within a business rescue role will be discussed.

5.2.3.3.3 Business rescue role

Chapter 6 of the South African Companies' Act allows professional accountants to embark on the role of business rescue practitioners when a company is placed under financial distress and cannot meet its obligations to third parties. Professional accountancy organisations have thus been positioning their members to take on this role within their business advisory capacity. South African SMEs have the lowest survival rate in the world (Mahembe, 2011) and the business rescue option provides SMEs in financial distress with the opportunity to reposition themselves by appointing a business rescue practitioner that can assist them to come up with turnaround strategies that will improve their chances of survival (Maphiri, 2015). The current study revealed that SME owners are cognisant that professional accountants seem to have a very low success rate within this area. This concurs with prior research which found that business rescue proceedings do not always succeed in rehabilitating businesses as only 12% to 13.6% of the businesses that entered into business rescue concluded business rescue proceedings successfully (Naidoo *et al.*, 2018). This does not necessarily imply that all business rescue proceedings were administered by professional accountants. The findings are however indicative of the lack of success of a rehabilitating a business that is in financial distress.

Findings from the data indicate unequivocal consensus among SME owners that professional accountants could not play the role of a business rescue practitioner. Further analysis of the data revealed the following reasons for the sentiments expressed by the SME owners:

- Firstly, some of the SME owners were of the opinion that professional accountants' skills set is limited to technical compliance and regulatory obligations. SME owners cited that business involvement in the industry as well as within the operational side of the business is of key importance to a successful business rescue. Based on the data, one can infer that professional accountants are generally valued for their technical ability in terms of accounting skills and taxation but are not deemed fit to add value beyond this function. SME owners indicated that professional accountants have a general understanding of SMEs however lack the practical business acumen to execute the operations and provide strategic foresight to save a business that is failing.
- Secondly, the data suggests that some SME owners questioned the relevance and value of the financial reporting process as it relates to predicting financial distress. The sentiment expressed was that, if their individual professional accountants did not have the foresight to pick up the indicators of financial distress in the preparation of financial statements, they would be very doubtful whether these same accountants could turn around a failing SME.
- Thirdly, the data indicates that SME owners regard professional accountants as being risk averse by nature and as such would not make successful business rescue practitioners. Many SME owners maintained that to run a successful business one has to take risks, and were of the opinion that the professional accountant could potentially play a supporting role in compiling the financial, strategic and operational information for a business rescue practitioner, but would not be suitable to manage the business rescue process.

As such, the role of the professional accountant as business rescue practitioner was rejected by many of the SME owners. The data gathered from the SME owners indicate that the following skills are fundamental for someone fulfilling the role of business rescue practitioner and that a professional accountant who would wish to fulfil this function would need to display the attributes summarised in Figure 29:

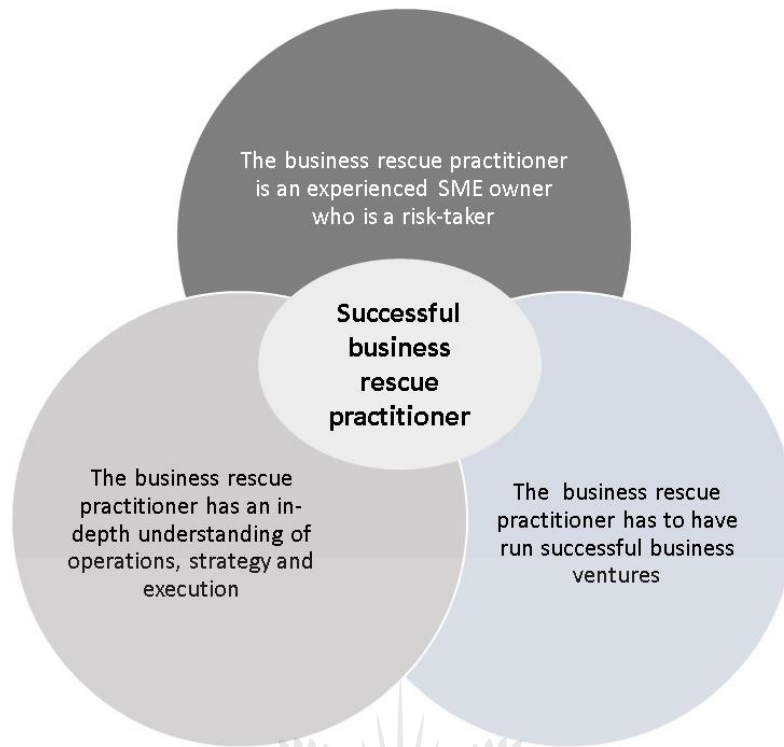


Figure 29: Attributes of a successful business rescue practitioner according to SME owners

The majority of the professional accountants indicated that embarking on the role of business rescue practitioner provide lucrative financial opportunities. It could however be inferred from the data that the majority of professional accountants considered the role as a business rescue practitioner to be a specialised service that needed to be evaluated in accordance with the competence and experience as per the guidelines of the Companies Act 71 of 2008. This is supported by the literature which indicates that SME owners experience professional accountants' services to be very general in terms of their offerings and therefore lack a specialised approach to their respective SMEs (Nandan, 2010). This general approach is further substantiated by the limited impact of professional accountants' recommendations in areas outside of compliance (Kirsten & Fourie, 2012). Prior research also indicates that professional accountants are perceived to be good providers of operational advice to SME owners, however, they are not valued for being able to render strategic services (Burke & Jarratt, 2004). The small group of professional accountants who were confident that they could fulfil the role of business rescue practitioner in most cases tended to agree with the SME owners who questioned the fulfilment of this role by professional accountants. They strongly argued that their success in the role of a business rescue practitioner was

based on their ability to prepare financial and non-financial reports. However, the data reveals that the skills set as identified by the professional accountants to embark on the role of a business rescue practitioner was different to those recognised by the SME owners. Professional accountants identified the skills of a business rescue practitioner as summarised in Figure 30:

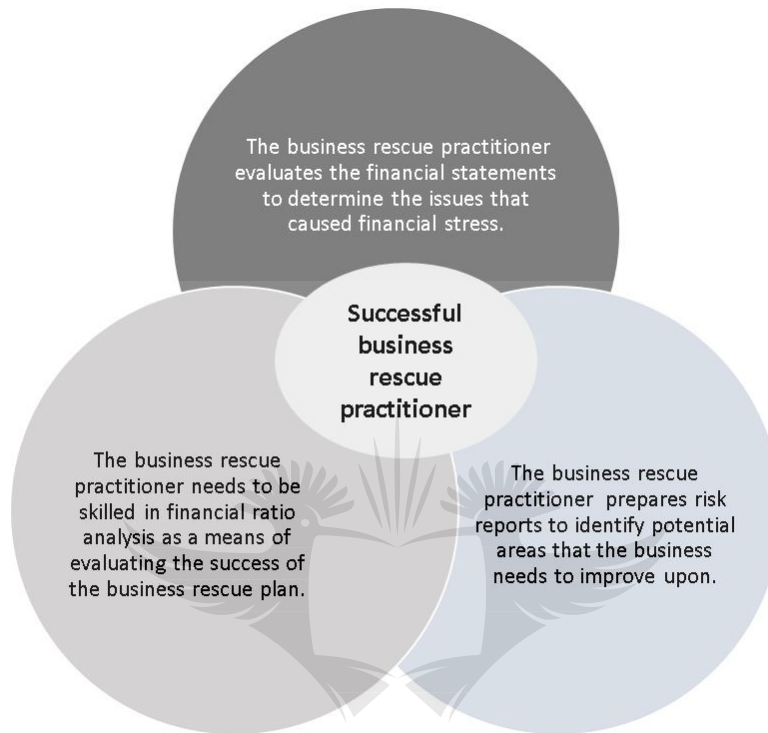


Figure 30: Attributes of a successful business rescue practitioner according to professional accountants

Professional accountants regard the role of a business rescue practitioner to be driven from the financial reporting process which was heavily criticised by SMEs in the context of traditional roles. As stated, a contradiction exists between the view of the professional accountants and the SME owners' view as to the skill set needed to embark on the role of business rescue practitioner. Figures 29 and 30 represent this contradiction. By contrasting the two diagrams it becomes clear that the professional accountant is still very much focused on financial reporting and risk management which SME owners regard as a support function as opposed to the skills that SME owners identified which focus on the practicalities of running a business. This could further indicate that SME owners are risk-takers and action-orientated, and professional accountants are risk-averse and analysis-orientated. Even though professional accountancy organisations have been positioning professional

accountants to take on the role as business rescue practitioners due to the lucrative financial opportunities this presents (De Villiers, 2017), these organisations would need to ensure that the requirements of the Companies Act in terms of who can embark on this role are adhered to. They also need to carefully draft a competency framework in consultation with SME owners and consider creating a separate designation for professional accountants who fulfil this role. This study only investigated the experience of SME owners and professional accountants on the professional accountant's ability to embark on this role. Further investigation is needed to ensure that the spirit of Chapter 6 of the Companies Act achieves its intended purposes and does not result in SMEs being set up for failure while professional accountants gain financially.

It can further be inferred from the data that professional accountants who wish to fulfil the role of business rescue practitioner might be motivated by the lucrative financial opportunities this involvement could offer whilst knowing that the successes of business rescue endeavours are low in the SME environment. It has further been reported that professional accountants were more often consulted after the fact when SMEs were already experiencing financial distress (Niemi *et al.*, 2012). This confirms the importance of timing in terms of the professional accountant's involvement in the business. The data indicates that professional accountants are the first line of defence and should focus on the quality of financial reporting so that the early warning signs can be picked up when a firm is under financial stress.

5.2.3.4 Emergent role: Integrated reporting role

IIR is defined as a communication process regarding the results of an organisation with respect to how it creates value over time (Dumay & Dai, 2017). Compared to traditional historic financial reporting, IR is said to represent one of the most innovative concepts introduced in the communication of business results (Attolini, 2014). An integrated report is a cohesive report about how an organisation's strategy, governance, performance, and prospects lead to the creation of value over the short, medium and long term.

SMEs have globally been encouraged by the IIRC to also embrace IR. The current status within South Africa is that SMEs are not required to prepare integrated reports. Notwithstanding that, South African listed companies were amongst the first globally

to prepare integrated reports (Solomon & Maroun, 2012). Professional accountants within the SA listed environment had since 2012 embarked on the role of preparer of integrated reports.

The data revealed that SME owners had a very negative perception towards the concept of IR as well as integrated thinking. As discussed in the literature review in terms of an SME, integrated thinking can be applied as a connected view of how an SME uses its capitals, including its use of and effect on other forms of capital central to its business model and future strategies (Thompson, 2017a). Professional accountants affirmed that they had a potential role to play in the preparation of integrated reports provided that SMEs chose to embrace the process of IR and integrated thinking. The affirmation of professional accountants can be substantiated by current literature. According to current literature there are six different categories of "capital": financial capital, manufactured capital, human capital, intellectual capital, natural capital, and social capital (Flower, 2015). The argument is that SMEs could potentially make more informed decisions if they considered the impact of these capitals. Integrated thinking is therefore defined as a connected view of how an SME utilises these capitals, including its use of and effect on all the capitals central to its business model and future strategies, that enhances strategic planning, execution, and evaluation (Thompson, 2017a). Integrated thinking and IR could therefore provide valuable information for SMEs to assist in planning, budgeting, and implementing strategies that could give rise to the efficient and effective consumption of resources (Kaya & Türegün, 2014).

However, since IR is a voluntary reporting process in the SME environment, SME owners stated that the concept of IR has never been fully explained to them nor did they take the time to better explore the usefulness of the process. Furthermore, it was revealed that professional accountants who participated had not prepared integrated reports themselves as there was currently no demand for the service. This could be due to misconceptions regarding the meaning of IR and the concept of integrated thinking which was reflected in the data. SME owners' main concerns centred on whether IR would become statutory as is the case with financial reporting, as the cost of producing the integrated report would, according to the SME owners, not justify the perceived benefit that they would receive. The SME owners were concerned that the current South African economy poses bigger challenges such as unemployment,

transformation and the survival of SMEs that need urgent attention. It is stated in the literature that integrated thinking facilitates behavioural change within organisations (Adams & Simnett, 2011). A paradox thus emerged as the current challenges identified by SME owners could actually be addressed by integrated thinking and reporting at a macro-economic level.

The professional accountants who were interviewed embraced the concept of integrated thinking, however had mixed feelings towards the actual implementation of IR within SMEs. These mixed feelings could be due to the dismissive attitude of SME owners of the entire IR communication process and that they perceived it to be of no relevance to their compliance needs or to their decision-making ability. This has been supported by literature which claims that cost, lack of resources and no buy-in to the concept from SMEs manifest as potential challenges for professional accountants to convince SMEs to adopt IR (Du Bourg, 2018).

The data furthermore revealed that the SME owners who had reflected on the IR process raised concerns regarding the professional accountant's skills, competencies and experience to prepare such an integrated report. The data revealed that the SME owners' view of the role of the professional accountant was confined to preparing financial reports and communicating the information to the SME owner. These reports are strongly number-based and prepared according to structured accounting standards. Concern was expressed by both SME owners and professional accountants that evolving into a preparer of integrated reports required a skill set to effectively communicate all the capitals identified in the literature in non-numerical terms that have meaning to the business as well as its stakeholders. The data suggested that SME owners and professional accountants within their current role in the SME environment do not feel that they possess such skills. The data also revealed that professional accountants' exposure to IR is limited to information conveyed at CPD seminars and felt that the spirit of integrated thinking at this stage would be more beneficial to the SME rather than IR. This was confirmed in the literature review which indicates that professional accountants are being pressurised by professional accountancy organisations to implement IR and adopt integrated thinking. The rationale of the accountancy organisations is that no other external service provider knows an SME better than its professional accountant, who is equipped with a deep understanding and knowledge of the SME (SAIPA, 2017).

Some of the negative perceptions experienced by SME owners towards professional accountants embarking on the IR role have been confirmed by prior studies. One of the concerns is whether IR will be acceptable to SMEs and whether there is any contradiction between two objectives – the one being the need for IR for SMEs in order to understand and reflect the business' results holistically and the requirement to simplify financial reporting within the SME environment (Yonkova, 2013).

The attitude of participants towards IR was very clear from the very negative metaphors that were used when the concept of IR was discussed. For example, the metaphor “devil child” of the accounting profession was one of the metaphors used. This metaphor suggests that the concept of IR had the potential to deceive the SME owners to pay for the report without obtaining any benefit, while the word “child” could be interpreted as IR still being in its early stages. Furthermore, SME owners perceived IR to be a foreign concept which had no place within the current South African context. It could be inferred that the perception is that IR was being imposed by larger bodies which did not understand the SME environment. This view can be supported by literature which argues that IR has the backing of an economy's regulators, governance councils as well as the large accountancy firms who elevate the significance of IR (Dumay & Dai, 2017; Hanks & Gardiner, 2012).

5.2.4 Thematic cluster 4: Regulation of the role of the professional accountant

Regulation of the accountancy profession is a specific mechanism through which the role of the professional accountant may be constructed as a consequence of the legislative environment. The purpose of any regulation or code of good practice should result in benefits and accountability to its stakeholders. The thematic cluster of “regulation of the role of the professional accountant” consists of five themes as depicted in Figure 31, namely, liability of the professional accountant; the regulatory environment; implied assurance, establishing public interest and value of a professional designation. Each of these categories will be discussed under subsections 5.2.4.1 – 5.2.4.5 that follow.

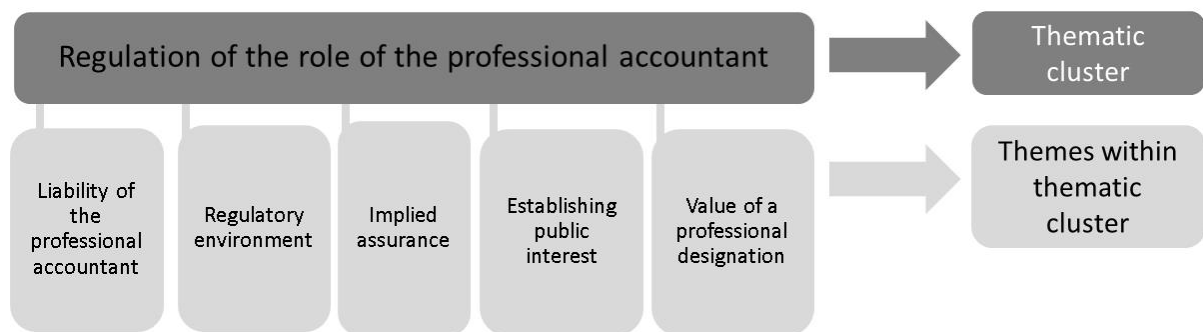


Figure 31. Thematic cluster 4, themes and sub-themes

5.2.4.1 Liability of the professional accountant

A professional accountant's liability refers to his/her legal liability while performing his/her professional duties. A liability for the purpose of this study refers to any legal obligations that may arise through the professional accountant's actions when engaging with SME owners within South Africa. The legal liability of the professional accountant may potentially influence how professional accountants embark on their role within SMEs and therefore warranted exploration.

SME owners primarily attributed the liability of the professional accountant to the risk of non-compliance in fulfilling their traditional roles as professional accountants. The data revealed that SME owners were under the impression that professional accountants could be held accountable legally in the event that there was a failure in the exercising of their professional role with due care and competence. Furthermore, the data revealed that SME owners appeared to be under the impression that professional accountants could be sued in the event of misconduct. SME owners did however not know how and under what legislation this legal recourse could happen. This revealed that SME owners do not understand how the accountancy profession operates and as such do not understand that there is limited recourse for them in terms of the legal liability of the professional accountant. Upon realising the situation during the semi-structured interviews, SME owners expressed concern over the lack of accountability of the professional accountant. SME owners further questioned their options for recourse if professional accountants behaved recklessly in their role when servicing the SME. Apart from the limited liability of the professional accountants within the traditional role, SME owners were also concerned about the lack of recourse that they would have when professional accountant fulfil non-traditional and emergent roles as discussed above.

Professional accountants who were interviewed supported the view that expectations exist regarding standards of due care and competence when performing compliance engagements which implies recourse to be held legally liable should the professional accountants fail to uphold these standards. Professional accountants also made reference to professional indemnity insurance that was sourced by them in the event that they could be held liable in terms of the South African Companies Act no 71 of 2008 for their actions as a director of their accounting practice.

The compliance liability stems from Section 4 of the SA Companies Act No 71 of 2008, according to which the professional accountant is required to conduct a solvency and liquidity test before financial statements are finalised. A number of the professional accountants viewed their legal liability to be limited to providing financial accounting indicators in terms of liquidity problems and solvency problems. Application of the provisions of the Companies Act implies that if financial statements are signed off, the professional accountant gives a level of professional assurance that the business will continue as a going concern, which means there is no solvency or liquidity risk, and if the business goes into financial distress within the 12 months following the reporting period ended, then the professional accountant will have a liability in terms of claims against that particular organisation in the case of liquidation. This however is very hard to prove in practice. Professional accountants participating in this study were very adamant that they do not provide any assurance work and as such have no legal liability in respect of how they operated. In the following subsection (5.2.4.2) the regulatory environment is further analysed based on the findings of this study.

5.2.4.2 The regulatory environment

The data suggests that an underlying tension exists between different understandings of the role of the professional accountant and the evolving nature of this role which can create opportunity or anxiety or both for professional accountants and SME owners. Furthermore, it could be inferred from the data that the regulatory environment is one of the root causes of this underlying tension. This could be attributed to the fact that there is a lack of economic governance structures that supports the regulatory environment within the SME environment.

The data indicates a disparity between professional accountants' role within the listed environment as compared to the SME environment. The South African economic

governance framework for larger listed companies such as the Johannesburg Stock Exchange, Auditing Professions Act, 2005, as well as other regulatory requirements work together in supporting governance codes such as the King Code for corporate governance as well as the IR Framework as these provide more structure to the role of professional accountants within a listed enterprise environment within SA (IIRC, 2016; IOD, 2016; JSE, 2018).

This is not the case within the SME environment where the landscape requires self-regulation and navigation. The regulatory environment in South Africa consists of the established taxation and company legislation and regulations that SMEs must adhere to. In the absence of enforceable regulations and supporting governance bodies, the professional accountant has to interpret and shape their role within the SME environment by developing their own governance framework or adapt the existing governance framework for larger, listed companies to establish a regulatory framework for their service offering. The regulatory framework of the role therefore largely depends on standards of compliance and the demands of the particular service that is required at any given time. In light of this it can be argued that the absence of an enforceable governance framework restricts the opportunities of expanding the role of the professional accountant as this void could add to the resistance of SME owners to explore broader role fulfilment from professional accountants.

Related to this, it can further be inferred from the data that there are potential risks when professional accountants establish their role in an environment that is not strongly regulated. The first risk is the assessment of the competence of the professional accountant in understanding the SME's needs due to the lack of training professional accountants might have in areas that fall outside of their traditional roles. The second risk is the quality of work rendered by the professional accountant in the absence of enforceable codes. Based on the data, it can be said that there is a concern that, without established codes, there is no enforceable standard of quality and a subsequent lack of accountability. This lack of accountability may in itself pose further risks to SMEs and the economy at large, as well as to the professional accountancy profession in general but more specifically for the professional accountants themselves in the SME environment.

The data further suggests that there is an underlying sentiment of role confusion between the role of a professional accountant and the role of the auditor. SME owners used these terms interchangeably during the interviews. This could be a possible reason for them being unaware of the fact that professional accountants cannot be held legally liable under a separate legislative act and that the Auditing Professions Act no 25 of 2005 was confined to the role of the registered auditor of the IRBA and does not apply to the professional accountant.

SME owners further discovered that the professional accountant may only be subject to the disciplinary processes of a professional accountancy organisation that they are members of and that the fines and penalties could be insured against through professional indemnity insurance. The SME owners found this situation concerning. They also felt that there has to be role clarity between the term “professional accountant” and “registered auditor” with the liabilities of the respective groups clearly defined. SME owners were supportive of a possible Accountants Act relating to SMEs, however they also expressed concern that the SME will be the end cost bearer of more regulation.

The professional accountants who were interviewed for this study are members of a professional accountancy organisation of IFAC and as such believed in the current self-regulatory model. In the current model, as explained in Chapter Two, professional accountants are members of these organisations that enforce codes of professional conduct. These professional accountants however expressed concern for the work done by professional accountants who were not members of IFAC accredited accountancy organisations. They felt that the lower quality of work delivered by some of these professional accountants is one of the reasons why professional accountants' competence is being questioned by SME owners. In light of this, they also supported a clearly defined Accountants Act. It was stressed that such an act should be very clear on the requirements to be admitted as a professional accountant. There were also numerous concerns expressed about the existence of so many (13) professional accountancy organisations. Professional accountants highlighted the fact that to be a member of an IFAC accredited accountancy organisation was more costly and onerous in compliance than for members of organisations that didn't belong to IFAC. It could be inferred that issues such as maintaining CPD, adhering to the numerous IFAC requirements such as International Standards for Quality Control and Standards

and the consequences of non-compliance to laws and regulations by IFAC members resulted in better quality self-regulation than those who created their own codes of conduct.

Both groups of participants concluded that the accounting profession should be regulated as this will establish the boundaries for the role of the professional accountant and also prevent the role of the professional accountant within SMEs from being tarnished by unethical professional accountants.

5.2.4.3 Implied assurance

Implied assurance is an original concept developed by the researcher as the semi-structured interview process with the professional accountants and SME owners unfolded. Implied assurance for the purpose of this discussion refers to the trust that is placed in the work of a professional accountant by SME owners and its stakeholders due to the elevated social standing of the professional accountant. While the assurance landscape is outside the scope of this research, the researcher investigated whether the role of the professional accountant, by virtue of his/her professional standing, increases the confidence that SME owners have in professional accountants and in their work.

The data indicates that role confusion exists regarding assurance activities amongst SME owners. As discussed briefly in subsection 5.2.4.1, SME owners could not distinguish between the roles of a professional accountant as compared to the role of a registered auditor of the IRBA. Although the services rendered by professional accountants to the SME market is non-assurance functions, and involves either a compilation or an independent review, many professional accountants were of the view that because they do not express an assurance opinion for the compilation or review of the financial statements that no assurance was provided. While this may be factually true in terms of legislation, a perception emerged amongst a large proportion of the professional accountants interviewed that because they are required by the Companies Act to sign the set of financial statements, that their signature carries weight in terms of them applying their competency skills and their professional judgement. Even though the professional accountants explicitly state that they are not providing an opinion or assurance, SME owners nevertheless experience this as

implied assurance due to the status and perceived integrity that is associated with the accountancy profession. This was confirmed by the majority of the SME owners.

Some of the professional accountants argued that they do provide some implied assurance and their reasoning is on the basis that when a compilation of financial statements is performed, it has a certain level of implied assurance attached to it due to the fact that the financial statements are prepared in compliance with the accounting framework adopted, which is either IFRS for SME or IFRS. The financial statements which are prepared need to also satisfy the qualitative characteristics as required by the financial reporting standards. These qualitative characteristics require a fair representation of the SME and its information as well as the presentation of reliable information based on the information provided by management. The banks and SARS use the financial statements as a basis to ensure that there is compliance to their needs and regulations. These professional accountants therefore believe that their signature provides an implied assurance because third parties can rely on the information as stated and presented in the financial statements.

Some of the professional accountants were of the view that by not providing explicit assurance through opinions expressed in the financial statements, they believe that any risk associated with the content of the financial statements is fully vested in the SME's management. This view is based on the disclaimer that, because the accountant relies on the information presented by management, they cannot give an opinion based on the supplied information, and therefore, the risk for any misrepresentation in financial reporting resides solely with the SME owners.

As discussed in subsection 5.2.4.1, in terms of the Companies Act, the professional accountant may be held liable where they act negligently or fraudulently. The participating professional accountants contested the concept of implied assurance however, taking into account the views of the SME owners that participated in this research, it is suggested that professional accountants are perceived by SMEs to actually provide implied assurance through signing the financial statements that they issue and the concept of implied assurance is indeed influencing the role of the professional accountant within the SME environment whether the professional accountant believe so or not.

5.2.4.4 Establishing public interest

It can be inferred from the data that a significant majority of both groups of participants neither implicitly nor explicitly recognised the responsibility to act in the best interest of the public as prescribed by IFAC as well as aspects of South African legislation in terms of company and taxation law. A very small group of professional accountants stated how important it is that the role of the professional accountant requires acting in the best interest of the public. This minority group of professional accountants reflected on the failure of the accountancy profession and professional accountants with reference to the various accounting scandals and questioned the role of the professional accountant as a consequence of these scandals.

These professional accountants shared a deep conviction that the public accounting scandals are symptomatic of a disregard for public interest at every level of the profession. For example, they are of the opinion that the professional accountant serving the SME without considering the impact of the decisions on society at large was unacceptable. As stated in subsection 2.3.3, public interest according to the literature requires that professional accountants consider the net benefits to society when producing information in their professional capacity (IFAC, 2012).

The majority of professional accountants and SME owners were conflicted about whom the professional accountants serve. The professional accountants were of the opinion that their role implied that they serve the interests of the SME. SME owners were of the perception that the professional accountant served their personal needs. These very different perspectives indicate a significant conflict in attitudes.

Furthermore, no consideration of the needs of society (public interest) was mentioned unless the interviewer specifically asked participants to reflect on the role of public interest. The potential implication of this is that professional accountants may produce information that could be misleading and result in poor financial decisions by the SME owners. For example, the data reveals that if the professional accountant prepares information to meet the personal lifestyle needs of the SME owners, this focus in the preparation of financial information may misrepresent the financial needs of the business. It emerged from the data that professional accountants' role is to primarily serve the SME owners in terms of compliance with tax regulations and the needs and requirements of the SME owners to access financing. Another example of the role

conflict is that professional accountants are generally of the opinion that SMEs don't have institutional investors, and they therefore consider the SMEs not to have a high level of public interest. The argument behind this perception is that as long as the SME is sustaining itself and operating without financial concern and is not overly exposed to risk, the professional accountant has served public interest.

Role confusion regarding the public interest role was further illustrated with reference to the compilation of financial statements by professional accountants that often do not require independent interpretation as for an audit. It is therefore deemed that the public interest is not of concern when assessing the quality of work in compliance with International Standards for Quality Control. The majority of professional accountants acknowledge or understand the IFAC definition of rendering quality service in terms of serving the client's needs. In their opinion, if the client is satisfied, the professional accountant is absolved of serving the public interest.

Consequently, a constant conflict emerged between what the SME owner expects the services from the professional accountant to be and what the professional accountant view as his/her responsibilities. Public interest is poorly defined and understood within the SME environment and it is argued in the literature that the role of the professional accountant to act in the best interest of the public cannot be understated. What is however known based on existing literature is that there is no established concept of the accountant as a public servant as compared to other professions such as lawyers and teachers who serve the public interest (Gibson, 2018). Given the expectation of IFAC and professional accountancy organisation that the professional accountant has to fulfil the role with a public interest mind-set, this is particularly concerning.

5.2.4.5 Value of a professional designation

A professional designation is earned by a professional accountant registered with a professional accountancy organisation after complying with strict criteria. The value of the designation is regarded as a hallmark of quality that attested that the professional accountant is competent to perform certain defined tasks (Millerson 1964). It can be inferred from the data that, from the perspective of the SME owners, the value placed on the professional designation held by the professional accountants was of very little importance to them. Therefore, a professional designation had no influence on how

the role of the professional accountant takes shape from the perspective of SME owners.

The view held by the majority of SME owners was that the value of the role of the professional accountant to the SME is attributed to the ability of the professional accountant to meet the compliance needs of the SME. Professional designations do not matter to the SME owners. The data further suggests that the majority of the SME owners were not aware of the requirements of a professional designation and the importance of the professional accountant acting according to these requirements. For example, SME owners did not understand how professional accountants were trained and what the need for a professional designation was as there was no need, from their perspective, to distinguish between the various roles that an accountant can embark on as compared to an auditor.

A minority view of SME owners and the dominant view of professional accountants was that the professional designation did influence the role of the professional accountant within the SME environment. The data here suggests that a professional designation is regarded as an indication of the competence that they possess based on a professional accountancy qualification. More importantly, the majority of professional accountants believe that their role is to render the services at the highest level within that particular industry. Furthermore, it can be inferred from the data that, to the professional accountant, their signature and their designation are indications of the value that they can add to businesses. The value of a professional designation indicates that in the absence of a regulatory framework, professional designations may potentially assist professional accountants to define their tasks. However, since the data suggests the designation is of no significance to SME owners, this may indicate a potential economic risk to the SME sector. The economic risk may arise due to a lack of regulated and competent professional accountants who are providing services to SMEs. Furthermore, there is no benchmark to measure competence in the absence of a professional designation.

5.2.5 Role legitimacy and resistance to the role

In subsection 2.5.5 of the literature review the theory of how legitimacy and isomorphism could influence the role of the professional accountant within the SME

environment was explained. In this subsection, the legitimacy of the role of the accountant as influenced by isomorphism will be discussed.

The legitimacy of the role of the professional accountant is defined, based on the literature as a state in which the professional accountant's value system is not in conflict with the value system of the SME owner whilst taking public interest into account. What follows is an integrated discussion of the findings and relates to the four thematic clusters discussed in this chapter. This analysis is an examination across the entire sample through an interpretive reconstruction and expansion process (Lee, 1999; Treviño, Brown & Hartman, 2003), which took into account the unique perspectives of both the professional accountant and the SME owner. The three isomorphic processes will be discussed: coercive isomorphism, mimetic isomorphism and normative isomorphism.

5.2.5.1 Coercive isomorphism

In subsection 2.5.5 of this study it was stated that coercive isomorphism is a pressure triggered by peripheral forces exerted on an organisation by an institution in a position yielding power and authority (Carruthers, 1995; DiMaggio & Powell, 1983; Fogarty *et al.*, 1997). The role of the professional accountant within the traditional roles of financial reporting and taxation arises from South African legislative requirements which prescribe certain statutory compliance to the SME. The pressure for SME owners to comply with regulatory requirements result in them sourcing the services of the professional accountant. As already established in the interpretive analysis this traditional compliance is resisted by SME owners as the role is perceived as a "grudge purchase" to ensure compliance and avoidance of penalties. This would also explain why the non-traditional roles and emergent roles of the professional accountant are generally resisted and professional accountants have to overcome barriers of cost versus benefit to render the services associated with these roles. The business rescue role as discussed in subsection 5.2.3.3.3 was an area where a few professional accountants tried to obtain legitimacy to provide business rescue services as a business rescue practitioner as defined in Chapter 6 of the South African Companies Act (2008). SME owners resisted the concept of business rescue assistance unless the SME was legally bound to go into business rescue proceedings and appoint a practitioner. SME owners further resisted professional accountants performing the role of business rescue practitioner. Professional accountants themselves were conflicted

on whether all professional accountants can embark on this role. The lack of legislation forcing SMEs to embrace IR also demonstrates that the professional accountant would not have a role in IR should there not be legislative pressures on the SMEs.

The use of IFRS for SMEs further compounds the situation as professional accountants are pressured to service SMEs in a reporting framework that, in the view of the majority of participants, added no real value and was further unsuitable to a South African SME. In Table 25 examples that emerged from the data that displayed evidence of coercive isomorphism are provided. This illustrates the influence of coercive isomorphism on the legitimacy of the role of the professional accountant within the SME environment. The views of professional accountants and SME owners on the perceived value of each of the discussed roles are also provided.

Table 25: The Influence of Coercive Isomorphism on the Role of the Professional Accountant and the Perceived Value of each Role

ISOMORPHISM	ROLE	PROFESSIONAL ACCOUNTANTS		SME OWNERS	
		Value in the role	No value in the role	Value in the role	No value in the role
Type 1 : Coercive Isomorphism					
Regulation	Financial reporting role	<ul style="list-style-type: none"> - Motivated by technical competence of the professional accountant - - Motivated by the income that arises through legislation which secures the income of the professional accountant within the role 		<ul style="list-style-type: none"> - Pressure of non-compliance to regulation and associated penalties and therefore reliant on the technical competence of the PA - SME owners might have the skill-set but time could be better spent within the business operations. 	<ul style="list-style-type: none"> - Seen as a "grudge purchase". - Owners do not need financial statements to make decisions – primarily used for SARS and the banks. - Perceived to be a compliance cost to ensure that the SME can continue to operate.
Best practice		- The financial reporting role is perceived as lucrative as there is reliance on computerised financial reporting software which is	- Majority of respondents accept the financial reporting role they were pressured into using.		Participants were owner managed enterprises and as such financial reporting (regardless of the financial

		perceived to assist in achieving best practice.	- IFRS for SMEs is accepted as there is no other framework in existence. However, majority of professional accountants do not consider IFRS for SMEs to be best practice for SMEs as its complexity needlessly makes simple reporting onerous.		reporting standards) had no value
Regulation	Taxation role	<ul style="list-style-type: none"> - Motivated by the technical competence of the professional accountant - Legislation secures the income of the professional accountant within this role 		<ul style="list-style-type: none"> - Motivated by the fear of non-compliance to regulation and therefore reliant on the technical competence of the professional accountant - Perceived fear that SARS will penalise the SME owners and the PA will provide the best possible tax minimisation strategy 	
Regulation	Business rescue role	<ul style="list-style-type: none"> - Motivated through legislation which secures the income of the professional accountant within this role - Majority of respondents attribute their competence within a business rescue role to their 	<ul style="list-style-type: none"> - Majority of participants were conflicted on the professional accountant's success in rehabilitating the SME. - Minority of respondents were confident 	<ul style="list-style-type: none"> - Minority of respondents perceived the professional accountant as competent to perform business rescue services. - Majority of respondents believed that the professional accountant 	<ul style="list-style-type: none"> - Professional accountants are not suited to provide this service. - Professional accountants lack the attributes to be a successful rescue practitioner in the SME environment.

		experience in the preparation and analysis of financial statements which would assist in the drafting of a successful business rescue plan.	that the professional accountant could enter this role successfully.	formed part of the information process within the role.	- Huge cost to an already failing company
Regulation	Liability of the PA	No liability from a legal perspective	Fines, penalties and possible expulsion from a professional accountancy organisation. - Exposed to moderate liability indirectly through the Companies Act. - Pressure to obtain professional indemnity insurance.		- Recourse limited to lodging a complaint with the professional accountancy organisation if the accountant is registered with one.
Regulation	Regulation of the role of the professional accountant	- No Accountants Act - Self-regulation - Clearly defined role and expectation of the professional accountant	- Too many professional accountancy organisations with different member standards and expectations - Higher operating costs to belong to a professional accountancy organisation which is subject to IFAC requirements. - Some professional	- Clearly defined role and expectation of the professional accountant - SMEs interests are protected through a direct law	- SME may be the ultimate cost bearer of increased legislative costs.

			accountants may exit the profession - Potential restriction of multi- disciplinary service offerings		
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5.2.5.2 Mimetic isomorphism

Mimetic isomorphic pressure refers to situations where institutions mimic the successful institutional behaviour of other institutions, predominately in situations of symbolic uncertainty (DiMaggio & Powell, 1983). The role of the professional accountant's legitimacy has been significantly influenced by mimetic isomorphism. The data reveals that within the current accounting environment the types of roles that professional accountants provide to SMEs mimic that of the professional accountants servicing larger listed entities. Imitation of frameworks such as IFRS, integrated reports and to an extent business rescue demonstrate that professional accountants, in order to seem legitimate, have to adapt these frameworks to provide the impression that the two environments are equally directed, controlled and regulated. Furthermore, the push towards professional accountants rendering the non-traditional services in a form and structure similar to a larger accounting practice further highlights the pressures within the role and the resistance by SME owners towards the role. Professional accountancy organisations in this case would be the source of the pressure within all services as opposed to legislation. This pressure could possibly be increased by digitisation and the advances of artificial intelligence and the perceived impact this will have on the accounting profession in the future. Because of the unknown impact that artificial intelligence could have, anxiety exists that if professional accountants do not evolve into the non-traditional and emergent roles, automatic processes could replace the services of the professional accountant within the traditional roles.

Professional accountants training within CPD programmes are starting to mimic the training of professional accountants within larger companies. There appears to be a lack of understanding of the needs of the SME owner and the professional accountants within this environment. This could be a possible reason why the role of the

professional accountant is still confined to the more traditional service offerings. In Table 26 examples that emerged from the data that displayed evidence of coercive isomorphism are provided and the influence of mimetic isomorphism has on the legitimacy of the role of the professional accountant within the SME environment is illustrated. A distinction is also made between the views of professional accountants and SMEs in terms of the perceived value of the role.

Table 26: The Influence of Mimetic Isomorphism on the Role of the Professional Accountant and the Perceived Value of each Role.

ISOMORPHISM	ROLE	PROFESSIONAL ACCOUNTANTS		SME OWNERS	
		Value in the role	No value in the role	Value in the role	No value in the role
Type 2: Mimetic Isomorphism					
Progression	Management accounting and finance role	<ul style="list-style-type: none"> - Motivation to offer the role progressed over a period of time and the SME gradually accepted the service - Preparing of valuable reports such as budgets which are needed for decision-making 		<ul style="list-style-type: none"> - Role seems to be embraced over time as the information produced becomes useful. 	<ul style="list-style-type: none"> - Affordability issues may influence the perception of the professional accountant's value.
Peer Pressure	Business Advisory Role	<ul style="list-style-type: none"> - Motivated by future potential to earn lucrative income - Motivated to embrace roll to survive in the future 	<ul style="list-style-type: none"> - Pressure being exerted to imitate larger accounting practices. - Tools and techniques not suitable to an SME market 		<ul style="list-style-type: none"> - Do not consider PA within this role. - SME owners are focused on the maintenance of their lifestyle and needs the business to survive and grow according to this need

Peer Pressure	IR role	- Motivated to implement integrated thinking as opposed to the entire IR process	- No motivation from professional accountants to embrace the role as there is no demand for the service. - Pressure being exerted by professional accountancy organisations and professional accountants in larger enterprises		- Do not consider the process as being applicable to SMEs - Will only adopt IR if legally required or if other SMEs use it to unlock potential economic benefits
Peer Pressure	Value of a professional designation	- Professional accountants are motivated to earn a professional designation to distinguish themselves as being credible.			- Majority of SME owners are not motivated to source the professional accountant primarily for their designation.

5.2.5.3 Normative isomorphism

Normative isomorphism recognises how individuals of a similar calling organise themselves in a professional institution to promote a cognitive base, diffuse shared orientations and institutional practices, and legitimise their activities (DiMaggio & Powell, 1983). Findings suggest that normative isomorphic pressures are present. The professional accountant as provider of knowledge within the business consultancy role exhibited pressures by other professional accountants to provide the role for the benefit of the SME owners. Congruently, SME owners were inherently appreciative of this role as there was no chance of survival. It can therefore be inferred that the role of the professional accountant as providers of knowledge is a means to achieve legitimisation.

It was concerning that there was no evidence of normative isomorphism with respect to the public interest role from both group of participants given the recent accounting scandals, as well as the expectation of professional accountancy organisations that professional accountants serve the public interest. Such a finding is counter intuitive as it de-myths the idea that legitimacy of the professional accountant is anchored in a public interest role within the SME environment. The impact of this is that norms develop and are transferred and the overall effect could be that the relationship between the professional accountant and SME owner disregards other stakeholders.

The final normative pressure was whether belonging to a professional accountancy organisation added to the legitimisation of the role of the professional accountant within the SME environment. The majority of professional accountants interviewed believed that belonging to a professional accountancy organisation was not for social acceptance or for the benefit of society. Professional accountants were only motivated to join a professional accountancy organisation if there might be barriers to enter the profession without membership. Joining a professional accountancy organisation created no legitimacy and there was uncertainty as to whether it is better to belong to an IFAC accredited organisation rather a local organisation in the absence of such barriers. It was further stated that the cost to maintain professional designations may result in the loss of clients. This is because SME owners do not see the benefits of using a professional affiliated to a PAO which was greater than the cost to achieve legitimacy through a PAO or even through IFAC. This view was corroborated by the SME owners who were only motivated by the ability of the professional accountant to deliver a quality service at an affordable price. There was lack of understanding of the types and value of professional designations. Norms therefore are not created through the formulation of a pathway through professionalisation and belonging to a professional accountancy organisation, as long as comprehensive regulation does not create barriers for the professional accountant to operate within the SME space. In Table 27 the influence of normative isomorphism on the legitimacy of the role of the professional accountant within the SME environment is illustrated and the perspectives of the professional accountants and SMEs are provided.

Table 27: The Influence of Normative Isomorphism on the Role of the Professional Accountant and the Perceived Value of each Role

ISOMORPHISM	ROLE	PROFESSIONAL ACCOUNTANTS		SME OWNERS	
		Value in the role	No value in the role	Value in the role	No value in the role
Type 3: Normative Isomorphism					
Benefit to society	Provider of knowledge	- Majority of respondents are motivated to support the transfer of knowledge and skills to the SME owners so far as they can.		- Appreciation by SME owners for the majority of professional accountants who transfer knowledge and skills to the benefit of the business.	
	Public Interest		- Lack of awareness of public interest. - Motivated by self-interest. - Majority of respondents perceived their role to be limited to servicing the SME owner. - Majority of professional accountants' underlying		- Lack of awareness of public interest. - Motivated by self-interest. - Majority of SME participants believed that the role of the PA was to ensure that the SME survives as a going concern to support the owner's lifestyle

			motive was the maximisation of fee generation		
Profession	Belonging to a professional accountancy organisation	- Motivated to join a professional accountancy organisation if there is a benefit to overcome barriers to enter into the profession.	- Uncertainty as to whether to belong to an IFAC accredited professional accountancy organisation or a local professional accountancy organisation - Cost to maintain designation may result in the loss of clients due to higher fees charged.		- SME owners are motivated by the ability of the professional accountant to deliver a quality service at an affordable price. - There was a lack of understanding of the types and value of professional designations.

5.2.6 Summary of the current role of the professional accountant

Section 5.2 of this chapter analysed and discussed the findings of Phase 1 of the study, which sought to investigate how professional accountants and SME owners experience the role of the professional accountant within the SME environment in South Africa. The four thematic clusters that emerged from the data are:

- Perceptions of the professional accountant;
- Motivation to enter into the accounting profession;
- The role of the professional accountant; and

- Regulation of the accounting profession.

Furthermore, the legitimacy of the role of the professional accountant was also analysed within the context of isomorphic pressures.

In summary, the analysis of the findings of the first theme which investigated perceptions of the professional accountant, revealed that the role of the professional accountant needs to firstly establish an identity that are socially salient; thereby challenging the negative stereotypes of the professional accountant. Furthermore, the reputational damage to the image of the professional accountant needs to be addressed in order to establish the professional accountant as an ethical figure in light of the current challenges facing the accounting profession. The experience of professional accountancy services as a “grudge purchase” was also highlighted as an important factor influencing the perception of the role of the professional accountant. The analysis of the findings of the second theme regarding the motivation to enter the accounting profession examined five motivating factors which influenced the professional accountants to embark on the role and this was related to how the professional accountant could possibly take up his/her role in the SME environment based on these motivating factors. The analysis of the third thematic cluster revealed the lived experience of SME owners and professional accountants in terms of each of the identified role categories. The most significant finding being that the role was established through legislation and valued only within this context. The analysis of the final thematic cluster relating to the regulatory environment within which the professional accountant operates, highlighted the self-regulatory nature of this environment with the most significant findings being the existence of implied assurance as well as the lack of concern for public interest by participants. The legitimacy of the role revealed strong normative and coercive isomorphic pressures as well as the presence of mimetic isomorphic pressures. In the following subsection (5.2.3) the findings of Phase 2 of the current study which focused on the future role of the professional accountant are discussed.

5.3 Discussion of findings: Phase 2

The second part of the research question required an exploration of the future role of professional accountants in the SME environment in South Africa. An action-research approach through the application of appreciative inquiry was employed to provide a

space for participants to explore individually and collectively the future role of professional accountants. This allowed participants to co-construct what their expectations are. The data was gathered and analysed by the participants providing the researcher with, similar to what Bargate (2014: 11) described as, “a visual representation of the phenomenon constructed through the lens of the constituents”. The sample consisted of forty participants. The group of forty comprised of three sub-groups comprising of sixteen professional accountants and thirteen SME owners respectively while the third group consisted of eleven participants who were both professional accountants and SME owners, which added to the depth of the participants’ account of their lived experience from a combined perspective This was the first time that the appreciative inquiry method has been applied to a group of professional accountants within the South African SME environment²⁹.

As stated in Chapter Three, appreciative inquiry requires participant to analyse and mine³⁰ their own data and these findings were presented in Chapter Four. The researcher merely recorded and represented the results. A high level discussion of the results of the 4 phases of the appreciative inquiry process will now be presented. The researcher is cognisant that the objective of the appreciative inquiry phase was to allow participants the opportunity to co-construct the future role. The discussion that follows is focused on a further interpretation of the findings and a contextualisation of the data as it pertains to the future role of the professional accountant.

To recap for the sake of clarity, the focus of each of the stages that were facilitated by the interview protocol (Appreciative Inquiry Workbook in Appendix 4) and the accredited appreciative inquiry practitioner are summarised in Table 28. These stages are aligned to the four stages of the appreciative inquiry process, which was discussed in detail in Chapter Three and is again provided in Figure 32.

²⁹ A search of the literature did not yield any results that confirmed the use of appreciative inquiry within the general body of accountancy research.

³⁰ Data mining is a process to “find associations among pieces of information that draw out meaning and enable researchers to discover new information which might otherwise be difficult to discover” (University of London, 2019).

Table 28: Focus of each Stage of the Appreciative Inquiry Research Process

1. Discovery stage Participants were asked to explore and bring to light the professional accountant's positive core.
2. Dream stage Participants were required to provide images of a flourishing professional accountancy profession inspired by the positive core identified.
3. Design stage Participants had to work together in the crafting of the professional accountants' value proposition for all stakeholders, its key principles and the values which are embedded in the future role of the professional accountant.
4. Destiny stage The participants embraced a commitment to action the dream and the design so as to strengthen the professional accountant's future role within the SME environment in South Africa.

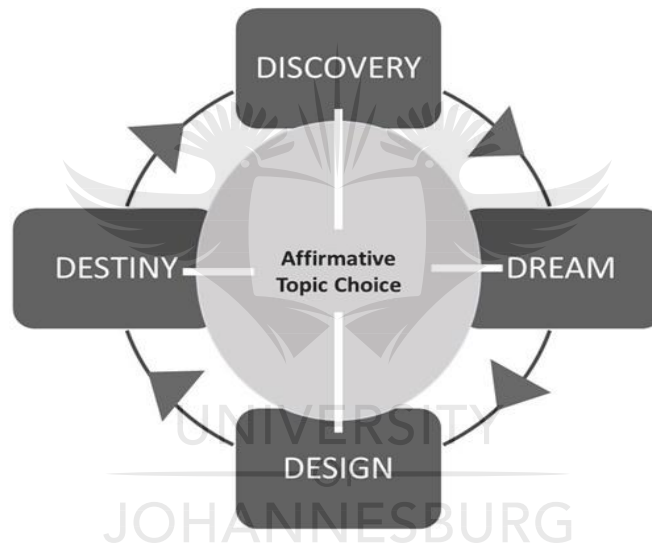


Figure 32: The four stages of the appreciative inquiry process.

5.3.1 Discussion: Discovery stage

Seven competencies were co-constructed by the participants of the appreciative inquiry workshop. The seven competencies were considered to constitute the core strengths of the future role of the professional accountant in relation to SMEs. The seven competencies which formed the positive core are summarised in Figure 33.



Figure 33: The core competencies that constitute the positive core of the future role of the professional accountant.

5.3.1.1 Diverse competencies and success

Participants³¹ discovered that sourcing professional accountants who were innovative, creative and forward thinking would create a space for the SME in developing and achieving its economic objectives. This expectation would be plausible as prior studies have confirmed that SMEs within South Africa face many pressures such as the expectation to create jobs and the achievement of economic growth (Abor & Quartey, 2010; BASA, 2018). Furthermore, participants realised that professional accountants could provide practical and valuable solutions within SMEs through their diverse competence and ability to deconstruct complex problems. For example, deconstruction of complex problems could be achieved through the technical as well as business advisory competencies of the professional accountant in simplifying the financial information needs in order for the SME can understand how the identified

³¹ Even though the demographic analysis of the data indicated that participants were categorised into 3 functional subgroups. Participants within the AI process refer to the collective views of the group that participated within the AI workshop. It was not possible at every juncture to disaggregate the group's views into professional accountants and SME owners as the groups were mixed. Where it was possible to disaggregate, it is reflected as such within the discussion.

needs could assist them in achieving growth, sustainability and competitiveness. SMEs therefore need access to relevant expertise to address the challenges that they face in order to improve their chances of success (Husin & Ibrahim, 2014). Participants further appreciated that professional accountants, through their multi-skilled competencies, could drive the success of the SME by empowering SME owners to be more responsible and informed when making economic decisions on behalf of the SME. Prior research indicates that SME owners perceived to relate to professional accountants as being SME owners themselves and as a result being the most skilled to service their needs (Blackburn, Carey & Tanewski, 2010). SME owners therefore benefit from being able to share their concerns with professional accountants who were found to spend more personal contact time with SMEs relative to other external advisors (Perry & Coetzer, 2009).

The outcome of this discussion was that diverse competence is a catalyst for congruent success within a flourishing professional accountant-SME partnership. Participants realised that the professional accountant had the ability to render various tasks in a successful manner in order to create a thriving relationship between the professional accountant and an SME.

5.3.1.2 Expertise, professionalism and adding value

The future relationship of the professional accountant with SME owners should be built on a strong foundation of expertise, professionalism and adding value. Participants conceived that a professional accountant could play a positive role within the SME environment by utilising their numerical expertise to assist the SME to understand growth and how it could be measured better. SME owners were informed of the importance of financial information and providing them with the knowledge to understand when an SME is heading towards financial distress. The impact of the numerical and non-numerical information on past, present and future decisions of the SME was also acknowledged. A number of prior studies have proposed that a combination of both traditional and non-traditional roles by the professional accountant will result in the SME experiencing enhanced benefits when compared to SMEs who only utilise their professional accountants within the traditional compliance role (Bagieńska, 2016; Bennett & Robson, 1999; Blackburn *et al.*, 2010; Carey, 2015; Devi & Samujh, 2010; Han & Benson, 2010; Łobacz & Głodek, 2015; Łobacz *et al.*, 2016; Nandan, 2010)

Furthermore, participants realised that utilisation of expertise, professionalism and value-adding information necessitate the SME and the professional accountant to regularly engage. The professional accountant is often the only professionally qualified person trained to service the SME (Sharland, 2017). Employing an unregistered and unqualified accountant in the current South African environment means that there is no legal recourse for an SME or the public if the professional accountant is providing irresponsible advice or not serving public interest.

There is limited indirect regulation by professional accountancy organisations in terms of their qualification, capacity, and mechanisms to monitor members (Forum of Accounting Bodies, 2013; World Bank, 2013). The professional accountants amongst the constituency uncovered the significance of being regulated by a professional accountancy organisation and appreciated the value of maintaining continuous professional development to demonstrate expertise, professionalism and their value to the SME.

SME owners also face internal resourcing challenges, which further place constraints on their business effectiveness and efficiency (Devi & Samujh, 2010; Karanja *et al.*, 2012). Participants further uncovered the value that professional accountants could add through efficient advisory services and in assisting SME owners to achieve efficiency within their businesses.

5.3.1.3 Applying the necessary skills and knowledge to grow and develop SMEs

Participants learned that competent professional accountants need to apply their mind, underpinned by the necessary skills and knowledge, in order to facilitate SME growth and development. SME owners may be conscious of the market conditions in which they operate but they often lack training in the accounting and regulatory aspects of the SME (Collis & Jarvis, 2002; Marriott & Marriott, 2000). Participants realised that the skills of SME owners could be enhanced if they are trained by professional accountants in all areas of the business. The skills, knowledge and competencies of the professional accountant, if developed well, may be of sufficient depth and quality to enable him/her to fulfil these needs for the SME owner successfully (Blackburn *et al.*, 2010; Blackburn & Jarvis, 2010; Devi & Samujh, 2010). This meant that professional accountants were appreciated in non-traditional roles and were also

expected to positively impact the SME, its environment, industry and customers through the application and transfer of the necessary skills and knowledge within the SME.

5.3.1.4 Integrity and ethics

The accounting profession is perceived as part of the primary role players in establishing economic integrity through its established social status within the economy (Berry *et al.*, 1985; Boland Jr & Pondy, 1983; Richardson, 1988; Richardson, 1987). Participants recognised that the future role of the professional accountant within SMEs has to be built upon a strong foundation of integrity and ethics of both the professional accountant and the SME owner. The professional accountant within South Africa has always enjoyed an elevated social status that could be attributed to the association of the profession with integrity, trust and inspiration (Gibson, 2018). Unfortunately the image of the accounting profession has been tarnished by various accounting scandals and the self-regulatory nature of the accountancy profession has placed professional accountants under scrutiny (Crotty, 2017; Robinson, 2018; Ziady, 2018). These numerous scandals have damaged the credibility of the professional accountant in terms of the perception that professional accountants should act in the interest of the public (African News Agency, 2018; Barron, 2018). Participants realised and appreciated that the professional accountant needed to create a strong brand based on honesty, integrity, and accountability through their universal upholding of professional standards that places trust in the work that is produced. This is supported by Hope and Langli (2010), who advocate that public interest should imply compliance with the code of ethics of the professional accountants. Furthermore, there was strong conviction amongst participants that ethics and credibility are essential to the provision of quality services to the SMEs.

A significant number of SME owners are not skilled in the administrative and technical requirements with regard to statutory compliance (Killian *et al.*, 2007). Underpinning integrity and ethics was the affirmation by participants that the professional accountant utilises professional judgement in a positive manner when rendering, for instance, taxation services so that the result is the creation of a vibrant business environment and climate that creates employment opportunities to communities to become active economic participants. This is because ethical payment of taxes results in more funds

that could benefit all stakeholders thereby reinforcing acting in the best interest of the public.

5.3.1.5 Trusted advisor

The role of the accountant is about providing the SME owner with the necessary guidance and advice that they're not breaching laws and regulations that may potentially endanger the survival of the SME (Blackburn *et al.*, 2006). This means that utilising the trusted services of a professional accountant provides the human perspective that can never be automated (Hewitt, 2018). Participants discovered that SME owners cannot operate in isolation and needed support to grow and sustain the SME. In order for this to happen there needs to be a flourishing partnership between the SME owner and the professional accountant. This is established by the professional accountant and SME forging a partnership through teamwork, trust and friendship. It has been argued in the literature that the level of trust between the professional accountant and SME owner is of the utmost importance and trust first needs to be established within the relationship (Blackburn & Jarvis, 2010; Gooderham *et al.*, 2004) before a professional accountant can become involved in other areas of the business. Trust is usually earned through the successful demonstration of competence by the professional accountant within the traditional compliance role (Jarvis & Rigby, 2012). Participants appreciated that the positive application of integrity and ethics would in the long term result in all stakeholders benefiting. Participants valued the professional accountant as a source of trusted advisory support to the SME.

5.3.1.6 Growth within SMEs to be facilitated by valuable data

Accountancy is a constantly evolving profession (Hopwood, 1987). In the current context this evolution is rapidly occurring. Traditionally the discipline has always been compliance focused (Blackburn *et al.*, 2006; Oosthuizen, 2018). Professional accountants generated value by providing a level of confidence that the information prepared was accurate and complete for taxation and financial reporting purposes (Albu *et al.*, 2013; Carey & Tanewski, 2016; Mohamed *et al.*, 2019). That world has changed and one of the professional accountant's primary roles within an SME or equivalent that has been established and will continue into the future is the provider of information role in order for stakeholders to make financial decisions (Hecht, 2018). Participants discovered that providing valuable data for the SME whilst striving toward SME growth is an important resource in an ever changing business environment. This

will ensure that the professional accountant remains an important partner to the SME. This is because the SME owner will be confident that the professional accountant is alert to economic trends and therefore will advise them appropriately. The SME owner provides the raw data which the professional accountant converts into valuable and useful information. The need for the professional accountant to be the provider and source of this valuable information in order for SME owners to remain positive and bounce back from adverse economic conditions was emphasised.

5.3.1.7 Innovative transformation

The professional accountant has the potential to transform itself exponentially as compared to the lived experience of the previous generations of professional accountants due to the rapid advancement of technology (Vetter, 2018). Against this backdrop, professional accountants are being positioned to take on IR and adopt integrated thinking as part of innovative transformation initiatives. The rationale is that no other external service provider knows an SME better than its professional accountant, who is equipped with a deep understanding and knowledge of the SME (SAIPA, 2017). Participants experienced positive emotions and feelings when the professional accountant and SME owner embraced the notion of an integrated role within the South African economy. IR could provide valuable information for SMEs to assist in planning, budgeting, and implementing strategies that could give rise to the efficient and effective consumption of resources (Kaya & Türegün, 2014). Participants discovered that innovative transformation required integrated thinking that would result in the SME's achievement of its strategic objectives as well as applying creative thinking to address the socio-economic transformation challenges facing the economy.

5.3.1.8 Outcome of the positive core

The positive core is defined as “what makes up the best of an organization and its people; often a hidden and underutilised core of strengths.” (Centre for Appreciative Inquiry, 2019). The findings of the discovery phase indicated that there was a paradigm shift between the expectations of the SME owners and the professional accountants. Upon observation of the workshop it became apparent that the professional accountant deemed their core responsibilities as an external compliance function (preparation of compliance with accounting frameworks and statutory taxation requirements).

The SME owners, on the other hand, deemed these functions of the professional accountant as being mandatory but expected value added services to the SME in facilitating the growth and sustainability of the business. The divergent expectations also lead to questioning the competencies and skills of the professional accountant to satisfy the needs of the SME owners in a constantly changing economic environment.

The reconciled expectations between the SME owners and the professional accountants revealed that while technical competence is a minimum expectation, innovative practical business and ethical skills are more relevant to the needs of the SME. There was therefore a discovery that requires shifting the future role of the professional accountant from technical skills to a more value-adding competency focus. It was discovered that the future role of the professional accountant needed to transcend the compliance functions as these are rapidly being automated through digitisation towards becoming trusted business advisors facilitating the decision-making and governance of the SME.

The indication in the South African SME market is that a large proportion of SMEs are liquidated within their first three years of establishment (Cressy, 2006; Danson, 2002; Storey, 2016) even though financial statements are prepared in compliance with the accounting standards and statutory taxation requirements are complied with. While the current role of the professional accountant is still compliance focused, the future role has to adopt a value added approach that will empower SME owners to make effective business decisions focusing on growth, sustainability and cash management. Even though the positive core competencies have been identified as forming part of the professional competence of the professional accountants, these companies was ineffectively utilised when satisfying the expected needs of the SME. Participants, by working together in a positive future-focused environment, uncovered the hidden and underutilised strengths of the professional accountant.

Motivated by the positive appreciative inquiry process the participants were able to discover the professional accountant's future strengths. This resulted in the participants being able to envision the future professional accountant's positive core for its role within the SME environment. The participants were therefore able to discover how valuable a professional accountant could be within an SME.

5.3.2 Discussion: Dream stage

In the dream stage of the appreciative inquiry process, the participants co-constructed the role dimensions of the future professional accountant within the SME environment. Participants adopted a vision of five years into the future when envisioning the future. Participants were required to provide descriptors of a flourishing future professional accountancy profession inspired by the positive core that was identified. The vision of the future professional accountant's role within SMEs included a desire of the participants that professional accountants exhibit competency within the 6 primary performance areas as summarised in Figure 34. These performance areas were defined and explained in subsection 4.3.2.



Figure 34: Primary performance areas constructed by participants

5.3.2.1 Entrepreneurial spirit

It has been established in the literature that all SME owners are not innovative and entrepreneurial in nature (Moos, 2015). Studies conducted have shown a particularly alarming low trend of entrepreneurship within South Africa (Herrington, Kew & Kew, 2014; Orford, Herrington & Wood, 2004). The participants stated that SMEs of South Africa needed to be resourced by professional accountants and SME owners that were creative and innovative. Values such as creativity, innovation, passion, positive leadership, and ambition were equated with the entrepreneurial spirit.

SMEs, unlike larger companies, are also more susceptible to business risk due to the lack of resources that is often needed for growth and survival (Gooderham, Tobiassen, Døving & Nordhaug, 2004). Entrepreneurial spirit represented firstly the ability of the

professional accountant to provide support to the SME in fluctuant economic conditions that requires adaptability. Secondly, the professional accountant's contribution towards the stimulation of the entrepreneurial spirit will motivate the SME to grow and on a macro-level help to reduce unemployment within South Africa. This is of the utmost importance since the large economic sector in South Africa continues to consistently shrink employment and decrease its employment absorption rate (Kesper, 2001).

There is a need within the SME sector to create an optimum environment for entrepreneurship by developing and cultivating individual commercial skills (Letsoalo, 2014). Lastly, participants aspired for the professional accountants to mentor SME owners to understand their responsibilities and to provide the informational support needed for SMEs to grow and prosper.

5.3.2.2 Integrated thinking

It has been argued that an integrated report should be prepared by all enterprises utilising resources as this is the basis of determining how a sustainable society is formed (Eccles & Saltzman, 2011). Participants embraced the notion that SMEs' move towards preparing integrated reports will have a positive impact if it is based upon adopting integrated thinking.

Integrated thinking relates directly to the usage of different forms of capital. Six different categories of "capital" can be identified: financial capital, manufactured capital, human capital, intellectual capital, natural capital, and social capital (Flower, 2015). From the literature it can be suggested that, if SMEs can make informed decisions on the usage of the different forms of capital and truly understand the interconnected nature of these different forms of capital, it could potentially result in better outcomes.

Participants affirmed that professional accountants will in the future need to develop complex skills in order to meet the needs of the SME of the future. Furthermore, professional accountants need to be effective communicators in order to create a platform to supply advisory services to SMEs (Martin, 2005).

Participants envisioned that the information prepared by the professional accountants would assist SME owners in identifying, executing and monitoring the growth and survival of the SME. Participants also recognised that integrated thinking involved the

SME owner aligning with the implementation of the original plans through its business model and using financial information as a resource to promote effective and informed business decision. This is because an SME uses its capitals, including its use of and effect on other forms of capital central to its business model and future strategies (Thompson, 2017a).

There was an appreciation that the professional accountant would be the provider of the information within the integrated reports that will be of significant benefit to the SME. IR could provide valuable information for SMEs to assist in planning, budgeting, and implementing strategies that could give rise to the efficient and effective consumption of resources (Kaya & Türegün, 2014) Additionally, it was realised that the professional accountant could go further by assisting the SME owners to compile relevant information to enable the professional accountant in the end to prepare the integrated report. This would affirm the objective of integrated thinking of enabling the SME owners to reach a point where they start integrating all the capitals into their strategy.

5.3.2.3 Professional judgement

Professional is defined as “relating to a job that requires special education, training or skill; undertaken by a person who works in a particular profession” (Merriam Webster Dictionary, 2019). Judgement can be defined as the ability to make considered decisions or come to sensible conclusions (Oxford Dictionary, 2019). A characteristic required to be regarded as a professional is that practitioners of a profession need to possess a complex set of techniques and invest significant time and undergo extensive training to master the knowledge required by the profession (Millerson, 1964; Richardson, 1988). The accounting profession has, over time, developed technical mastery requirements and robust and rigorous training is in place (Hopwood, 1987; IFAC, 2011b). Looking forward, participants’ intention was that professional accountants in the future should broaden and deepen their conceptual knowledge. There was a vision that professional accountants should demonstrate professional judgement through their experience, application of professional standards and adherence to codes of conduct that will be to the benefit of the SME as well as the greater public.

Furthermore, it was argued that professional judgement is something that can only be applied by humans which remains critical in accounting processes despite the advances of artificial intelligence and automation (Simon, 2018). This is because, according to Ionela (2016), professional judgement requires the application of accumulated knowledge and experience gained through relevant accounting training. Professional judgement therefore implies application of acquired knowledge and experience in a manner that is guided by the professional standards in order to develop an opinion that would best serve the client's needs (Small, Jansen & Latief, 2019).

Attributes of professional judgement as outlined by participants involved the professional accountant demonstrating business competence, application of knowledge, the ability to reflect on and interpret the numbers, as well as dedication and commitment to lifelong learning. Furthermore, the professional accountant is expected to exercise due professional care and competence and to have the ability to safeguard the SME by identifying early indicators of financial stress. These attributes are supported by Small, Jansen, and Yasseen (2019) who argue that a professional judgement can only be made once all relevant and determinable information has been collected and analysed.

5.3.2.4 Transformation

SMEs in South Africa are expected to function within and contribute to the social and economic transition of the country, by improving the quality of life for citizens and improving growth in the economy (Kesper, 2001). Participants envisioned a wider meaning to the term transformation within a South African context. Research suggests that a significant number of SMEs liquidate in their early years of trading (Cressy, 2006; Danson, 2002; Storey, 2016). Participants expressed an aspiration that the professional accountant has a role to play in addressing socio-economic transformation (such as Black Economic Empowerment and Corporate Social Responsibility) within South Africa as they believe that professional accountants have the ability to economically empower SMEs. As stated previously, studies conducted have shown a particularly alarming low trend of entrepreneurship within South Africa (Herrington, Kew & Kew, 2014; Orford, Herrington & Wood, 2004).

It was further suggested by participants that future professional accountants need to be more representative of the black African population demographics of South Africa.

To this end, mechanisms such as career support, subsidised education and earn-while-you-study opportunities need to be established (Small *et al.*, 2019) There was also recognition for economic inclusion of more female SME owners and professional accountants through structural reforms such as flexible working conditions. The accountancy profession in South Africa is still dominated by men (Small *et al.*, 2019). The gender disparity has been discussed in detail in the discussion of Phase 1 of the research.

The second intention of transformation was to change the role of the professional accountant from providing traditional compliance services to more value-adding services in the future. The literature remains divided regarding the relevance, competency and ability of the professional accountant regarding the traditional role when compared to non-traditional and emergent roles that are being promoted (Agan, Acar & Borodin, 2013; Bennett & Robson, 1999; Devi & Samujh, 2010; Du Bourg, 2018; Kamyabi & Devi, 2012; Samujh & Devi, 2008). To render these non-traditional roles, the professional accountant needs to develop a number of multidisciplinary skills. The professional accountant needs to develop adaptability and an understanding of the context and cultural environment in which the SME operates (Deakins, Morrison & Galloway, 2002). Furthermore, the professional accountant should improve the relationship with the SME owner in order to identify what the information expectations are and invest in communicating the required information in a suitable manner to the SME (Devi & Samujh, 2010).

5.3.2.5 Digitisation

As established within the literature review in subsection 2.5.1.1, an important criterion for any profession to be repositioned as a profession is that an occupation needs to meet the characteristic of being unable to be automated (Millerson, 1964). Automation is threatening several jobs with obsolescence, and professional accountants are purportedly at the top of the automation list (Nagarajah, 2016). Frey and Osborne (2017), proclaim that professional accountants and auditors are the second highest in terms of risk within the next 20 years. Participants appreciated that as artificial intelligence develops, digitisation could influence the relationship between the SME and the professional accountant. Professional accountants further affirmed that professional judgement as previously discussed required a high level of human intelligence that cannot be automated through digitisation. This is supported by

Houser, 2018 who argues that jobs requiring high emotional engagement in the customisation and delivery of services to other human beings will not be at risk of being automated.

Participants realised that the professional accountant of the future would need to harness the power of digitisation to stimulate SMEs into being more economical, efficient and effective in their environments. Participants expected that professional accountants in the future will provide real-time exchanges of information to SME owners; reporting and compliance will evolve to a more cloud-based type of accounting to stimulate a collaborative accounting environment between SMEs, professional accountants and other stakeholders (such as SARS and financial institutions). Routine manual processes need to move to fully automated digitised platforms with the aid of artificial intelligence systems to enable professional accountants to focus on more important aspects and strategic aspects of the business. The realisations and affirmations of participants are supported by Small *et al.* (2019) who maintain that the future professional accountant will not become data and coding specialists but rather redefining his/her role in the business environment through the efficient and effective use of technology.

5.3.2.6 Accountability and professionalism

As stated previously, the image of the accounting profession has been tarnished by various accounting scandals and the self-regulatory nature of the accountancy profession has placed professional accountants under scrutiny (Crotty, 2017; Robinson, 2018; Ziady, 2018). Participants reflected on the recent accounting scandals as discussed within the literature review. A profession that is perceived to repeatedly disregard public interest may not only have their social status lowered, but may also contribute to reputational damage to all parties associated with the profession and other similar professions (Carnegie & Napier, 2010). A social realisation by participants emerged that professionalism and ethics should underpin the relationship between the professional accountant and the SME in the future.

The accounting profession should be perceived as part of the primary role players in establishing economic integrity through its established social status within the economy (Berry *et al.*, 1985; Boland Jr & Pondy, 1983; Richardson, 1987, 1989). The expectation was that this could be achieved by, professional accountants firstly

forming trusting relationships with their SME clients by displaying a high level of professionalism. Secondly, professional accountants need to be the custodians of credible and reliable information that supports this aspiration and aids in creating economic opportunities within SMEs in SA. Finally, professional accountants need to promote accountability and ethics within a legislative framework by ensuring that SMEs play their part by abiding by the law, by paying tax and conducting their affairs responsibly. The numerous scandals as identified in the literature have damaged the credibility of the professional accountant in terms of the perception that professional accountants should act in the interest of the public (African News Agency, 2018; Barron, 2018).

Participants further affirmed that the recommendations of the ROSC report regarding supervision and the regulation of the accountancy profession needed to be established. It is envisaged that by 2030, legislation concerning the ability of the professional accountant to practice will become more restrictive and bodies will be appointed to monitor misconduct (Small *et al.*, 2019).

5.3.2.7 Conclusion to the dream phase

Participants were required to provide details of a flourishing professional accountancy profession inspired by the positive core identified. The accountancy profession on a global scale is under threat due to the advancement of technology and digitisation to such an extent where it is projected that by 2030, a significant portion of the current services provided by the professional accountant would be automated (ACCA, 2016; Du Chenne, 2019; SAICA, 2018a; Small *et al.*, 2019). Digitisation has placed the professional accountant into a position of introspection regarding his/her sustainability and survival.

In order for the profession to flourish in the future, professional accountants affirmed the embracement of digitisation and automation as tools to enhance the rendering of services over and above the current compliance services rendered. The positive core focusses on data science and analytics of financial and non-financial information to render value added services supporting the business decision-making process of SMEs. SME owners place a premium on having professional accountants fulfilling the role of trusted business advisors. For both the accountancy profession and the SME to flourish the professional accountant must fulfil the role that is relevant in the future.

This means the provision of support to the SME owner in the business on a continuous basis through technology even though he/she is not a full time employee of the SME.

The current South African situation regarding the scandals of 2017-2018 indicated that some of the current professional accountants operating within SA display a lack of ethical and professional conduct and behaviour; the lack of applying adequate professional accountant and scepticism, the lack of implementing quality management systems over services; and the violation of the principles of independence.

The performance areas of fulfilling this role of supporting the SME as well as creating a flourishing accountancy profession are underpinned by entrepreneurial competence, holistic business and integrated thinking; professional judgement and scepticism; accountability and ethical behaviour; and transformation. The performance areas identified by participants in the dream phase indicate that participants expected that both SMEs and professional accountants needed to establish the positive future role of the professional accountant within the SME environment. Participants provided a number of concrete actions and behaviours that were necessary to initiate the positive establishment of the future role of the professional accountant within the SME environment. Participants were therefore able to provide aspirations of a flourishing professional accountancy profession inspired by the positive core.

5.3.3 Discussion: Design stage

During the design stage, participants had to work together in crafting the professional accountants' value proposition for all stakeholders, its key principles and the values which are embedded in the future role of the professional accountant. The objective of crafting the role was to mould an outline for professional accountants and SME owners to co-create value for multiple stakeholders. A number of design elements were recommended to improve the future role of the professional accountant within the SME environment.

5.3.3.1 Value proposition for multiple stakeholders

The participants as a collective group identified four stakeholders, and then constructed a value proposition for each. The stakeholders identified by the collective participants are presented in Figure 35.

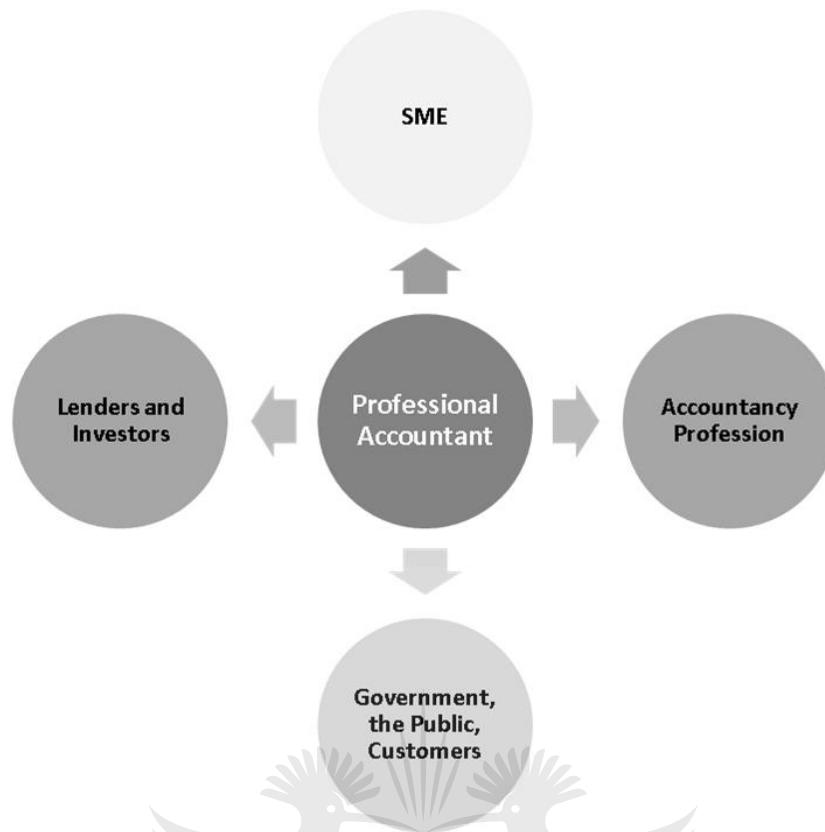


Figure 35: Stakeholders that influence the creation of the value proposition

Participants firstly proposed that the SME should benefit from the future role of the professional accountant within the SME environment. Participants believed that this would be achieved through professional accountants providing integrated service offerings to SMEs. Examples of such service offerings included the provision of business advisory services that focus on strategy, risk management, governance and revenue maximisation. This would seem plausible as, professional accountants within the SME environment have increasingly been pressurised to position themselves as multidisciplinary practitioners offering an extensive array of services such as financial advice and management consulting (Devi & Samujh, 2010; Gooderham *et al.*, 2004; Greenwood *et al.*, 2002).

SMEs could further benefit through having access to reliable information through mentorship for SMEs to sustain economic growth. SMEs, unlike larger companies, are also more susceptible to business risk due to the lack of resources that is often needed for growth and survival (Gooderham *et al.*, 2004). Professional accountants could therefore be of immense value in the enabling of the SME owner to focus on the

business objectives while the professional accountant manages the legislative and administrative requirements of the SME.

Secondly, participants identified that the accountancy profession would benefit from a more public interest focused view of the professional accountant in the following ways:

- Ensuring that the professional accountant will render services which protect the public interest while at the same time contributing to the sustainability of the SME.
- Ensuring compliance to legislation and standards by continuing to improve the professional accountant's competence through CPDs.
- Enhancement of public trust in the profession by adhering to the codes of professional conduct.
- Better competent and ethical professional accountants working within the economy.
- Opportunities for upliftment of the profession through the attendance of Continuing Professional Education opportunities and networking thereby adopting peer embracement.
- Restoring the trust in and accountability of the entire profession.

This is supported by Bromell (2017), who advocate that public interest requires the development of technical and behavioural standards and guidance; establishing training requirements/opportunities; developing; monitoring and enforcing processes to help ensure that those standards are applied; and promoting thought leadership programmes within the accountancy profession.

Thirdly, the participants proposed that lenders and investors should benefit from the future role of the professional accountant. Participants suggested that the value of the future professional accountant would be derived from the increased reliance on the reports prepared by the professional accountant that comply with the relevant regulatory standards. Similarly, McGuire, Omer, and Wang (2012) advocate that the accuracy of reporting processes facilitates stakeholders in making credible economic decisions. Participants further identified that responsible advice which is given within an ethical framework would help establish the professional accountant as being of value to investors and lenders. This will in addition assist them with better information to enable them to evaluate the SME and make more informed decisions thereby reducing the lending credit risk.

Fourthly, participants proposed that the government and public should be the final stakeholders that would benefit from the role of the professional accountant within the SME environment. The professional accountant has an essential role to play in the regulation and distribution of economic resources which have a significant impact upon a broad range of stakeholders (Baker, 1993). Participants believed that the government would ultimately benefit as the professional accountants and SME owners would be working in an economically responsible environment which would result in maximisation of revenue collection and increased employment. Participants were motivated by the fact that the public would benefit as the professional accountant would be positioned to serve public interest.

In summation, the four stakeholder value proposition statements crafted collectively by participants (the professional accountants and SME owners) suggest that the future role of the professional accountant would be of value to all stakeholders. The design elements of the future role of the professional accountant within SMEs are discussed below.

5.3.3.2 The design of the future role of the professional accountant

The literature indicates that two possible futures exist for professional accountants. The first future mimics the current situation whereby professional accountants will increasingly integrate technologies to improve their service offerings. While the second future predicts that technology will not optimise the traditional approach but rather dynamically displace the work that professional accountants traditionally perform (Harbison, 2017; Islam, 2017). Participants as a collective identified seven roles that the professional accountant of the future would have to develop and nurture in order to deliver on the value proposition crafted. Figure 36 is a presentation of the seven roles:

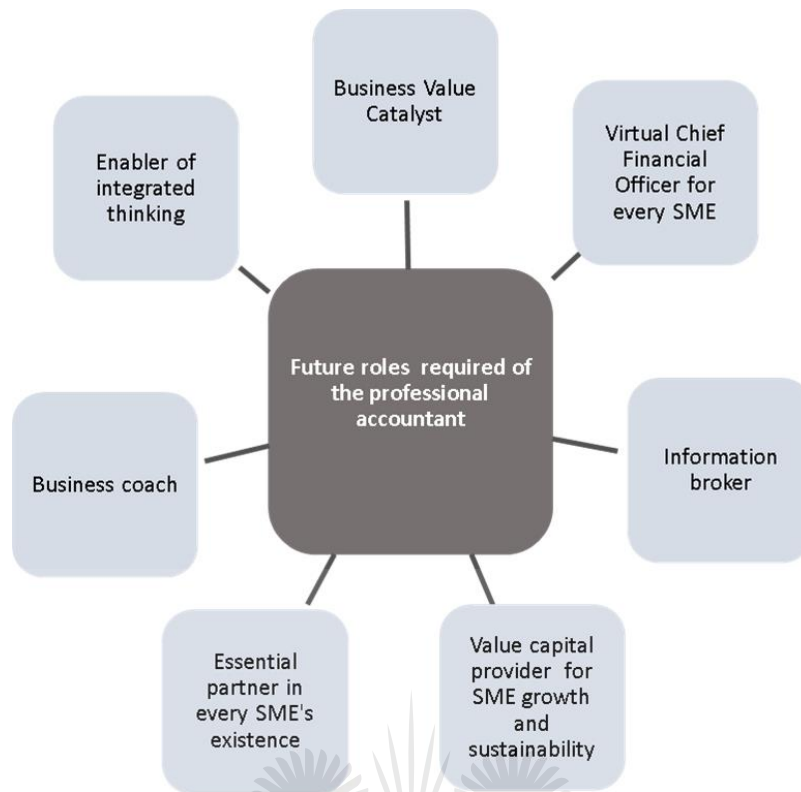


Figure 36: Future roles required of the professional accountant

The seven roles can be interpreted in terms of the competencies that a professional accountant of the future need to have to maintain a flourishing partnership with the SME. The competencies identified are futuristic in nature and is embedded in the provision of valuable information that will sustain and grow the SME. The harnessing of artificial intelligence through the effective use of technology, balanced with the ability of the professional accountant to apply their technical knowledge and professional judgement to realise the strategic goals of the SME, underpin the foundation of the relationship. The final attribute is the expectation that the professional accountant would act as mentor and establish a knowledge exchange within the partnership. The crafting of the seven competencies by participants has already been explained in subsection 4.3.2.

Participants classified stakeholders into primary and secondary stakeholders. The SME and the professional accountants were classified as the primary stakeholders, while the lenders; investors; government and the public were classified as secondary stakeholders. A possible reason for this distinction was that participants appreciated that the relationship between the professional accountant and the SME owner could be a flourishing partnership. However, the decisions made within the relationship have

an impact on the lenders, investors, government, public & customers and therefore they could not be ignored when crafting the professional accountants' value proposition and its key principles and values underpinning the future role of the professional accountant. To recap for the sake of clarity, the role dimensions are summarised in Table 29.

Table 29: Role Dimensions in Relation to Stakeholders

ROLE DIMENSIONS	EXPLANATION OF ROLE DIMENSIONS
Primary Stakeholders (SME , accounting profession)	<p><i>The service relationship between the professional accountant and the SME is working well. The service relationship is one of mutual benefit and organic cohesion. Part of the servicing relationship involves the trading of information, business coaching and fostering integrated thinking within the SME.</i></p> <p><i>The membership arrangement between the professional accountancy organisation and the professional accountant is functional. There is stewardship and oversight from the professional accountancy organisation and there is accountability from the professional accountant. The professional accountancy organisation and the professional accountant are working together to service the SME and protect the secondary stakeholders</i></p>
Secondary Stakeholders (lenders , investors , government and the public)	<p><i>The secondary stakeholders understand the role that the professional accountant plays within its service offerings to SMEs. The information presented by the professional accountant and the advice given to the SME is trusted and valued by the secondary stakeholders. Professional accountants are seen to be utilitarian in the discharge of their roles and service offerings.</i></p>
Value of a professional accountant	<p><i>The professional accountant understands the role and capabilities of what is expected from the professional accountant. There is integrated thinking embedded in the delivery of the service offerings. SMEs and the professional accountant unlock the value of the professional accountant.</i></p>
Ethics and public interest	<p><i>The relationship between the primary stakeholders is founded on trust and public interest and therefore secondary stakeholders are protected.</i></p>
Survival and evolution of the professional accountant	<p><i>Professional judgement needs to be developed alongside digitisation. Digitisation and the constant impact of IT are embedded in all relationships to ensure the professional accountant is relevant and is adding value.</i></p>

5.3.3.3 Conclusion to the design stage

The role dimensions “addresses the design elements critical to an organisation to support the positive core” (Centre for Appreciative Inquiry, 2019). The participants collectively co-constructed the crafting of the professional accountants’ value proposition for all stakeholders, its key principles and values which are embedded in the future professional accountant’s social architecture in optimal terms. This allowed the participants to rephrase the core aspects or strengths that they had come to value and appreciate about the future professional accountant based upon what they had experienced from the appreciative inquiry session. Moreover, the design phase inspired them to construct the role dimensions for realising their dream.

The participants highlighted that while the servicing arrangement was with the primary stakeholders, the most important value proposition was serving public interest. This could be achieved if the information provided by the professional accountant to the SME is trusted as being reliable and being free of material misstatements which may mislead the public. Pertaining to secondary stakeholders it was highlighted that the value proposition as it relates to the services rendered by the professional accountant should provide assurance as to the degree of reliance that can be placed on the information and services rendered by the professional accountant. The value proposition of the services rendered by the professional accountant should reflect the trust that they place in the application of competence to render quality services in compliance with the proficiency standards of the accountancy profession as well as satisfying the expectations of the SME owners and other stakeholders. The value proposition pertaining to trust in the accountancy profession and the professional accountant is driven by adherence to the applicable professional code of conduct and ethical behaviour. This must be supported by a strong regulatory system that governs the profession. This entire process was founded upon an ethical framework of trust, accountability, professional judgement, and scepticism.

5.3.4 Discussion: Destiny stage

Even though the professional accountant’s services will still be in demand for a period of time, due to the compliance role, professional accountants ought to start developing the future competencies quite rapidly to be relevant in the next ten years (Small *et al.*, 2019). Furthermore, professional accountants need to be seen as protectors of public interest in the discharge of their roles and service offerings as a consequence of

anticipated future increased regulation and the associated disclosure requirements (Islam, 2017). Professional accountants need to focus on creating opportunities that lie in a more strategic positioning of the accountancy profession (Du Chenne, 2019). To enhance sustainable success of the newly designed value proposition, the participants articulated their commitments; offerings and requirements for the success of the flourishing partnership between the professional accountant and the SME. The participants championed a pledge to action the dream and the design so as to fortify the professional accountant's future role within SMEs in South Africa. The comprehensive outcome achieved by the appreciative inquiry process was provided in subsection 4.3.3. Harnessing the power of the positive energy, the AI facilitator provided the reflection time needed for participants to co-construct their commitment; offerings and requirements in order to bring the dream to fruition. To recap, and for the sake of clarity, these commitments, offerings and requirements are provided in Table 30.



Table 30: Commitments, Offerings and Requirements for the Success of the Flourishing Partnership between the Professional Accountant and the SME

ROLE DIMENSION	COMMITMENT	OFFERINGS	REQUIREMENTS
Virtual CFO for SME	<i>Professional accountants will embrace the rapid technological developments and recognise the advantages that digitisation and artificial Intelligence offer for both the professional accountant as well as the SME.</i>	<i>Assisting SMEs with automated accounting software programmes that automatically capture the books from the bank statement</i>	<i>More advanced programmes for accounting to help with the automation process</i>
		<i>Cloud based accounting whereby the professional accountant can analyse the data and produce reports about the financial health of the business in a live and continuous fashion</i>	<i>Keeping abreast with technology</i>
Information brokers	<i>Professional accountants will broker as much knowledge as possible that is within their capacity to service the SME.</i>	<i>Professional accountants commit to becoming more involved in the day-to-day management of the SME.</i>	<i>Regular training and update on latest developments relevant to the SME environment</i>
			<i>Different and creative ideas will be necessary and therefore the information repository needs to constantly evolve.</i>

ROLE DIMENSION	COMMITMENT	OFFERINGS	REQUIREMENTS
Value capital for SME's growth and sustainability	<i>Collaboration with SMEs in creating synergies for the SME with respect to opportunities for growth</i>	<i>Competence to support the SME, ensure that it organically grows and flourishes</i>	<i>Assistance and advice from professional accountants to better manage the SME to remain creative and fast paced, at the same time remain compliant</i>
	<i>Understanding business and its drivers.</i>		
The professional accountant is the trusted partner in every aspect of the SME's existence.	<i>Building mutually beneficial and long lasting relationships with the SME</i>	<i>Systematic development of business solutions given the challenges of sustainable optimal resources utilisation</i>	<i>Personal and professional service delivery</i>
			<i>Accounting and advising excellence beyond any measure</i>
Business coach	<i>Establishing a creative relationship with the SME so that there is focus on the establishment and alignment of the SME's strategy to achieve its goals</i>	<i>Assisting SMEs in setting realistic and quantifiable goals</i>	<i>To have the proper backing and academic background from professional bodies to assist in the field of SMEs and professional accountancy practice</i>
		<i>Assistance in setting the strategy</i>	

ROLE DIMENSION	COMMITMENT	OFFERINGS	REQUIREMENTS
		<i>Providing support to the SME to overcome challenges in attaining its goal</i>	<i>The professional accountant will need to re-examine the manner in which services are delivered and reported to SMEs.</i>
Enabler of integrated thinking	<i>Fostering integrated thinking within the SME</i>	<i>Assisting the SME owners with strategic planning.</i>	<i>Skills and knowledge of IR framework</i>
	<i>Professional accountants will enhance and develop their professional judgement.</i>	<i>Knowledge of accounting education systems</i>	<i>Educational institutions and professional accountancy organisations jointly need to re-look at the way that they deliver to the profession.</i>
		<i>Early adaptation to new technology</i>	<i>Time to develop new ways of teaching accounting that focuses on developing critical thinking, problem solving and professional judgement</i>
		<i>Identifying gaps in processes</i>	

5.3.4.1 Conclusion to the destiny phase

Professional accountants servicing SMEs will need to commit to developing new competencies in the future. Since both the SME environment and the future role of the professional accountant within this environment are evolving as a consequence of technology, automation, and the effects of accounting scandals, professional accountants will, firstly, need to maintain the technical and critical thinking skills that underpin their professional scepticism (ACCA, 2016). Secondly, professional accountants will need to re-engineer their skills beyond traditional compliance work and focus on advising the business within a digitised framework (Small *et al.*, 2019).

The future role of the professional accountant in the SME environment is therefore to render services as a virtual CFO who supports SMEs using real-time information achieved through the application of digitisation. This further implies that the future professional accountant should also serve as information brokers whereby they integrate financial and non-financial information of the SME in comparison to the industry and competitors. This will be achieved by using big data.

To move beyond traditional compliance services, the future professional accountant should serve the SME as a strategic business advisor who performs business health checks, situational analyses, and contributes to the development of the strategic plans integrating the synergies between the core competencies and capitals of the SME. Lastly, the professional account of the future should render business mentoring, coaching and training for SMEs in order to develop the entrepreneurial potential of the SME.

The outcomes of the destiny phase suggest that the participants should be in a position to embrace a commitment to action the dream and the design so as to strengthen the professional accountant's future role within SMEs in South Africa. Professional accountants and SME owners working together were able to co-construct a destiny for themselves.

5.3.5 Summary of the future role of the professional accountant

The future role of the professional accountant within the SME environment is considered to represent positive action by the professional accountants and SME owners to co-construct this role. Studies are presently being conducted to attempt to understand the future role of accountants, of which the SAICA study on the CA 2025 and the ACCA study on the future professional accountant are good examples (ACCA, 2016; SAICA, 2018a). The focus of both professional accountancy organisations' current work, however, is not specifically aimed at the future role of the professional accountant within SMEs. Apart from the data mined by participants themselves, the researcher could not draw on existing literature as this study is the first to construct the role of the future professional accountant within the SME environment in South Africa and, possibly from a global perspective, the first to use a qualitative research approach.

CHAPTER SIX: SUMMARY AND CONCLUSION

6.1 Introduction

This chapter first provides an overview of the study. The context of the study is highlighted, followed by an overview of the research questions, the research design adopted, the literature review, research methodology employed and the findings and discussion. The chapter concludes with a model of the future role of the professional accountant within the SME environment in South Africa, as well as the study's contributions, limitations and recommendations for future research.

6.2 Overview of the study

6.2.1 Chapter One: Introduction and background

In Chapter One this study was contextualised by providing the background to the research. It was stated that the role of the professional accountant in the broader economic and social setting has never been rigorously investigated (Hopwood, 1987) and that the bulk of existing research is focused on the technical aspects of the professional accountant's work (Barth, Beaver, & Landsman, 2001; Barth, Landsman, & Lang, 2008; Mohamed *et al.*, 2019; Omarjee, Yasseen & Mohamed 2019). It was highlighted that the role that the professional accountant plays, particularly within the SME environment, is influenced by many factors and not just limited to the technical nature of the occupation. However, this claim has never been substantiated through research. Relatively little attention has been given to the role of the accountant in the SME environment, the ways in which this role has transformed in this context, and, in turn, how the role is experienced by SME owners.

The lack of research on the role of the accountant in the SME environment was further linked to the importance of the SME sector in the broader economy. SMEs are expected to play a major role particularly in developing countries in the creation of employment (Beck & Demirguc-Kunt, 2006; Smallbone & Welter, 2001a, 2001b; World-Bank, 2015). In developing economies, most formal jobs are found within SMEs, which also create four out of five new positions (World-Bank, 2015). SMEs have been identified as productive drivers of inclusive economic growth and development in South Africa and around the world (Abor & Quartey, 2010; Kongolo, 2010). Global trends indicate that the SME sector has sustained growth and is consistently the largest employer across developed and developing nations. However,

these trends are contradictory to the South African context, where SMEs are experiencing stagnation in terms of turnover generated and employment growth (Leboea, 2017; Olawale & Garwe, 2010). This is of grave concern, since the large economic sector in South Africa continues to consistently shrink employment and decrease its employment absorption rate (Kesper, 2001). SMEs therefore have an urgent and critical role to play in promoting economic growth, increasing employment and reducing poverty in developing economies such as South Africa (Abor & Quartey, 2010; Okpara, 2011). Furthermore, SMEs in South Africa are expected to function within and contribute to the social and economic transformation of the country, by improving the quality of life for citizens and improving growth in the economy (Kesper, 2001). The lack of success of SMEs in South Africa is further attributed to factors such as absence of planning by the SMEs, shortage of experience to manage an SME, the difficulties posed by the socio-political climate and economic stability, and sociocultural complexities (Kunene, 2008; Robinson, Jr, 1982). If these factors are not properly mitigated, it could have an impact on the success of an SME (Venter *et al.*, 2015). SMEs therefore need access to relevant expertise to address the challenges that they face in order to improve their chances of success (Husin & Ibrahim, 2014).

Based on the above, and in summary, the research problem is that although SMEs play a key role in a developing economy and are struggling in South Africa and although professional accountants are active in the SME environment, firstly, very little is known about the role they currently play, and, secondly, there is no existing research on the future role they could play in the SME environment.

Closely related to the research problem, is the motivation for this study. Firstly, the lack of research focused on the role of the accountant beyond the multitude of studies on the technical aspects of the accountancy profession demands a closer look at the role of the accountant to understand what the current role is and how the current role compares to the role requirements now and in future as it pertains to the SME environment. As such, the domain of the research has been identified as the SME environment and, based on the above contextualisation, it is clear what important role the SME sector plays and will need to play in future in the South African economy. Given the fact that the SME environment is struggling, it is of critical importance to identify ways in which this sector can be supported and specifically to understand the current and future role of the accountant in supporting SMEs.

Against the background of the research problem, two research questions were formulated as follows:

- 1) How do professional accountants and SME owners experience the role of the professional accountant with regard to their current role to SMEs in South Africa?
- 2) What are the expectations of professional accountants and SME owners of the future role of professional accountants pertaining to SMEs in South Africa?

Based on the research questions, sub-questions were formulated for each question. The sub-questions pertaining to the first research question were:

- How is the professional accountant perceived in the SME environment?
- What was the professional accountant's motivation for entering the profession and working in the SME environment?
- What are the experiential roles of the professional accountant in the SME environment?
- How does the regulatory environment impact the role of the professional accountant within the context of SMEs?
- What are the challenges facing the accounting profession within the context of SMEs?

For the second research question, pre-determined sub-questions in line with the philosophy underpinning the appreciative inquiry approach were applied, as explained and discussed in the methodology chapter (Chapter Three):

- What is the professional accountant's positive core in the SME environment?
- What is the vision for a flourishing professional accountancy profession within the SME environment inspired by the positive core identified?
- What is the model design for crafting of the professional accountants' value proposition for all stakeholders, its key principles and values embedded in the professional accountant's future role?
- What is required of the participants³² to strengthen the professional accountant's future role within the SME environment in South Africa?

³² Participants refer to the SME owners and professional accountants who participated in the appreciative inquiry workshop.

In order to answer the research questions, the research aims were, firstly, to explore the current role of the professional accountant within SMEs in South Africa (Aim 1), and, secondly, to explore what the expectations of professional accountants and SME owners are of the future role of the professional accountant within the SME environment in South Africa (Aim 2). The following sub-aims were developed as it pertains to Aim 1:

- To explore the perception regarding the professional accountant in the SME environment;
- To explore the motivation for the professional accountant to enter the profession and work in the SME environment;
- To explore the perceived roles of the professional accountant in the SME environment;
- To explore the experiential roles of the professional accountant in the SME environment;
- To examine the influence of regulatory environment impact the role of the professional accountant within the context of SMEs; and
- To uncover the challenges facing the accounting profession within the context of SMEs.

Informed by and relating to the AI process, the following sub-aims were developed underpinning Aim 2:

- To discover the professional accountant's positive core;
- To envision a dream for a flourishing professional accountancy profession inspired by the positive core identified;
- To construct the model design for crafting of the professional accountants' value proposition for all stakeholders, its key principles and values which are embedded in the future professional accountant's social architecture; and
- To design actions required of the participants to strengthen the professional accountant's future role within SMEs in South Africa.

6.2.2 Chapter Two: Literature review

In Chapter Two, an overview of the existing literature was provided by means of a systematic literature review. The researcher applied the principles of a systematic literature review to ensure that the literature review was comprehensive, relevant and

aligned with the objectives of a literature review as discussed in Section 2.1. The principles of a systematic literature review method were also applied to the literature review process to select studies which relate to SMEs and professional accountants in exploring various aspects relating to the context of the research study and informing the research question, namely, what is known about the current and future role of the professional accountant in the SME environment.

Through the literature review the framework and scope of the research was established and provided an overview of what is already known concerning the role of the professional accountant within the SME landscape, and served as further contextualisation of this research study (Krippendorff, 2004a, 2004b). Secondly, the researcher also provided justification for the research question by identifying gaps within the existing body of knowledge.

In the literature review, the three key concepts of this study were first reviewed, namely, the definitions of an SME; the definitions of a professional accountant; and the definitions of public interest. Secondly, the experience of SME owners was discussed in terms of the significance of SMEs and the challenges experienced by SMEs in relation to their functioning within an economy; the sourcing of external advice; the variety of services sourced from professional accountants by SME owners; and the level of receptivity towards sourcing services from professional accountants. Thirdly, the experience of the professional accountant was discussed by reviewing various aspects that influence and shed light on the experience of the professional accountant. These aspects were contemporary issues within the accountancy profession, with specific reference to the extent to which the accountancy profession is still regarded as a profession; the public accounting scandals of 2017 and 2018; the function of professional accounting organisations; and the accountancy profession as it stands today in South Africa. Furthermore, the experience of the professional accountant was further discussed by focusing on the motivating factors influencing the decision to become a professional accountant; stereotypes of the professional accountant; the different roles experienced by professional accountants in the SME environment, with specific reference to traditional roles namely, the financial reporting role and the taxation role; and non-traditional roles namely, management accounting and finance roles, business advisory roles and business rescue roles; as well as other

roles. Lastly, the legitimisation of the professional accountant within the SME environment was also discussed.

6.2.3 Chapter Three: Methodology

In Chapter Three (Methodology) the researcher explained why a qualitative research paradigm was chosen in terms of the interpretivist paradigm's ontological and epistemological assumptions as these relate to the research question. It was argued that an interpretivist qualitative approach was best suited in order to find answers to the research questions.

As stated in Chapter One, the research has two distinct elements. Firstly, it requires an exploration of how professional accountants and SME owners experience the current role of the professional accountant in the SME environment in South Africa. The researcher had no predetermined hypothesis about the role of the professional accountant that could be tested and measured. The objective was to explore and understand what meanings are associated with the role of the professional accountant through the lived experience of both professional accountants and SME owners as interwoven aspects of this study.

The assumption was that there would be many different experiences and descriptions of this role and not a singular version of this reality. Furthermore, because the question focused on both the professional accountant and the SME owner, it was also necessary to uncover what happens within the relationship.

In addition, the research questions required an exploration of possible expectations professional accountants and SME owners might have about the future role of the professional accountant in the South African SME environment. Therefore, the researcher aimed to explore something which does not, as yet, exist except in the minds of the participants. It concerned a possible future reality, and this, in itself, is not knowable or measurable but can only be approximated by exploring the expectations of participants of this future.

Based on the nature of the research question, the most appropriate research strategy for the first part of the question was chosen, namely thematic analysis as presented in the work of Braun and Clarke (2006) and the researcher followed their proposed six step process of analysis as summarised in Figure 37.



Figure 37: Braun and Clarke's (2006) six step thematic analysis process

To answer the research question required an exploration and uncovering of the rich meanings that participants associate with the role of the professional accountant, and this necessitated the researcher to engage and interact with participants to uncover these meanings through collecting textual, qualitative information and analysing it through the application of a qualitative research approach. Firstly, the researcher became witness to the participants' meaning-making processes and then, through further analysis, constructed meaning from their experience.

The conceptual framework of thematic analysis applied in this study was furthermore deemed appropriate because thematic analysis is a method for "identifying, analysing, and reporting patterns (themes) within the data" (Braun & Clarke, 2006: 6) and describes data sets in rich detail. As such, thematic analysis is regarded by Braun and Clarke (2006: 27) as "a rigorous thematic approach which can produce an insightful analysis that answers particular research questions".

Thematic analysis isn't categorised under one specific philosophical framework, but rather regarded as "a flexible approach that can be used across a range of epistemologies and research questions" (Braun & Clarke, 2006: 28). What is of key importance is the quality of the thematic data analysis this was done by applying Braun and Clarke's (2006) 15-point criteria.

As the aim of Phase 2 of the research project was to establish what expectations exist around the future role of professional accountants in the SME environment it was important to allow participants to, individually and collectively, share their thoughts and feelings about the topic and provide a first-hand account of their expectations of what the role could develop into in the future. As the research questions suggest possible transition from current perspectives to future perspectives, a workshop was conducted where an appreciative inquiry approach was followed specifically because the appreciative inquiry process is a transformational and transitional process.

Appreciative inquiry was considered an appropriate action research approach with which to understand the expectations of professional accountants and SME owners of the future role of professional accountants in the South African SME environment for two reasons. Firstly, appreciative inquiry is an exploration of what brings life to human structures when they function at their best (Whitney & Trosten-Bloom, 2010). As stated in Chapter One, the SME environment is of crucial importance to economic development in South Africa and this study is conducted specifically to contribute to the development of this sector of the economy, which requires positive change.

Appreciative inquiry is a positive form of action research and operates on the notion that only through connection to this positive form is transformation conceivable (Cooperrider & Whitney, 2005; Cooperrider *et al.*, 2003; Crous *et al.*, 2006). Appreciative inquiry argues that through one's presuppositions, choice of method, and language, one to a great extent creates the world one later discovers (Avital, 2003). Appreciative inquiry enabled participants to move beyond traditional problem-centred methods to identify the best of what is (identifying and building on past achievements and existing strengths) and the possibilities of what could be (building a shared vision for the future and a plan to achieve that vision) (Ashford & Patkar, 2001).

The second reason why appreciative inquiry was deemed appropriate is related to one of the key theoretical foundations of appreciative inquiry, namely, social constructionism (Crous, 2008; Crous *et al.*, 2006), which has two important implications. Firstly, that our lived experience is constructed (and not an objective reality outside of ourselves) and, secondly, that the world or our lived experience is constructed through human relatedness and communication between people. This denotes that the formation of meaning occurs through dialogue (Cooperrider *et al.*, 2003). As the role

of the accountant in the SME environment is very much constructed by professional accountants and SME owners, and has implications for both, it was of key importance to create a research context where professional accountants and SME owners could enter into a dialogic interaction and construct meaning around expectations for the future role of professional accountants in the SME environment.

As stated in Chapter Three, the dominant approach in accounting research is a quantitative methodology. It was argued that quantitative research is valuable in the field of accounting but it was also stated that scholars have argued for a more diverse approach to accounting research (Lukka, 2010; Merchant, 2010; Modell, 2010). Lukka (2010: 110) refers to an “increasing narrowness” in accounting research in terms of “its philosophical assumptions, methodological approaches, and theoretical underpinnings” and argues for “the importance of keeping paradigm debates alive in order to foster multi-dimensional openness and true scholarship in accounting research”. Reading the literature on accounting research, it was clear that there has been increased debate challenging the status quo of accounting research within a predominantly positivist paradigm.

6.2.4 Chapters Four and Five: Findings and discussion

The findings of each phase of the research were presented in Chapter Four, followed by a discussion of the findings in Chapter Five. Firstly an overview of the findings and discussion thereof for Phase 1 (thematic analysis) will be provided followed by the findings and discussion of Phase 2 (appreciative inquiry). Figure 38 below gives an overview of the findings from Phase 1.

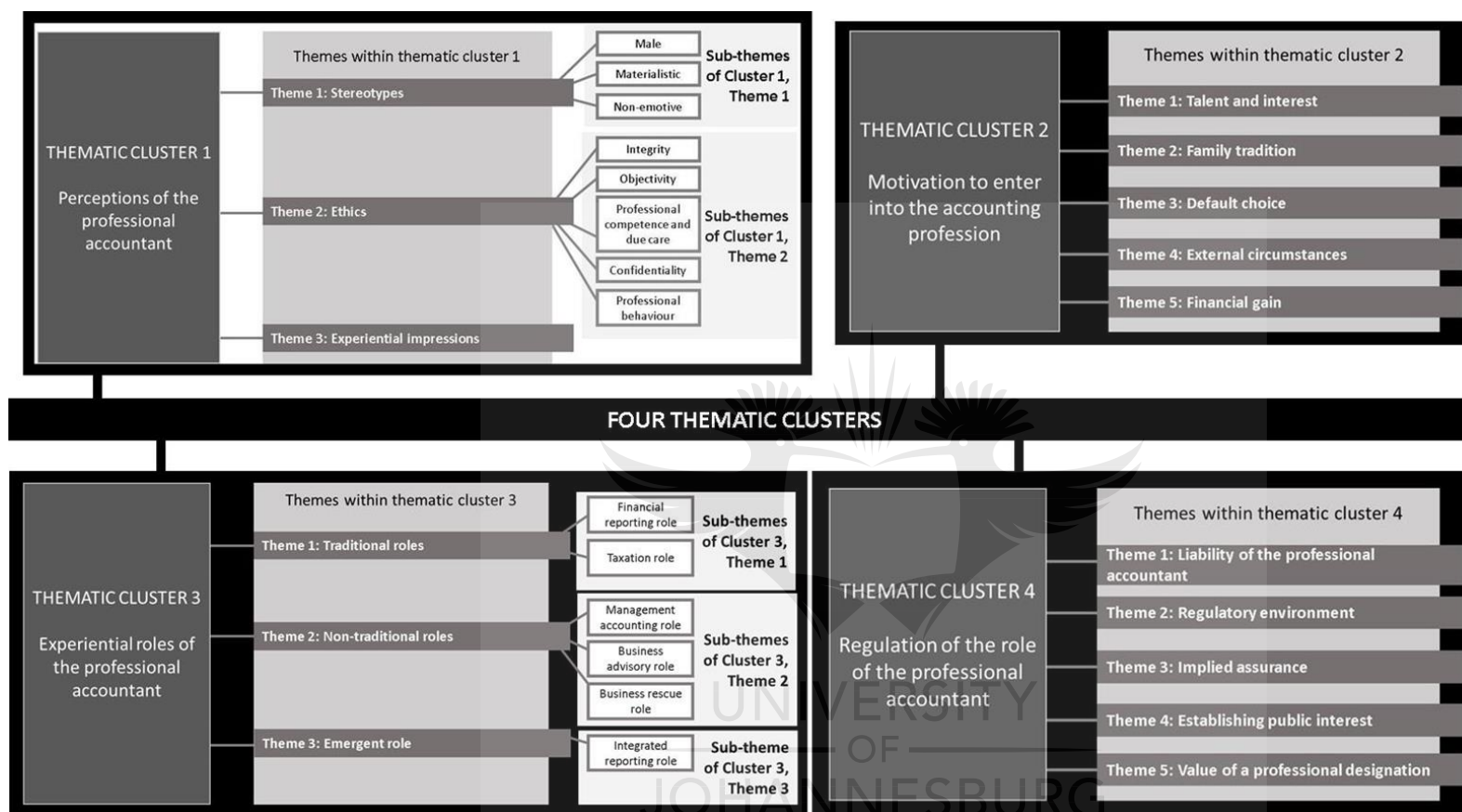


Figure 38: Overview of the findings of Phase 1 of the research

6.2.4.1 Summary of findings and discussion: Thematic analysis

Figure 38 represents the four thematic clusters that were identified through the thematic analysis as well as the supporting themes and, in certain instances, the identified sub-themes. Each of these is briefly discussed in the following subsections.

6.2.4.1.1 Thematic cluster 1: Perceptions of the professional accountant

The first research aim was to explore the perceptions of the professional accountant in the SME environment. Pertaining to how the professional accountant is viewed, the current role is significantly influenced by stereotypes, ethics and experiential impressions. Through the exploration of these perceptions, it was discovered that stereotypes influenced the current role of the professional accountant in three ways. The first role influencer that emerged was the stereotype that professional accountants are male which indicated that a patriarchal system exists within the accountancy profession in the SME environment. This finding needs to be further investigated in terms of South Africa striving for gender quality and breaking down the systems that create them. The second stereotype was the perception that professional accountants in this environment are materialistic and therefore the current role of the professional accountant was primarily focused on the professional accountant's income maximisation which could not be in the best interests of the SME and created resistance amongst SME owners. The third stereotype was the idea that professional accountants are non-emotive, which found expression through participants' use of metaphorical language such as "bean-counter" and "dry, pin-stripe suited animal", which strongly related the current role of the professional accountant to this stereotype. The implications of the current role is that the professional accountants' ability is numerically focused and may lack in areas that require emotional intelligence and integrated thinking that may be needed of the professional accountant. The potential impact of this lack of skills is that the professional accountant is limited to assisting the SME client in areas beyond traditional accounting.

Pertaining to ethics, the findings suggested that the role of the professional accountant with regard to an ethical relationship is influenced by two factors. SME owners believe that the professional accountant's ethical responsibility is firstly towards the SME owner and this leads to a conflicting situation. On the one hand, SME owners expect ethical behaviour from their accountants but higher importance seems to be placed on the accountant's ability to decrease the amount of tax the SME has to pay. The

expectation is furthermore that the professional accountant should produce financial statements that will allow the SME to secure access to finance from banks and creditors. Again, the implication is that, although SME owners state that they expect ethical behaviour from accountants, this demand seems to be of less importance than the accountant's ability to present figures in a positive light in order to gain access to financing. This conflict, in combination with the professional accountant's experience that the accountancy role is under threat of becoming redundant as well as the finding that accountants tend to be focused on material gains, could create the breeding ground for unethical behaviour in an attempt to remain relevant to SME owners and to sustain or grow the revenue that professional accountants receive from their SME clients.

From the professional accountants' perspective, there is a constant conflict between fulfilling the role of "a compliance officer for SARS" and fulfilling a regulatory role versus the broad variety of services they can offer and in doing so, adding significant value to the SME owner's business and helping the SME businesses to grow and flourish.

There were also professional accountants who were of the opinion that the compliance role they play and being a middleperson between the SME owner and SARS, in addition to compiling financial information, were their core functions. These participants didn't see the need to extend their services beyond this basic offering. This would limit the potential role that the professional accountant can play in the future because these functions have already been automated to a large extent and will continue to impact the traditional role of the accountant.

6.2.4.1.2 Thematic cluster 2: Motivation to enter into the accounting profession

The motivation to become a professional accountant influences the current role of the professional accountant. Five role influencers were identified, namely, talent and interest, family tradition, default choice, external circumstances and financial gain. Talent and interest refers to how the professional accountant's behavioural intention to embark on a career as a professional accountant was influenced through the discovery of talent and interest in accountancy and this influenced the current role of the professional accountant. On the one hand, the positive experience through the scoring of good grades in accounting as a school subject was one of their behavioural

motivators to become a professional accountant, but at the same time, this was linked to the perception of SME owners and most professional accountants in the current study, that professional accountants lack inherent creativity and are only talented when it comes to numbers. This had both positive and negative implications for their role. The positive implication is that there was a fine line between ethics and creativity and that an accountant could be trusted not to be “creative with numbers”. The negative implication on the current role of the professional accountant was that professional accountants lacked emotional intelligence which could affect their interpersonal and communication skills as well as their ability to understand the context of a business in an integrated way.

Family influence had an impact on some professional accountant’s motivation to choose accountancy as a career path. In terms of the current role of the professional accountant, due to the prominent influence of family members as referents, the implication is that professional accountants choose a career that fits in with their lifestyle expectations based on what they experienced growing up, which they then consciously or unconsciously link to choosing accountancy as a profession.

Additionally, default choice such as lack of career direction also had an influence on some of the participants becoming professional accountants. Participants who lacked their own direction started to mimic the career choices of their peers or the options they became aware of through career counselling or career exhibitions.

External circumstances were also linked to individuals’ perception of social normative pressures that influence their behaviour. For example, and linked to the above, the dominant presence of professional accountancy firms at career days served as a motivating factor for some participants. The expectation to have job security and a secure financial future had a significant influence on the professional accountants’ behavioural motivation to embark on a career as a professional accountant.

Lastly, the professional accountant’s current role also arose from the motivation by the extrinsic financial rewards associated with being a professional accountant.

6.2.4.1.3 Thematic cluster 3: Experiential impressions of the professional accountant

The current role of the professional accountant was further analysed by exploring the experiential roles of the professional accountant in the SME environment. The

experiential roles were categorised into three themes that shape the current role of the professional accountant within SMEs in SA: traditional roles, non-traditional roles and an emergent role.

The traditional roles encompass statutory compliance roles, namely, the financial reporting role and taxation role and form the core of the current role of the professional accountant within the SME environment in South Africa. While payment for these services was deemed negatively as a grudge purchase, it was considered the essence as to why professional accountants exist in the SME environment.

The non-traditional roles were categorised into roles based on the various consultancy services that the professional accountant may provide to the SME, namely, a management accounting role, a business advisory role and a business rescue role. The value of the current role of the professional accountant in providing non-traditional services was questioned. This is particularly alarming as the literature has argued that the automation of the profession will have a drastic impact on the traditional role of the professional accountant and has placed emphasis on the development of advisory competencies of the professional accountant.

The emergent role explored the concept of IR and integrated thinking. The emergent role is in its infancy and has no relationship with the current role of the professional accountant within the SME environment.

6.2.4.1.4 Thematic cluster 4: Regulation of the role of the professional accountant

The regulatory environment also impacts the current role of the professional accountant within the context of SMEs in South Africa. The role-influencers are: liability of the professional accountant; the regulatory environment; implied assurance; establishing public interest; and the value of a professional designation. The implications of lack of regulation revealed that the current role of the professional accountant is often self-regulatory in nature and largely dependent on the ability of professional accounting organisations to regulate and discipline practitioners. No direct liability exists for the professional accountant operating within this space. Furthermore, there is indication of role confusion between the current role of a professional accountant and that of a registered auditor. This results in the liability of the professional accountant being brought into question.

A current role influencer of implied assurance was uncovered. Implied assurance for the purpose of this discussion denotes a positive declaration that the professional accountant has the ability to provide confidence to the SME owners and its stakeholders. This confidence is not directly expressed and is therefore more implicit through the professional accountant embarking on the current role due to the elevated prominent standing of the professional accountant. The current role of the professional accountant, by virtue of his/her professional standing, increases the confidence that SME owners have in professional accountants and in their work.

Public interest as argued in the literature seems to be misunderstood and does not shape the current role of the professional accountant. This in itself is alarming given the current reporting environment.

Lastly, it was revealed that the value of a designation has no influence on the current role of the professional accountant and the focus is on the delivery of services to SMEs.

The current role of the professional accountant was further scrutinised to determine whether the role was legitimised. This was done based upon the theory of isomorphic pressures. The isomorphic tests revealed strong normative and coercive isomorphic pressures as well as the presence of mimetic isomorphic pressures which influence the formation and structure of the current role of the professional accountant within the SME environment.

6.2.4.2 Summary of findings and discussion: Appreciative inquiry

An action-based research approach was used to uncover what the expectations of professional accountants and SME owners are of the future role of professional accountants in the South African SME environment.

The findings of this study are represented as a model (Figure 39), according to the four stages of the action-based appreciative inquiry process.

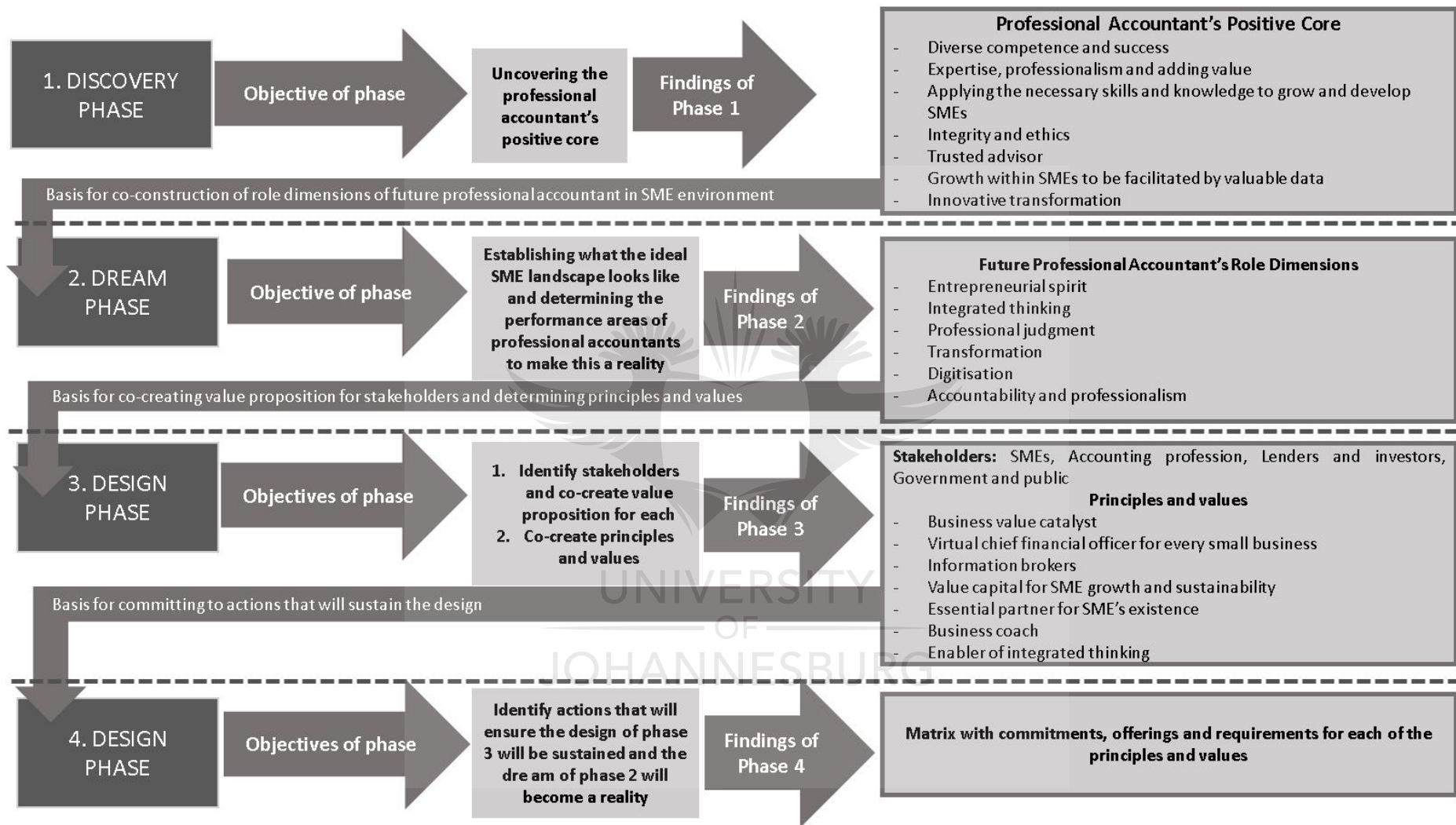


Figure 39: Model of the future role of the professional accountant

Within the discovery phase, seven emergent competencies were co-constructed by the collective participants of the appreciative inquiry workshop. The seven competencies were considered to constitute the positive core of the professional accountant within the SME environment. These core-strengths were the foundation for the formal structuring of the competencies required of the professional accountant, which provided the motivation for establishing the context for professional accountant's role within the SME environment. As such, the model provided in Figure 39 represents the future role of the professional accountant within the SME environment.

In the dream stage of the AI process, the participants (SME owners and professional accountants) co-constructed the role dimensions of the future professional accountant within SMEs. Participants were required to provide explanations of a flourishing professional accountancy profession inspired by the positive core that had been identified. The vision of a model future professional accountant's role within the SME environment included a desire by the participants that professional accountants exhibit competencies within the six primary performance areas. The participants as a collective group identified four stakeholders, and then constructed a value proposition for each.

During the design stage, participants had to work together in crafting the professional accountants' value proposition for all stakeholders, its key principles and the values which are embedded in the future role of the professional accountant. The objective of creating the future role was to mould an outline for professional accountants and SME owners to co-create value for multiple stakeholders. A number of design elements were recommended to improve the structure of the future role of the professional accountant within the SME environment. Participants as a collective identified seven principles and values that the professional accountant of the future would need in order to deliver on the value proposition crafted. These seven principles and values can be interpreted as the competencies that a professional accountant of the future needs to have to build and maintain a flourishing partnership with an SME.

The participants, acting as a group, co-constructed the crafting of the professional accountants' value proposition for all stakeholders, its key principles and values, which are embedded in the future professional accountant's role in optimal terms. To

enhance sustainable success of the newly designed value proposition, the participants articulated their commitments, offerings and requirements for success of the flourishing partnership between the professional accountant and the SME. The participants championed a pledge to action the dream and the design so as to fortify the professional accountant's future role to the advantage of the identified stakeholders within the SME environment in South Africa.

The use of appreciative inquiry for Phase 2 and the mining of the results from participants themselves is a bold move in accountancy studies to harness the power of positive organisational scholarship to imagine a desired future. Positive development methods such as appreciative inquiry may motivate people to rise to challenges and create opportunities (Crous & De Chalain, 2016). The use of AI is original and generative, as it provided for SME owners and professional accountants to harness the power of positive thinking and co-create the future role of the professional accountant within the SME environment.

Through a comprehensive analysis of the participants' shared stories, it emerged that establishing the future role of the professional accountant within the SME environment was of value to all the stakeholders identified. It also became clear that through the shared vision of the participants, a flourishing partnership could develop between the professional accountant and the SME owner.

A significant component of Phase 2 concentrated on the establishment of participants working together in the crafting of the professional accountants' value proposition for all stakeholders, its key principles and the values which are embedded in the future professional accountant's social architecture. The outcome of this process was the empowerment of participants to design and understand the details of the way in which a flourishing partnership and future role could be established. This was considered imperative to ensure that both the SME owners and the professional accountants clearly understood the role of the future professional accountant within SMEs.

The chapter concludes with the commitments and actions identified by the participants in Phase 2 conceiving the design of a successful future role of the professional accountant within SMEs. In summary, the following objectives were achieved through the mining of the data by participants themselves, as presented in Table 31.

Table 31: Objectives of the Appreciative Inquiry Process

STAGE OF APPRECIATIVE INQUIRY PROCESS	OBJECTIVE	ACHIEVED
Discovery stage	Participants were asked to define what the professional accountant's positive core is.	Yes
Dream stage	Participants were required to provide explanations of a flourishing professional accountancy profession inspired by the positive core that was identified.	Yes
Design stage	Participants had to work together in the crafting of the professional accountants' value proposition for all stakeholders, its key principles and values which are embedded in the future professional accountant's role dimensions.	Yes
Destiny stage	The participants embraced a commitment to action the dream and the design so as to strengthen the professional accountant's future role within SMEs in South Africa.	Yes

The findings of Phase 2 suggest that the use of appreciative inquiry resulted in positive action by providing the participants with a transformation agent with which a model for implementation was generated.

6.3 Contributions

6.3.1 Theoretical contributions

Theoretically, the study transitioned from a problem-orientated approach towards a more solution-focused approach in establishing the current and future role of the professional accountant within the SME environment. As such, through combining the thematic analysis and appreciative inquiry research approaches, a problematic current reality was uncovered and addressed by allowing participants to find solutions and create a desired future. Furthermore, the study responds to the call for qualitative research (Maroun & Jonker 2016; Coetsee & Stegmann 2012) in addition to the dominant positivist mainstream accountancy research paradigm especially in the South African accountancy context.

6.3.2 Methodological contributions

The exploration of the constructions regarding the current and future role of the professional accountant were viewed from two methodological perspectives and

contributed to new perspectives in aid of the development of a pluralistic understanding of the phenomenon being investigated. Furthermore, this study has contributed on a methodological level by demonstrating how to apply two distinctly independent but interrelated research approaches within a single study and as such establishes scientific congruence. The study further demonstrated that the research foci determine the methodological choice and that accountancy research can harness the strength of interdisciplinary methods such as appreciative inquiry. This study's methodological contribution is therefore seen as progressive and will challenge the status quo of traditional accountancy PhDs within South Africa in years to come.

6.3.3 Practical contributions

Practically, the systematic manner of combining two research approaches may be of value to other accountancy researchers to generate ideas for embarking on qualitative research. In addition, this study offers strategies for SME owners, professional accountants and stakeholders within the accountancy profession to position the role of the professional accountant within the SME environment.

The findings from Phase 1 of the research have the following practical contributions:

- The professional accountant servicing the SME landscape in South Africa is entering uncharted territory. At the beginning of the relationship with the SME, both the professional accountant and the SME owner need to determine the potential service offerings that can be provided by the professional accountant to the SME. This needs to be assessed in context of the skills of the SME owner together with the competency and experience of the professional accountant. This will guide how the role of the professional accountant will be positioned and evolve to meet the SME's objectives.
- Professional accountancy organisations need to understand that the role of the professional accountant within the SME environment is still predominately driven from the need of statutory traditional compliance roles. Caution needs to be exercised by professional accountancy organisations when pressuring professional accountants to render non-traditional and emergent roles to SMEs.
- Within the current economy the technical skill set of the professional accountant in exercising professional judgement within the confines of public interest and ethics should be further strengthened through the current input-based CPD programmes being offered by professional accountancy organisations.

Notwithstanding that, as digitisation rapidly changes the accountancy landscape, so will the required skill set of the professional accountant, and a pathway therefore needs to be carefully crafted in positioning the professional accountant within the non-traditional and emergent roles.

- Policy makers and professional accountancy organisations need to carefully consider the SME landscape before enforcing enactments through legislation of reporting standards as well as new areas of business advisory roles for the SME environment.
- The current accounting scandals have impacted the image of the accounting profession and traditional stereotypes are still prevalent and need to be addressed to fully achieve a transformational role for a professional accountant.
- Careful consideration should be given to the motivations to enter the accounting profession. This will assist professional accountancy organisations and universities in re-examining how the role of the professional accountant is embedded within curricula as well as the type of skills and attributes that are needed for a professional accountant to be sustainably successful within the SME environment.
- Professional accountancy organisations need to re-examine the strategic purpose and intent of the value of the professional designation and belonging to international bodies like IFAC when trying to achieve legitimacy.
- The value and purpose of the designation as well as IFAC memberships need to be clarified and communicated to all stakeholders involved in the accountancy profession. The value of professional accountants belonging to IFAC as opposed to non IFAC professional accountancy organisations needs to be further debated as this has created an unequal benchmark to measure quality as well as mitigate the risk of the services being offered.
- Context and culture need to be taken into account. Consideration should be given to the South African situation. Further investigations need to be conducted to determine the practical relevance of 13 professional accountancy organisations in the country and how regulation should be implemented to the benefit of all stakeholders.

- Professional accountancy organisations together with the government need to establish a formal regulatory environment that clearly defines the roles and responsibilities of a professional accountant in serving public interest.
- Careful crafting of a potential accountants' act is needed to ensure that the designations that are being offered are of value to the SME owner, the professional accountant, and other stakeholders.
- It is imperative that traditional stereotypes be questioned given the risks identified regarding these stereotypes. Furthermore, professional accountants within the SME environment need to value these interactions to ensure that they gain from dealing with SME owners and thereby understanding the business context at large through the perspective of the human element. These structural and behavioural changes within the professional accountant's role should be established within each SME. However, these are only part of the changes necessary to address the challenges. The findings also have implications for universities and professional accountancy organisations in executing the development of critical thinking and creative skills in supporting the evolving role of the professional accountant.
- Findings pertaining to the motivation to enter the profession have important implications for professional accountancy organisations, small practices as well as universities. Professional accountancy organisations and universities can use the information to establish policies and structures that support the entering of professional accountants into the SME environment. Small practices should be focused on better understanding the factors that will attract high quality professional accountants to the SME environment.
- A more alarming finding was the fact that a career as a professional accountant was often not a first career choice but rather a deficit choice to careers such as medicine. Universities and professional accountancy organisations both need to carefully consider the implications of their marketing initiatives to address these findings.
- The ability to secure a job strongly influenced participants' decision to become a professional accountant. A career in accountancy is considered a practical choice for job security. Taking the socio-economic landscape of South Africa into account this finding suggests that more individuals will embark on careers as professional accountants in order to earn a livelihood. However, the data suggests that many

participants amongst the professional accountants did not fully comprehend what the nature of the role and the associated expectations of the role were when taking the decision. It can be inferred from the findings of the current study that professional accountants within the SME environment often consciously enter the profession for the financial gains that could be attained.

The findings of Phase 2 make the following practical contributions:

- The findings of Phase 2 indicated that the adoption of integrated thinking; and building of financial capital; manufacturing capital; human capital; social and relationship capital; intellectual capital; and natural capital emerged as key contributors for a successful future role of the professional accountant within SMEs.
- Professional accountants are encouraged to embrace positive action towards strategic relationships with SME owners and other stakeholders through joining accredited professional accountancy organisations and the attainment of credible qualifications to display competence.
- Looking into the future, professional accountants are strongly encouraged to dynamically advance their competencies through more blended approaches in maintaining their professional competence to service their SMEs.
- Professional accountancy organisations should consider more output-based CPD programmes in order to strengthen the proposed dynamic skill set of the professional accountant within the SME environment. Therefore, professional accountants are encouraged to enthusiastically enhance multiple skill sets to be able to assist multiple businesses by advancing their professional competencies.
- Building on the participants' construction of the future role of the professional accountant during the appreciative inquiry workshop, the study offers professional accountancy organisations, potential and current regulators, and education providers an opportunity to construct a dedicated path of career competency progression for professional accountants through policy making that takes into account the complexity of the multiple roles that professional accountants need to fulfil within the SME environment. The training and development of future professional accountants are fundamental factors in developing a flourishing relationship between the professional accountant and its role in the SME environment.

- Academia needs to consider realigning its subject offering and content to the required skill sets of the professional accountant in the fourth industrial revolution. There must be a shift from compliance reporting to business value reporting. Furthermore, academia must integrate the subject content to the practical application in the business environment.
- Furthermore, the process of appreciative inquiry as an action research method could be used to perpetually respect and appreciate the potential benefits and possibilities that the future professional accountant could unlock for SMEs in South Africa. Notwithstanding that, clear professional qualification goals and competencies also need to be benchmarked against criteria designed at the onset to transition from the current role to the future role in the medium to long term. Clarifying the role competencies will provide input for policy makers and professional accountancy organisations in defining the role description of a professional accountant within a potential accountants' act in South Africa as well as the expectations of professional accountants within the SME environment.

6.4 Limitations

There are restrictions and constraints when undertaking to investigate a research problem. Neither a particular epistemology nor a method is therefore without limitations. It is therefore acknowledged that these limitations could always be improved upon through further research. The research limitations that have been identified relating to the choice of qualitative research strategies as well as the epistemology have been described in depth in Chapter Three. In addition, the researcher is also cognisant of the following practical limitations when trying to establish equivalence of meaning within a qualitative paradigm:

- Ambiguities are an implicit characteristic within a language. These ambiguities can never be fully accounted for in research of this nature.
- The findings cannot be extended to a broader population size with the equivalent degree of certainty as compared to a quantitative method. This is because the findings of qualitative research are not tested for statistical significance. Therefore replication of results can be very difficult with qualitative research.
- There is a risk of a biased social response. The quality and integrity of the data collected through qualitative research is reliant on the competency of the

researcher. If a researcher has a biased perspective, this will influence the outcome of the findings.

- Due to the nature of a small population size within a qualitative inquiry there is always the challenge of an under-representation or over-representation of a particular characteristic of the population.
- The researcher has to further consider the invasion of privacy threat, bias and stereotypes that may be experienced by participants within a qualitative study. This may impair their ability to respond and consequently the observation of the researcher may be changed.
- The positive impact of the appreciative inquiry approach was evident. The SME owners and professional accountants energetically experienced the appreciative inquiry workshop. Participants radiated with vigour and exuberance as the workshop progressed. The appreciative inquiry method became a catalyst for immediate change by creating the opportunity for positive commitments and actions by the professional accountants and SME owners. As the appreciative inquiry method is new to the accountancy profession, the outcomes; offerings and commitments require champions to ensure that the envisioned future role of the professional accountant materialises. The limitation of the AI research method is that it is neither the researcher's position nor his mandate to become this champion. As inspired by the interdisciplinary studies of Carvalho (2017) and Dye (2018), it is also a recommendation that future accountancy research which chooses to harness the power of appreciative inquiry also identifies a pledge from a champion to ensure that the value of the process is not lost and achieves a practical benefit.
- A critique of the AI approach is that the "mining" (Watkins, Mohr & Kelly, 2011) of the data is undertaken by the participants rather than the researcher (Carvalho, 2017). However, it is argued by Coghlan *et al.* (2003) that appreciative inquiry is both a "philosophy" and a "worldview", with established principles and a structured set of core processes and practices for engaging individuals in identifying and co-creating the future.
- A key point of criticism of appreciative inquiry is that it disregards problems by only focusing on the positive and ignoring the negative (Grant & Humphries, 2006a; Rogers & Fraser, 2003). This is not the case. It is argued by Bushe (2011) that

appreciative inquiry facilitates transformational change. However, the transformational change will not occur unless problems are in fact addressed. Appreciative inquiry does solve problems by reframing problems into strengths and weaknesses (Coghlan *et al.*, 2003). Appreciative inquiry adopts a unique approach to issues, challenges, and concerns by concentrating first on what is working particularly well in the entity instead of concentrating on problems as in the deficit thinking approach (Kelly, 2010) .

- The appreciative inquiry method offers post-modern approach to research which views truth as relative (Carvalho, 2017). A frequent critique regarding postmodernism is the impairment regarding objectivity of the researcher and dismissal of the scientific approaches (Spiro, 1996).

6.5 Recommendations for future research

- Future research can broaden the role of the professional accountant within SMEs. Although the focus of this study was the role of the professional accountant in the SME environment, the findings indicated gender stereotyping evident within the environment. One area that may be useful is a study to further explore how male professional accountants experience their role compared to how female professional accountants experience their role within the SME environment. The data confirmed the existence of patriarchy, and further research can deconstruct the role of the professional accountant through a feminist approach.
- Studies can also be undertaken to establish how the perception of the professional accountant as an ethical figure is affected by the current challenges facing the South African accounting profession.
- Future research could also investigate what personality types are attracted to the profession and what personality types are best suited for the role of the professional accountant in the context of a changing landscape.

Within the area of professional ethics the following points should also be considered for research:

- What is the impact on the confidence of professional accountants knowing that standards are not universally applied or in instances where a professional accountant is not a member of IFAC?

- With such diverse standards of ethics, can SMEs rely on ethicality and accountability of professional accountants?
- Do professional accountants discredit other professional accountants not belonging to the same professional accountancy organisation?
- What is the need for universal ethical standards in accountancy?
- How knowledgeable are SME owners about Codes of Ethics and how they relate to professional membership as well as their options for recourse when things go wrong?
- In light of the current debate on the relevance of the accounting profession, it would be of interest to explore in what way a basic orientation of problem-solving can be applied in broadening the scope and involvement of professional accountants within the SME environment.
- A further question would then be: What is the nature of this problem-solving orientation? For some professional accountants it might be limited to the world of numbers and for others it might extend beyond the strict numerical confines of accountancy.
- Another area is to focus on behavioural research and explore the possible use of psychometric tests to determine the nature of professional accountants' problem-solving approaches and abilities. This could be a possible recommendation for future research to determine their problem-solving skills, what differences can be observed and what the implications are for their real life experience.
- Ensuring the positioning of the professional accountant to remain relevant and sustainable in a technological environment requires a significant change in their skills sets. This challenges the fundamentals of the International Education Standards of IFAC (IES), which focuses on the technical, practical and professional conduct within a rigid framework. As the professional accountant must be flexible and agile to remain relevant, so too must the educational and training models. The principles of IES will remain but the model and frameworks will have to be re-engineered rather than being tweaked by providing add-ons to a framework that is out of sync with reality. The question is: Where do we start with the remodelling process? All successful programmes are started with backward planning (planning with the end in mind – futuristic professional accountant outcomes) and engaging with flexible forward implementation. Are

professional accountants brave enough to be disruptive and swim upstream? Such questions would provide for an interesting exploration.

- In this study, the appreciative inquiry workshop produced practical initiatives co-constructed by participants for future role of professional accountants in SMEs.
- Additional research may build on this knowledge and explore the role the current and future role of professional accountancy organisations within similar parameters of this study.
- Given the issues around professional accountancy organisations, research may further explore whether unification of professional accountancy organisations in South Africa might be a mechanism to achieve the objective of serving public interest.
- Further research pertaining to professional accountancy organisations could also explore the legitimisation of professional accountancy organisations within SA.
- Further research may expand upon the nature and impact of role confusion between the roles of the professional accountant as opposed to the auditor from a stakeholder perspective.
- One can reflect on how healthy and sustainable this dynamic is, as the professional accountant possibly secures his/her role as taxation advisor based on the SME owner's negative feelings towards SARS. If SARS should build a strong partnership with SMEs, which would undoubtedly be in the best interest of SARS as well as to the benefit of public interest, the value of the accountant's role would probably diminish. This is a complex topic in itself, however, and beyond the scope of this study, but further research into this matter would add to a deeper understanding of these dynamics.
- Lastly, the influence of computerised accounting software and artificial intelligence and its influence on professional judgement needs to be explored at both SME level and for listed companies, as well as from the perspective of a developing and developed economy.

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APPENDICES

Appendix 1: Parameters of the National Small Business Amendment Act (29 of 2004)

Sector or subsector in accordance with the standard Industrial Classification	Size of class	Total fulltime equivalent of paid employees	Total turnover	Total gross asset value (fixed property excluded)
Agriculture	Medium	100	R 5m	R 5m
	Small	50	R 3m	R 3m
	Very small	10	R 0.50m	R 0.50m
	Micro	5	R 0.20m	R 0.10m
Mining and Quarrying	Medium	200	R 39m	R 23m
	Small	50	R 10m	R 6m
	Very small	20	R 4m	R 2m
	Micro	5	R 0.20m	R 0.10m
Manufacturing	Medium	200	R 51m	R 19m
	Small	50	R 13m	R 5m
	Very small	20	R 5m	R 2m
	Micro	5	R 0.20m	R 0.10m
Electricity, Gas and Water	Medium	200	R 51m	R 19m
	Small	50	R 13m	R 5m
	Very small	20	R 5.10m	R 1.90m
	Micro	5	R 0.20m	R 0.10m
Construction	Medium	200	R 26m	R 5m
	Small	50	R 6m	R 1m
	Very small	20	R 3m	R 0.50m
	Micro	5	R 0.20m	R 0.10m

Sector or subsector in accordance with the standard Industrial Classification	Size of class	Total fulltime equivalent of paid employees	Total turnover	Total gross asset value (fixed property excluded)
Retail and Motor Trade and Repair Services	Medium	200	R 39m	R 6m
	Small	50	R 19m	R 3m
	Very small	20	R 4m	R 0.60m
	Micro	5	R 0.20m	R 0.10m
Wholesale Trade, Commercial Agents and Allied Services	Medium	200	R 64m	R 10m
	Small	50	R 32m	R 5m
	Very small	20	R 6m	R 0.60m
	Micro	5	R 0.20m	R 0.10m
Catering, Accommodation and other Trade	Medium	200	R 13m	R 3m
	Small	50	R 6m	R 1m
	Very small	20	R 5.10m	R 1.90m
	Micro	5	R 0.20m	R 0.10m
Transport, Storage and Communications	Medium	200	R 26m	R 6m
	Small	50	R 13m	R 3m
	Very small	20	R 3m	R 0.60m
	Micro	5	R 0.20m	R 0.10m
Finance and Business Services	Medium	200	R 26m	R 5m
	Small	50	R 13m	R 3m
	Very small	20	R 3m	R 0.50m
	Micro	5	R 0.20m	R 0.10m
Community, Social and Personal Services	Medium	200	R 13m	R 6m
	Small	50	R 6m	R 3m
	Very small	20	R 1m	R 0.60m
	Micro	5	R 0.20m	R 0.10m

Appendix 2: Letter of consent for semi-structured interviews

Date:

Dear Participant

My name is Yaeesh Yasseen and I am a PhD student at the University of Johannesburg. The objective of this research is to investigate what are the different roles played by the Professional Accountant to SMEs in South Africa? The purpose of this study is to extend the current knowledge of the role played by the Professional Accountant to SMEs. To date, research has been done on the role of business advisors to an entity's success, however there is limited investigation into the perception of the role specifically played by the Professional Accountant in advising South African SMEs on business decisions. The importance of this investigation is supported by the recommendations of the Report on The Observance of Standards and Codes of Accounting and Auditing (ROSC), that Professional Accountants should be encouraged to strengthen their resources and capabilities in order to be competitive in providing professional services (World Bank, 2013). The ROSC report also called for appropriate legislation to be enacted to provide for the regulation of professional accountancy organisations. The implications of the ROSC report could be far reaching for the Professional Accounting profession – the undefined role expectation of Professional Accountants operating within the South African SME environment will soon need to be brought to light. The practical value will emerge from the fact that the future role of the professional accountant is an area of emerging interest firstly due to the NDP requiring job creation in the SA economy by 2030, secondly considerations of the ROSC report emphasising the redefining of the role and responsibility of Professional Accountants within South Africa.

You have been selected to participate in this research based on your profile as either Professional Accountant (SA) or as a representative of SME to reflect on your experience in business. Your role in the study is to share your perceptions on the current and future role of the Professional Accountant (SA) within South African SMEs.

The duration of the interview will require approximately 60-90 minutes of your time. Your participation in the interview is strictly voluntary and that there is no penalty or loss of benefit for non-participation. Once you have completed this interview, you still

may withdraw from the study should you feel uncomfortable? There are neither reputational nor personal risks involved by participating in this research. In order to ensure that all information will remain confidential from all parties and to ensure anonymity, your name will not be published in the final report. Your participation is voluntary and will assist the researcher in completing his degree. The actual research will be published in a PHD thesis and possible journal articles which will be disclosed in a public domain. The participant's names and information will not be mentioned to ensure privacy and confidentiality. The recordings are for the participants information only. There is neither compensation nor any reimbursements for any parties involved in this research. The data will be securely kept under the custody of the researcher in a secure facility for a maximum period of 5 years.

Thank you for taking the time to assist me in my research. The data collected will be invaluable in contributing to my research. You will be provided with a summary of the key findings as a token of my appreciation for providing your time and input. If you require additional information or have questions you can contact the following people

Name	Role in project	email
Professor Yaeesh Yasseen	PhD researcher	yaeesh.yasseen@wits.ac.za
Professor Nerine Stegmann	PhD Supervisor	nerines@uj.ac.za
Professor Freddie Crous	PhD Supervisor	fcrous@uj.ac.za

Yours faithfully,

Professor Yaeesh Yasseen

PhD Candidate

University of Johannesburg

.....

The research study, including the above information has been verbally described to me. I understand what my involvement in the study means and I voluntarily agree to participate.

Signature of Participant

Date

For information purposes only:

Name of Participant	
Cell	
Email	


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Appendix 3: Semi-structured interview agenda

CORE AGENDA FOR PARTICIPANTS

INTRODUCTION

- Note of appreciation for participants.
- Obtain brief demographical statistics and number of years of experience.
- Brief discussion of the study and signing of consent form.
- Obtain permission to record or transcribe any information off the record.

DISCUSSION POINTS

- Participants are to reflect on their motivation to become a professional accountant in the SME environment (Professional Accountant participants only).
- Investigate participant's experiences on how professional accountants are perceived in the South African SME environment.
- Investigate participant's views on the experiential roles of the professional accountant in the South African SME environment.
- Investigate the influence of the regulatory environment impact on the role of the professional accountant within the context of South African SMEs.
- Determine what are the challenges facing the accounting profession within the context of SMEs.

OVERALL IMPRESSION

- Allow participants to provide and overall impression and reflect allow participants to bring any other matters for consideration.

The following questions was constructed as the semi-structured interview process unfolded to prompt additional responses from interviewees during the course of the interview. These points were not provided to the interviewee prior to the interview and unfolded as a means to encourage an in-depth conversation so that the research questions was addressed. The language used was conversational and casual in order to avoid ambiguities from emerging.

1. Demographics, Tell me about yourself. How many years of experience do you have in SME's, and practising as a profession accountant?
2. Besides the money motive, why did you become an accountant? What image was projected to you to become an accountant? And have you ever considered leaving the profession?
3. What do you understand is the role of the professional accountant?
4. Why do you think your clients chose you as their accountant?
5. Who do you serve?
6. Do you serve the business or your client?
7. Does the Professional accountant need to understand the business of an SME to play an important role of the activities of the business? How much do you need to understand?
8. Do clients ever ask you about your qualifications? Does designation matter? Do they care if you belong to SAIPA?
9. Do you think that your clients know the difference between an accountant and an auditor and bookkeeper?
10. In terms of rationalization of the professional... so do you think accountants need to be regulated?
11. Do you think that the owners of SME's care about the information presented in their financial statements?
12. Do you think that the owners of SME's fully understand the information presented in their financial statements?
13. Do you think that financial statements are too complex? With regard to IFRS and those sort of things?
14. What is your role in the preparation of these financial reports and what are the key challenges in preparing these financial reports?
15. In terms of the financial reporting role, why do your clients come to you for financial reporting services in terms of IFRS. Why do they have an appreciation for financial statements? Does it unlock the business further?
16. Which component of the financial statements is most critical to SME's? With a reason please.
17. How important are comparative figures?
18. Do financials statements provide the full story about the business and its operations?

19. Do you think accrual accounting is maybe a complicated concept for our users and that's why financial statements are not being unlocked?
20. Is IFRS really needed in the SME environment or could there be a more hybrid form of reporting?
21. Are financial statements and management accounts the same or are they used differently? Can clients unlock the meaning through management accounting?
22. In terms of management accounting, what services do you provide your clients in relation to the management accounting services, what are the key drivers of profitability to your clients business
23. Do you think management accounting is more budgets?
24. Is Financial analysis used often? Ratios and that?
25. Does the SME need the PA? Or does the PA need the SME?
26. Can the professional accountant be held responsible for SME's failing?
27. Do you prepare NPV's or any weighted average?
28. Do you share knowledge with your clients about changes in the accounting profession regulation? And how do you go about doing that?
29. Are you involved in a strategic role with your clients involved with strategic decisions
30. If there was no legislation like Companies act and various acts that require reports from accountants etc. Do you think you'd still be in business?
31. What level of expertise do you believe that you need to have to do your job, what I'm alluding to is that how do you maintain your knowledge, what is CPD in terms of for you, and what is the value from CPD?
32. IR has become the buzzword of the day. In the SME environment does IR have a place from micro to small businesses and medium businesses?
33. the national development plan, requires growth in SME's to about 23 million jobs by 2030, and accountants are positioned as these business advisors in terms of unlocking potentials in SME's. Do you see that happening? Why or why not
34. From a taxation perspective, what do your client's come to you for taxation advice, is it to comply to the Income Tax Act or is it too apply the Income Tax Act. Like what do you do for them that SARS won't do for them?
35. In terms of advisory services that you do, what services do you provide to your client?

36. Is there a relationship between you and your client based on, you help them grow in their business through reports that you present?
37. Is there any other services that your clients expect from you that you might not be providing? Or do they know what you do?
38. But if there was no CPDs, is there any... I mean you in practice all the time, do you not think that by being in practice you naturally up to date with the areas with what you do know because you continuously doing it and there is a change, the mechanism itself would require you to correct the change because you do have to read up on things
39. Does your signature add any value or carry any weight?
40. Is there a need for professionals accountants in the market?
41. Does the benefit of having a professional accountant SA exceeds the cost to the business?
42. In our economy that we have to various people some people went to school, some people didn't go to school, other people pursued tertiary education, other people didn't. Do you think in terms of your segment of your clients who do you add more value to the people that are actually in business but not financially literate in the sense that they didn't actually have formal education or people who actually have had a formal education likeYour two markets which onehow do you address that?
43. If the accounting profession was regulated would you conduct your services differently?
44. Do you believe that you need to keep up-to-date in terms of competence, or what are the risks of being out-dated? Or using out-dated software?
45. In terms of assurance are you performing any assurance services to your clients?
46. Mechanism accountability, since there's no accountants act, do you tell your clients that if they are dissatisfied with you that you're actually part of professional body and they have a right to complain
47. The assurance landscape in South Africa happens to be very confusing from what I gather. Do you think the clients understand the difference between compilations agreed upon procedures, reviews and audits or is there more? Can you just share your experience on what's going on in that particular area in the professional accounting realm?

48. What do people think assurance is?
49. What's your take on NOCLAR?
50. What are your expectations in terms of NOCLAR? What do you think you should be looking out for?
51. Ok in terms of compliance in laws and regulations do you think that it is your role as an accountant, because outside the business you are the most you are the business advisor. do you think it is your role to assist with the compliance of laws and regulations, because if it is your role then you would have to be up to date with various acts of parliament Etc where do you stop in the role?
52. What is the difference between rationalization and regulation?
53. What is your take on business rescue, have any of your client's experienced financial distress? How would you take on a client who is heading into liquidity?
54. Do you use any accounting programmes like PASTEL? And do you have any challenges with using such programmes?
55. Do your clients use any accounting programmes like PASTEL? And do they have any challenges with using such programmes?
56. You know that you already spoke about you actually prepare the financial statements without a computer package. Uhm but since a computer package can do it is, there a need for you to actually prepare these financials? Like why are you preparing it?
57. How do your clients keep their financial records? In hard copy, Soft copy or in the cloud? And how do you hold those records?
58. Does digitalisation or robotics provide a threat to professional accountant and the services that they render, building on to your software packages discussion?
59. Does your practise use any types of digitisation?
60. Does digitisation and software add burden on your work? Or is it a solution to your problems?
61. Do your clients pop-in for advice whenever they have financial problems? Do they ever come to you with their personal problems?
62. How often do you meet your clients, on average? Do they ever come to you with their personal problems?

63. In terms of your billing, I don't need figures but how is your billing structured, is it on a retain up, a transaction, hours based, how do you compare if you're billing correctly?
64. Are you interested in the developments in the profession like accounting, tax Etc? and what specific areas do you consider?
65. Do you think your client's trust you or do they give you information on a need to know basis
66. If you were not here today, how would your practice run?
67. Do you only talk to like the SME owners or do you also like relate to the employees at times like is there relationship, is there mentorship, or anything?
68. Is job creation a focus in your clients' business?
69. And what is the role of the Institute for you?
70. Can you comment on the state of the accounting profession in South Africa? I believe that there are over 16 accounting bodies. What is the biggest risk that you see in our, the Ross report identified it as a risk, so can you comment on whether there is a risk or not? And what is the risk? If there is no regulation?
71. Is there a risk to this particular area to an SME? Is the SME maybe incurring transaction costs for things they don't need or don't understand? Maybe they think its implied assurance every time you sign off reports. Uh what is the risk of not knowing the difference? Is there a risk?
72. On transformation, You know in South Africa... because I'm specifically looking at South Africa, does the accountant have a role in addressing the transformation agenda in South Africa by unlocking and assisting SME's to I don't know, be more fully inclusive?
73. Do you think accountants when they do their initial training In South Africa through formalised training institutions are trained with the skills necessary to embark on a relationship in the SME environment and can you comment on the IES's as well?
74. 99% of world companies are SME's and the other 1% are listed, who's then employing more people? Who's then employing more accountants the SME's or the listed's? So therefore where should the skillset then be focussed on? Should it not be the other way around?
75. What do you believe are the current weaknesses of the PA? In the profession as a whole?

76. Accountants exist because the law makes accountants exist, but there seems to be nothing in the SME environment that actually lets the accountants continue besides compliance. Is that a fair analysis to make in the current state of affairs? Has the accountant evolved into this business advisor? Will they die by 2050?
77. The role of the accountant in the public sector in South Africa? Is that being addressed at all?
78. Can you tell me what are the key challenges facing SME's to access the accountant and what are the key challenges facing the accountant to access the SME?
79. What does the owner need from the business?
80. Can accountants read and write?
81. Does Auditing affect accountants (example KPMG)?
82. Is there anything else you'd like to add as we conclude this interview
83. Okay, did I forget to ask you any questions? Anything else that you think I should've covered which I didn't?



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PROFESSIONAL ACCOUNTANT-SME
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APPRECIATIVE INQUIRY WORKBOOK

7 NOVEMBER 2017

QUESTION 4

What are your wishes and hopes for strengthening the Professional Accounting profession in order that it may be better placed to serve SMEs?

- Please name three.

1.	
2.	
3.	

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Appendix 5: Request to participate in appreciative inquiry session

Date: 07 November 2017.

Appreciative Inquiry Group Session

20 Asquith Rd, Ravenswood, Boksburg, 1459 : Afrique Boutique Hotel.

9h00-12h00.

Facilitator: Professor Freddie Crous

Assistants: Professor Yaeesh Yasseen – PhD Candidate

Professor Nerine Stegmann – PhD Supervisor

Mrs Margarethe Booysen – Research Coach

Dear Participant

My name is Yaeesh Yasseen and I am a PhD student at the University of Johannesburg. The objective of this research is to investigate what are the different roles played by the Professional Accountant to SMEs in South Africa? The purpose of this study is to extend the current knowledge of the role played by the Professional Accountant to SMEs. To date, research has been done on the role of business advisors to an entity's success, however there is limited investigation into the perception of the role specifically played by the Professional Accountant in advising South African SMEs on business decisions. The importance of this investigation is supported by the recommendations of the Report on The Observance of Standards and Codes of Accounting and Auditing (ROSC), that Professional Accountants should be encouraged to strengthen their resources and capabilities in order to be competitive in providing professional services (World Bank, 2013). The ROSC report also called for appropriate legislation to be enacted to provide for the regulation of professional accountancy organisations. The implications of the ROSC report could be far reaching for the Professional Accounting profession – the undefined role expectation of Professional Accountants operating within the South African SME environment will soon need to be brought to light. The practical value will emerge from the fact that the

future role of the professional accountant is an area of emerging interest firstly due to the NDP requiring job creation in the SA economy by 2030, secondly considerations of the ROSC report emphasising the redefining of the role and responsibility of Professional Accountants within South Africa.

You have been selected to participate in this research based on your profile as either Professional Accountant (SA) or as a representative of SME to reflect on your experience in business. Your role in the study is to share your perceptions on the current and future role of the Professional Accountant (SA) within South African SMEs.

The duration of the focus group session will require approximately 180 minutes of your time. Your participation in the interview is strictly voluntary and that there is no penalty or loss of benefit for non-participation. At any time during the focus group session, you still may withdraw from the study should you feel uncomfortable? There are neither reputational nor personal risks involved by participating in this research. In order to ensure that all information will remain confidential and to ensure anonymity, your name will not be published in the final report. Please bear in mind that other participants are also in the room. Your participation is voluntary and will assist the researcher in completing his degree. The actual research will be published in a PHD thesis and possible journal articles which will be disclosed in a public domain. The participant's names and information will not be mentioned to ensure privacy and confidentiality. There is neither compensation nor any reimbursements for any parties involved in this research. The data will be securely kept under the custody of the researcher in a secure facility for a maximum period of 5 years.

Thank you for taking the time to assist me in my research. The data collected will be invaluable in contributing to my research. You will be provided with a summary of the key findings as a token of my appreciation for providing your time and input. If you require additional information or have questions you can contact the following people.

Name	Role in project	Email
------	-----------------	-------

Professor Yaeesh Yasseen	PhD researcher	yaeesh.yasseen@wits.ac.za
Professor Nerine Stegmann	PhD Supervisor	nerines@uj.ac.za
Professor Freddie Crous	PhD Supervisor	fcrous@uj.ac.za

Yours faithfully,

Professor Yaeesh Yasseen.

PhD candidate.

University of Johannesburg.

.....

The research study, including the above information has been verbally described to me. I understand what my involvement in the study means and I voluntarily agree to participate.

Signature of Participant

Date

For information purposes only:

Name of Participant	
Cell	
Email	

Appendix 6: Ethical Clearance Report



FEFS RESEARCH ETHICS COMMITTEE ETHICAL CLEARANCE REPORT

Applicant	Y Yasseen
Student/staff number	Please provide
Title	An exploration of the Professional Accountant's role in SMEs
Decision date at FEFS REC meeting	Round Robin September 2017
Reviewers	K Heathcote and C Ackerman
Ethical clearance number	FEFSREC2017082801
Rating of most recent application	CODE 01
CODE 01 - Approved	CODE 02 - Approved with suggestions without re-submission
CODE 03 - Suggestions with re-submission	CODE 04 - Not approved, re-application required

RESEARCH COMPLIES WITH	COMPLIANCE	NON-COMPLIANCE
The right to privacy, confidentiality and anonymity	Yes	
The right to equality, justice, human dignity/life and protection against harm	Yes	
The right to freedom of choice, expression and access to information	Yes	
Right of the community and science community	Yes	
Informed consent/letters of request	Yes	

Additional comments

1. The FEFS REC has scrutinised the application document, proposal, covering letter/informed consent form and the layout for the semi-structured interviews.
2. The REC is of the opinion that the study is innocuous in nature and that ethical risks are negligible, due to the following reasons
 - a. The target population/respondents are not considered to be vulnerable. They are professional accountants;
 - b. The covering letter provides the context and reasons for the study; Participants' are pre-selected in a manner which will fulfill the study's aims, although their contributions remain anonymous and no personal identifiers will be reported on;
 - c. Participation is voluntary
 - d. The topic and questions are non-controversial and are not considered to be sensitive in any way;
 - e. Participants are provided with informed consent forms to complete;
 - f. The student is conducting the interviews and focus groups, and no field researchers/assistants are involved.
3. The committee provides ethical clearance for the abovementioned study to proceed,

FEFS REC 2017

DATE: 28 August 2017